



**Saudi German Health**  
Caring like family

# ANNUAL REPORT

Saudi German Health

2023





Annual Report

## Saudi German Health

Submitted to the Shareholders of the Group  
For the Fiscal Year Ended 2023



The Custodian of the Two Holy Mosques,  
**King Salman bin Abdulaziz Al Saud**,  
may God protect him.



His Royal Highness Prince  
**Mohammed bin Salman Al Saud**,  
Crown Prince and Prime Minister  
may God protect him.



Eng. Sobhi Abdul Jalil Batterjee

## Message from the Chairman

### Dear valued shareholders,

On behalf of the Board of Directors of Middle East Healthcare Company (MEAHCO), I am pleased to share with you the Board's annual report on the group's performance for the year ended December 31, 2023.

Marked economic improvement was evident across several indicators in Saudi Arabia during the reporting period. Fueled by promising reforms in the Kingdom's business and regulatory environments, non-oil growth is projected to reach approximately 5% in 2023, surpassing the 4.8% growth achieved in 2022. This surge is attributed to a 95% increase in investment deals and a 267% rise in investment licenses issued in 2022.

These changes have been spearheaded by Vision 2030, which has paved the way for an expanded role for the private sector, particularly in healthcare. The Saudi government aspires to elevate the private sector's involvement in healthcare activities to 50% within the next few years. This plan seeks to reinforce the government's endeavors to elevate the healthcare sector's contribution to GDP from SAR 199 billion in 2023 to SAR 318 billion by 2030.

Thanks to this wave of transformation, we have cultivated the foresight to strategically envision the future. At the forefront of our efforts are the Batterjee medical cities we have established across the Middle East and North Africa (MENA) region, encompassing Makkah, Jeddah, Dammam, Ajman, Dubai, and Alexandria.

These comprehensive medical hubs extend beyond traditional hospitals. They include specialty centers, outpatient facilities, staff housing, and a medical college. This multifaceted approach allows us to address multiple challenges simultaneously. In alignment with Vision 2030, these cities have empowered us to play a pivotal role in healthcare, education, and research, bringing together the latest medical technologies and services under one umbrella.

Furthermore, we have also invested in upgrading the patient experience within our medical facilities. Firstly, we have developed plans to increase the number of western-educated medical professionals, currently representing only 20% of our workforce, within the coming 12 months. This approach will undoubtedly give us a competitive advantage among other healthcare providers in MENA, maintain our ability to increasingly cover a wider range of specialties and subspecialties, and consistently meet the expectations of our patients.

Secondly, we have strengthened our reliance on Saudi medical professionals, who have consistently demonstrated their ability to elevate the patient experience. Saudi medical professionals possess a high level of training, have accumulated valuable experience in local and regional markets, and their presence eliminates any cultural or linguistic barriers for patients.

Thirdly, we have implemented innovative solutions that have effectively addressed patient concerns about healthcare costs and fostered a stronger preference for our hospitals. For instance, we have successfully completed the silent launch of Ahaleena, our groundbreaking loyalty program, and are currently in the soft launch phase. By the end of this year, we will officially unveil Ahaleena. Ahaleena embodies our core value of "Caring Like a Family," which lies at the heart of our brand identity. We have also maintained strategic collaborations with esteemed international medical institutions, ensuring a continuous flow of knowledge exchange through research and training endeavors.

**Our strategic expansions have been bolstered by robust financial performance. In the first half of 2023, we achieved the highest year-on-year growth across all financial metrics - revenue, EBITDA, and net profit - compared to industry peers. During this period, we tripled our net profit compared to the previous year, while the industry average growth stood at 49%.**

All of these achievements have played a key role in enhancing our branding reputation and have allowed us to be recognized as a leading family business. Forbes has ranked us 30th in their prestigious Top 100 Family Businesses list for the year 2023. This ranking is a testament to our ability to adapt, innovate, and thrive while staying true to our core principles.

We owe this honor to our dedicated and passionate team members who work tirelessly to achieve excellence every day. Their hard work and commitment have been instrumental in securing this achievement.

This recognition fuels our determination to reach new heights while still caring for patients like family. I am proud of what we have accomplished this year, and I am excited about the opportunities that lie ahead. With your continued support, we can achieve even greater success.

### Chairman

Eng. Sobhi Abdul Jalil Batterjee

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# COMPANY PROFILE

## 2- Distinguished Investors of MEAHCO,

Greetings,

The Board of Directors is pleased to submit the annual report for the year 2023 to the group's shareholders. The report presents the group's activities, overall status, results of operations, and the auditor's report on the group's annual consolidated financial statements.

### 3- Company Overview

Middle East Healthcare Company (MEAHCO), publicly known as Saudi German Health (SGH), is a leading healthcare provider in Saudi Arabia. Building on a long family legacy as medical pioneers in the Kingdom, Saudi German Health was founded by the Batterjee family 35 years ago to relieve people's suffering and have a positive impact on their health.

MEAHCO was established in Saudi Arabia as a closed joint-stock company following Royal Decree No. M/6 of 22/3/1385 Hijri and Commercial Register No. 4030149460, issued on 06/04/1425 Hijri (corresponding to 25 May 2004) in Jeddah.

Since then, MEAHCO has been expanding and growing its presence organically across the Kingdom of Saudi Arabia on firm footing. With a comprehensive network of 8 full-fledged hospitals, MEAHCO is the most geographically diversified healthcare player in Saudi Arabia with footprint in Jeddah, Asser, Riyadh, Madinah, Hail, Dammam, and Makkah, enabling it to access ~90% of the Kingdom's population.

On 19 February 2015, the group obtained the approval of the Capital Market Authority (CMA) to offer a total of 27,612,000 shares for the IPO. The group's shares were listed on the Saudi Stock Exchange (Tadawul) on 29 March 2016. The group's capital consists of 92.04 million shares with a book value of SAR 10 per share, paid in full for a total value of SAR 920.4 million.

### 4- Financial Year

According to the group's article of association, the financial year begins on January 1st and ends on the last day of December each year.

### 5- Auditor

Ernst & Young (EY) audited the group for the financial year 2023.

### 6- Main Objectives

- Establishment, operation, and management of hospitals, clinics, medical centers and institutions, rehabilitation centers, laboratories, radiology facilities, and pharmacies.
- Purchase and development of land and properties for the benefit of the group.
- Establishment of factories, importation of all required machinery and equipment, and ownership of patents.
- Engagement in retail and wholesale trade of medicines, equipment, medical machinery, rehabilitation equipment, and all relevant equipment for hospitals and medical centers.
- Dealings with commercial agencies in the medical and pharmaceutical sectors.
- Establishment of specialized training centers and the establishment, management, and organization of the group's exhibitions and conferences.

# 7- PURPOSE AND VISION

## Our Purpose

At Saudi German Health, our purpose is to positively impact people's health and relieve their suffering.

## Our Vision

We aim to be the most accessible & agile healthcare group in the region and provide innovative, comprehensive, patient-centric care to all patients anywhere, anytime.

## Our Values

Our core values lie at the heart of everything we do, guiding our actions and behaviours each day while creating a strong foundation for our dynamic, open and resilient corporate culture.



**Integrity:** We conduct ourselves with the highest ethical standards. We believe in transparency and always doing what is right.



**Passion & dedication:** We are deeply passionate about the work we do every day for our patients and their families. We work from the heart and are dedicated to meet the needs of our patients, staff and shareholders.



**Family & people centric culture:** We encourage a healthy, supportive and family-like environment within our organization. We treat our patients, employees and partners like family, keeping them at the center of everything we do.



**Respect:** We always treat our healthcare professionals, staff, patients and their families with utmost respect.



**Responsibility:** We take ownership of our work and the well-being of our patients, their families and other staff members.



**Trust:** We encourage and facilitate behaviors that develop, restore and extend trust to our patients and between our staff.



**Education & Innovation:** Continued education and innovation are the main drivers that put us ahead of our competitors. We seize opportunities and continuously implement tools and techniques to provide the highest standards of education and care.

# COMPANY & SUBSIDIARIES: LEGAL STRUCTURE

## 8- COMPANY MANAGEMENT

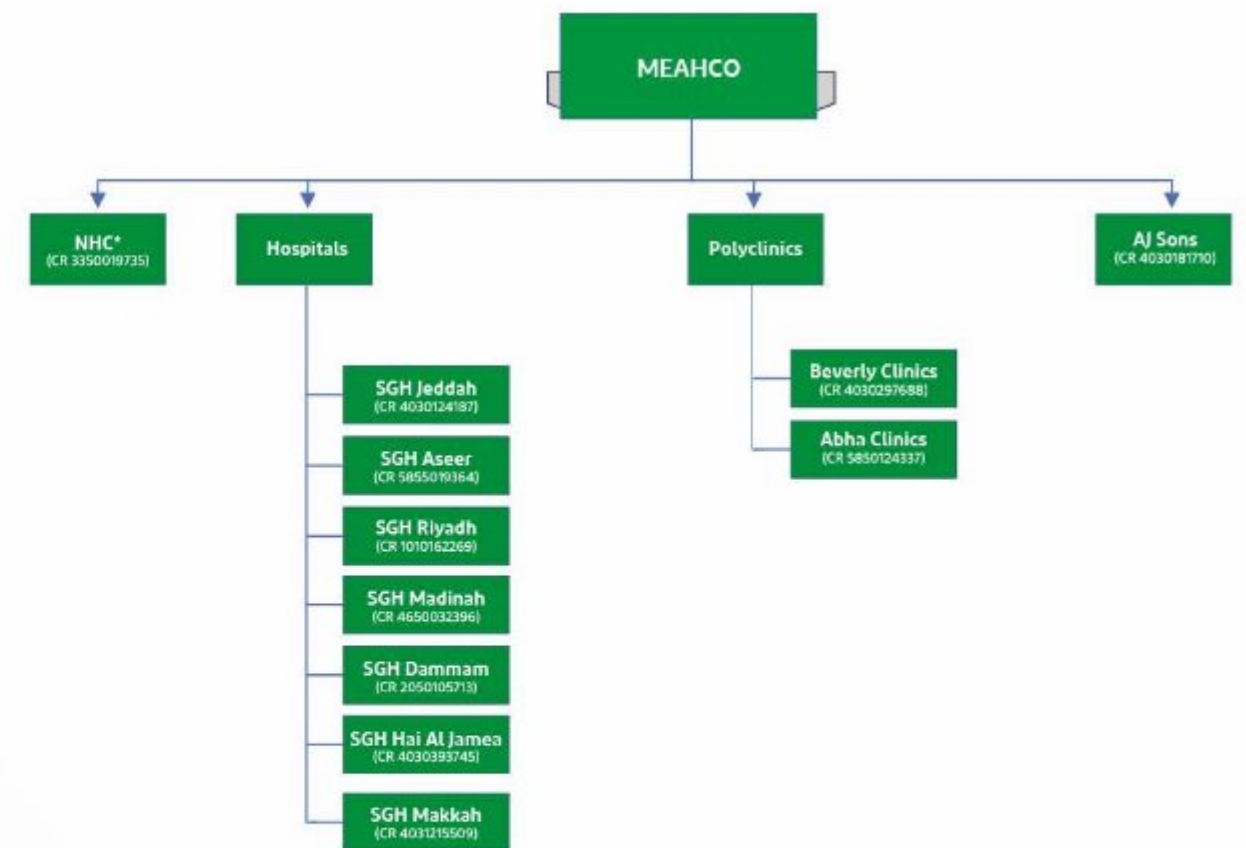
The Board of Directors consists of seven (7) non-executive members, three of whom are independent, currently managing the group.

The current three-year term of the Board of Directors began on 17/9/2023 and ends on 16/09/2026.

The company has formed the Audit Committee and Nominations and Remunerations Committee, which are subject to rules and regulations that determine their respective competences and these rules and regulations are part of the company's governance manual, and both committees follow directly to the Board and provide the Board with their recommendations on all matters related to their work, and the Board conducts an annual review of the policies of each committee based on the recommendations received by each committee.

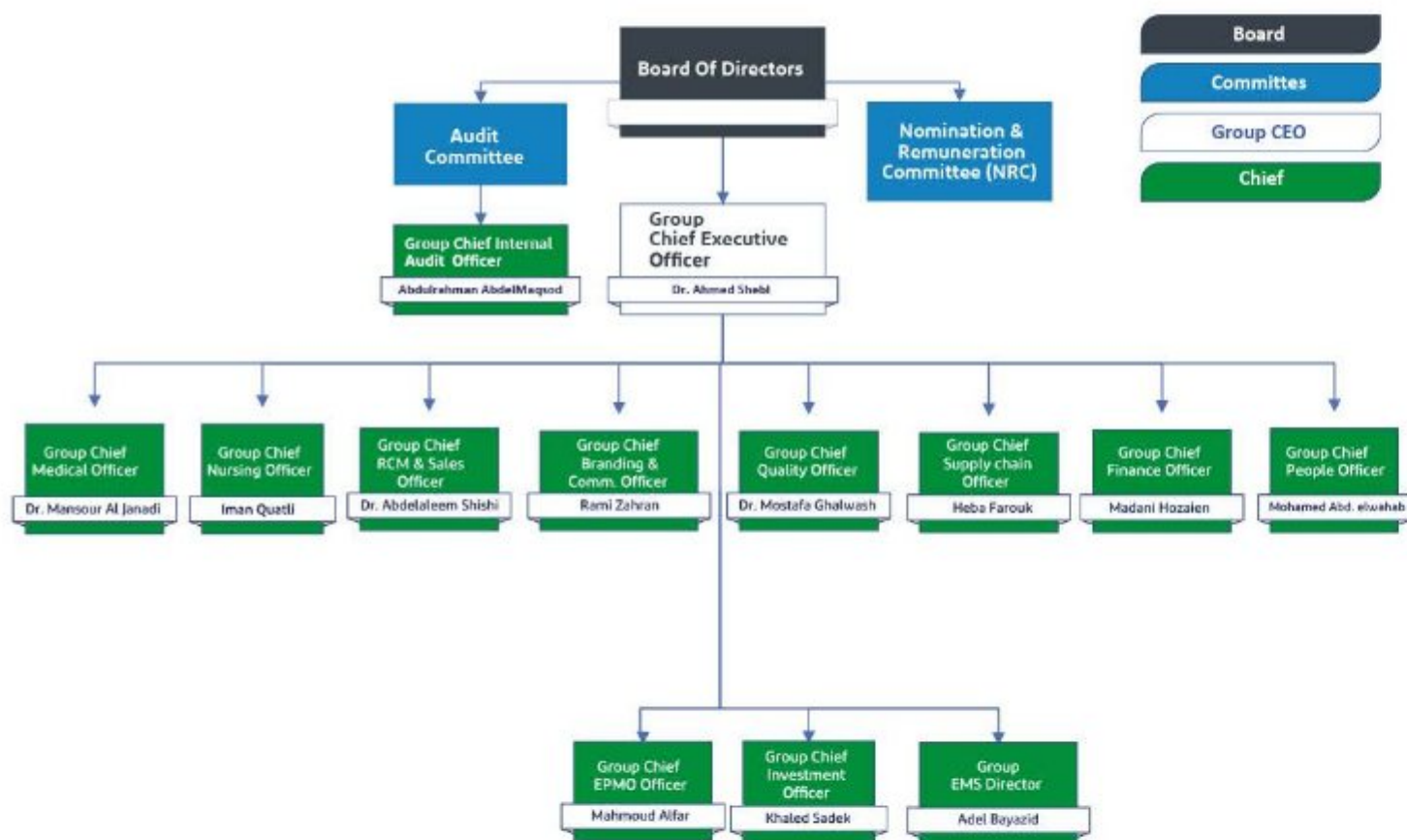
The executive director of the company consists of a team with extensive knowledge and experience to manage the company in accordance with the directions of the Board of Directors.

## 9- LEGAL STRUCTURE



\*National Hail Company for Healthcare (NHC) is 53.89% owned by MEAHCO. NHC is a closed joint-stock company headquartered in Hail City and owns a hospital in Hail City with a capacity of 150 beds operating since February 2017.

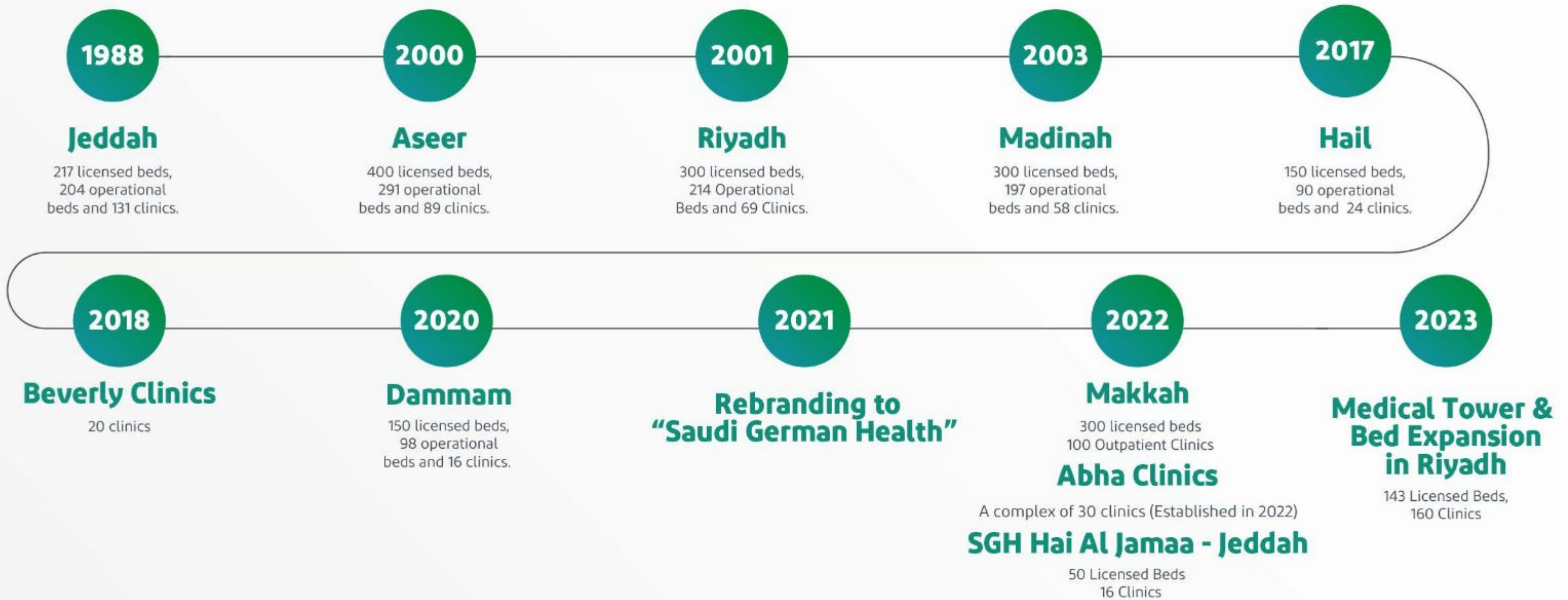
## 10- ORGANIZATIONAL STRUCTURE



## 11- AGREEMENTS ON MANAGEMENT FEES

Hospital	City	Country of work	Inauguration Date
• Saudi German Hospital Dubai	Dubai	UAE	2012
• Saudi German Hospital Sana'a	Sana'a	Yemen	2006
• Saudi German Hospital Cairo	Cairo	Egypt	2015
• Saudi German Hospital in Hail	Hail	Saudi Arabia	2017
• Saudi German Hospital Sharjah	Sharjah	UAE	2018
• Saudi German Hospital Ajman	Ajman	UAE	2019
• Saudi German Hospital West of Alexandria	West Alexandria	Egypt	2023
• Saudi German Hospital Lahore	Lahore	Pakistan	-
• Saudi German Hospital Islamabad	Islamabad	Pakistan	-
• Saudi German Hospital Karachi	Karachi	Pakistan	-
• BTPL	Lahore	Pakistan	-
• Saudi German Hospital Casablanca	Casablanca	Morocco	-
• Saudi German Hospital Giza	Giza	Egypt	-

# 12- Geographic Footprint





# INDUSTRY

# 13- HEALTH SECTOR OVERVIEW

## Macroeconomic Outlook

Saudi Arabia has announced its budget for fiscal year 2024, with 1,251 billion Saudi riyals (about \$334 billion).

### A. Budget Deficit

The 2024 budget estimates a deficit of 79 billion riyals vs. 2023 estimate deficit of 82 billion riyals. The budget projects total revenues to reach 1,172 billion riyals for 2024 vs. 2023 revenue estimate of 1,193 billion riyals.

### B. Public Debt

The budget data showed that the size of public debt in 2024 is expected to increase to 1,103 billion riyals, compared to 2023 estimate of 1,024 billion riyals. This is in the light of the government borrowing plan policy, as the Kingdom is also expected to benefit of market opportunities advantages to execute government alternative funding transactions to finance transformational spending for capital projects and infrastructure and some strategic projects.

### C. Spending by Sector

The distribution of public spending in the 2024 budget came to different sectors of the country, in which spending on Military sector ranked first with the allocation of 269 billion Riyals, further on the General Items sector which ranked second with 216 billion Riyals. Followed by the Health and social development sector with 214 billion riyals. Spending in the Education sector came in fourth place with 195 billion Riyals, followed by the Security and Regional Administration sector with 112 billion Riyals. Followed by the Economic Resources sector ranked 6th with 84 billion riyals. While Municipal Services came in 7th place with 81 billion riyals. Last but not least comes in 8th the Public Administration sector with 43 billion riyals. Ending with the Infrastructure and Transportation sector as it ranked 9th with 38 billion riyals.

## D. Healthcare in Saudi Arabia

The overall economy's ups and downs dictate the development and growth of most industries. The healthcare industry's importance shields it from most economic fluctuations, including a decline in government spending during fiscal year 2016.

Saudi Arabia has a population of about 37.4 million people, with a population density of 15.1 people per square kilometer. The Kingdom's population grew at a compound annual growth rate of 2.65% between 2010 and 2016. Assuming the same growth rate until 2050, the Kingdom's population is expected to reach 77.2 million. However, according to a World Bank report, the Kingdom's population is expected to reach 45.1 million by 2050. Rising demographics (including population and income) and increased healthcare coverage in Saudi Arabia are likely to result in a surge in demand for medical services.

With a significant 70% of the Kingdom's population under 40, the future of healthcare is being carefully shaped to meet their evolving needs. Here are some key projections for 2035:

- The population aged 40-59 will increase by 1.5%.
- The population over 60 years of age will be three times greater than the current number.
- The healthcare sector in Saudi Arabia will grow, particularly specialized healthcare and microsurgery, due to an aging population, changing demographics, rise of diseases associated with modern lifestyles, and chronic diseases.

(Source: Saudi Arabia Budget Statement)

## 14- Saudization

In recent years, the government has implemented the Saudization program, requiring private companies to employ a certain percentage of Saudi nationals. The required ratios range from 5-90% depending on the nature of a company's business activities, their level of complexity and working conditions.

The group's ability to meet its obligations, eligibility for government loans, financial performance, and ability to attract and retain non-Saudi employees will be adversely affected if it does not comply with the Saudization program's policies and ratios set by the Ministry of Labor. Additionally, the group's failure to comply with the required Saudization program and its proportions may render it unable to employ enough non-Saudi workers for new projects, which in turn could negatively impact its ability to operate these projects and its overall profitability and financial results.

### Position of the group by Netakat system in 31/12/2023

	Activity	The latest percentage of Saudi citizens	Category
Hospitals	Healthcare	35%	Green Middle

A photograph of two men in white business shirts sitting at a table. The man on the left is wearing a red and white patterned tie. The man on the right is holding a pen. The background is a blurred office setting with blue lighting.

# STRATEGY AND FUTURE PLANS

## Strategy and Future Plans

The group's strategy is to expand its network of hospitals and polyclinics as referral centers across Saudi Arabia. The group also will seek to establish more outpatient clinics, increase the number of beds in hospitals, and renovate them to enhance the patient experience and increase the number of patients.

## 15- Expansion Projects

### Saudi German Hospital Expands in Jeddah

In light of the growing demand for our medical services, the company has approved a plan to expand the Saudi German Hospital in Jeddah by establishing a medical tower and adding 207 beds with 14 clinics. The projects will be developed within the available land area at the hospital site, and on 06/07/2022, the construction contract was awarded to the International Hospital Construction Company (a related party) through a tender and evaluation process conducted on a commercial basis. The contract value reached 399 million riyals and the contractor is expected to complete the project by the first half of the year 2026. The project is expected to be financed partly through bank loans and partly through internal generation by the company.

Saudi German Hospital Jeddah: 207 beds, 14 clinics and Capex 399 million

The project is expected to be operational starting on the first half of 2026 following hospital renovation and the medical tower's expansion.

## 16- Quality Improvement Program

The group is committed to providing high-quality healthcare services to patients by following the highest standards of medical care. The Joint Commission International (JCI), the world's most prestigious hospital accreditation organization, has certified all of the group's hospitals. These hospitals use the medical standards adopted by JCI in its healthcare governance system and strive to continuously improve its quality framework beyond the requirements of this accreditation concerning the level of care and patient safety. The Board of Directors confirms that the group and its subsidiary have all necessary licenses and approvals to conduct their operations. The Central Council for Accreditation of Healthcare Institutions (CBAHI) has certified the group's hospitals in Jeddah, Riyadh, Aseer, Madinah, Hail, Dammam and Makkah.

**Saudi German Health has achieved new accreditations and reaccreditations for various programs in 2023. Here is a summary of the latest accreditations:**

**SGH Riyadh** has secured new accreditations from the American Heart Association (AHA) and the Saudi Commission for Health Specialties (SCFHS). SGH Riyadh has also reaccredited their certifications with the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI) and the College of American Pathologists (CAP). SGH Madinah has achieved new accreditations for its pediatric diploma, family medicine program, and intensive care unit (ICU) program. SGH Madinah has also reaccredited their certifications with CAP, CBAHI, Joint Commission International (JCI) for Stroke Care and SCFHS also.

**SGH Hail** has secured new accreditation from CAP, the Advancement of Blood & Biotherapies (AABB) and Bariatric Center of Excellence (CoE).

**SGH Dammam** has secured accreditations from AABB, Bariatric CoE, as well as a reaccreditation from CAP.

**SGH Makkah** has secured new accreditations from the Australian Council on Healthcare Standards for Person-Centered Systems (ACHSI PCS), CBAHI, CAP and AHA.

**SGH Jeddah** has secured a reaccreditation from CAP.

**SGH Aseer** has secured a reaccreditation from AABB.

**Hai Al Jamea, Beverly, and ABHA** have achieved new accreditations for CBAHI.

**All SGH Hospitals** have achieved reaccreditation from the Australian Council on Healthcare Standards (ACHS).

These accreditations and reaccreditations showcase Saudi German Health's unwavering commitment to exceptional quality and patient safety. They solidify SGH's position as a leading provider in the Middle East and North Africa, offering world-class healthcare combined with compassionate, patient-centered care. Expansion and CAPEX

Saudi German Hospital Jeddah: 207 beds, 14 clinics and Capex 399 million (To be operational starting the first half of 2026 following hospital renovation and the Medical Tower's expansion).



# GOVERNANCE

## 17- Governance

The group is committed to adhering to the highest standards of governance, which it recognizes as an important factor in its success.

The group has approved updated governance regulations, internal governance policies, and charters based on the latest regulations from the CMA and the corporate system.

The governance regulations aim to improve the group's corporate governance framework and organization, raise it to a higher level of transparency and ensure compliance with corporate governance regulations. The group will achieve these objectives by doing the following:

- A. Develop management performance based on raising the value of the group and take responsibility for it.
- B. Strengthen the regulatory role in collaboration with executives to achieve the interests of the group and shareholders, including small investors, and maximize the rights of shareholders.
- C. Commit to the appropriate level of disclosure and maintain an effective internal control and risk management system.

### Implementation of Corporate Governance Regulations:

The group is committed to adhering to corporate governance standards and requirements by continuously reviewing its policies, procedures, and practices. The group has prepared a governance document in accordance with the updated corporate governance regulations issued by the CMA. The group affirms its effective commitment to all provisions of the corporate governance regulation in Saudi Arabia, except for the following:

Article/ paragraph No.	Article/ paragraph text	Reasons for not applying
Article 41: Evaluation Paragraph(b)	b) Performance evaluation procedures must be written, clear and disclosed to board members and evaluators.	In accordance with the Corporate Governance Regulations, the Compensation and Benefits Committee is responsible for, among other duties and responsibilities, periodically reviewing the board structure and developing policies on salaries, remuneration programs, and incentives for board members and executives of the group. The Board of Directors and executive management must assess this work.
Article/paragraph No.	Article/paragraph text	Reasons for not applying

Paragraph(e)	e) The Board of Directors makes the necessary arrangements to obtain a competent third-party assessment of its performance every third year by a competent external third party.	In accordance with the Corporate Governance Regulations, the Compensation and Benefits Committee is responsible for, among other duties and responsibilities, periodically reviewing the board structure and developing policies on salaries, remuneration programs, and incentives for board members and executives of the group. The Board of Directors and executive management must assess this work.
Article 70	Form a Risk Management Department	The Audit Committee oversees the work of these departments and reports on the risks the group may face and how to manage those risks. The Audit Committee makes recommendations and discusses them with the Board of Directors during its regular meetings.
Article 71	Terms of reference of the Risk Committee	
Article 72	Risk Committee meetings	
Article 85: Motivating workers Paragraph (2) Paragraph (3)	2) Stock option plan for employees, retirement programs, and establishment of an independent fund to finance those programs. 3) Establishment of social institutions for employees of the group.	Under study / paragraphs of a guiding material.
Article 95	Formation of corporate governance committee	The Audit Committee monitors the implementation of the group's governance regulations and follows up on updates to these regulations and guidance material.

# 18- Tadawul Announcements

The following is a list of the announcements the company has made to shareholders during 2023:

#	Date	Type of ad	Ad title
1	02/11/2023	Financial Results	Middle East Healthcare Company (Saudi German Health) announces its interim financial results for the period ending on 30/09/2023 (Nine Months).
2	21/09/2023	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Health) appoints chairman, vice chairman and formation of board committees for its new session.
3	20/08/2023	Results of the Extraordinary General Assembly Meeting	Middle East Healthcare Company (Saudi German Health) announces Extraordinary General Assembly Meeting results.
4	03/08/2023	Financial Results	Middle East Healthcare Company (Saudi German Health) announces interim financial results for the period ending on 30/6/2023 (Six Months).
5	26/07/2023	Invitation to the Extraordinary General Assembly Meeting	Middle East Healthcare Company (Saudi German Hospital) invites shareholders to attend the extraordinary General Assembly Meeting (First Meeting).
6	22/06/2023	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Health) provides an update on the Board of Director's previous recommendation to increase the company's capital through a rights offering.

7	19/06/2023	Results of the Ordinary General Assembly Meeting	Middle East Healthcare Company (Saudi German Health) announces the results of the Ordinary General Assembly Meeting (First Meeting).
8	28/05/2023	Invitation to The Ordinary General Assembly Meeting	Middle East Healthcare Company (Saudi German Health) invites shareholders to attend the Ordinary General Assembly (First Meeting).
9	24/05/2023	Correction Announcement	Correction announcement from Middle East Healthcare Company (Saudi German Health) regarding the interim financial results for the period ending March 31, 2023 (Three Months).
10	14/05/2023	Financial Results	Middle East Healthcare Company (Saudi German Health) announces interim financial results for the period ending March 31, 2023 (Three Months).
11	06/04/2023	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Health) opens nominations for Board of Directors.
12	30/03/2023	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Health) declares no cash dividends to shareholders for the fiscal year ending 2022.
13	26/02/2023	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Health) announces its annual financial results for the period ending December 31, 2022.
14	22/01/2023	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Health) announces opening of Medical Tower and inpatient bed expansion at SGH Riyadh.



## 19- Effectiveness and Efficiency of Internal Controls: Annual Audit Findings

The group's audit committee is tasked with examining periodic reports on the evaluation of the group's internal control procedures and the accuracy of its application. The Committee found that internal control systems are appropriate and adequate.

## 20- Internal Audit

An internal audit department is responsible for conducting internal audits and reports directly to the Audit Committee.



# BOARD OF DIRECTORS, COMMITTEE MEMBERS & EXECUTIVE MANAGEMENT

# 21- Board of Directors

A board of directors consisting of seven (7) non-executive members, including three (3) independents, supervises the group's management.

The Extraordinary General Assembly, held on 29 June 2020 (8/11/1441), appointed the current board in accordance with Article 17 of the group's statute. The current three-year term of the Council began on 17 September 2020 and ended on 16 September 2023. The board of directors consisted of nine members before its reduction to seven members in accordance with the amendment of Article 17 of the group's statute at the Extraordinary General Assembly held on 29 June 2020.

## 22- Composition of the Board of Directors and classification of its members

The following table shows the members of the Board of Directors and their membership status for the year 2023.

#	Name	Title	Type of membership (Executive/Non-Executive/Independent)
1	Sobhi Abdul Jalil Ibrahim Batterjee	Chairman	Non-executive
2	Makarem Sobhi Abdul Jalil Batterjee	Vice Chairman	Non-executive
3	Khaled Abdul Jalil Ibrahim Batterjee	Member	Non-executive
4	Sultan Sobhi Abdul Jalil Batterjee	Member	Non-executive
5	Mohammed Abdul Rahman Moemena	Member	Independent
6	Amr Muhammad Khalid Khashoshgy	Member	Independent
7	Mohammed Mostafa Mohammed Omar Bin Siddiq	Member	Independent

## 23- Board Duties

The Board of Directors is responsible for the following:

- Develop, direct, and implement the overall strategy and the group's main objectives, including the development of the annual financial and operational plans, taking into account the recommendations of the executive management.
- Determine the optimal capital structure, strategies, and financial objectives of the group and approve its estimated annual budgets.
- Approve settlements, exemptions, liabilities, and contracts on behalf of the group.
- Approve the group's mergers with other businesses and manage assets and properties through purchase, mortgage, de-mortgage, sale, and disclaimer.

## 24- Board of Directors, committee members and executive management



### Name

Sobhi Abdul-Jalil Ibrahim Batterjee

### Current position

Chairman

### Previous position

Chairman

### Qualifications

- Master's degree in electrical engineering, University of Colorado, USA, 1973.
- B.A. In electrical engineering, University of Kansas, USA, 1972.

### Experience

- President of Biet Batterjee Medical Company from 1988 - 2020.
- President of the Saudi German Hospital Group 1988 - present.



### Name

Makarem Sobhi Abdul Jalel Batterjee

### Current position

Vice Chairman

### Previous position

Vice Chairman

### Qualifications

- Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015.
- MBA, London Business School, UK, 2011
- B.A. In Health Services Department, Long Beach University, USA, 2002

### Experience

- Financial Broker at Smen Barney Investment Company, Dallas, Texas – USA. 1998 – 1999.
- Business analyst at Ernst & Young, Dubai - United Arab Emirates, 2000.
- Marketing Department Manager, Saudi German Hospital Group, 2000 - 2002.
- Executive Vice President and Business Development Manager, Beit- Batterjee, 2002 – 2014.
- Founder and CEO of Gulf youth for Investment and real estate development company from 2003 - 2022.



### Name

Khaled Abdel-Jalil Ibrahim Batterjee

### Current position

Board Member

### Previous position

Board Member

### Qualifications

- PHD In Medicine, University of Essen, Germany. 1985.
- PHD in Human Medicine and Practical Training, University of Vienna – Austria, 1978.

### Experience

- Head of Orthopedic Surgery and Accident Injuries Department, Saudi German Hospital Group. 1988 - Present.
- Board Member of Hail National Healthcare Company. 2007 - Present.
- Vice President of Saudi German Hospital Group, 1998 – 2015.
- Head of Quality Department, Saudi German Hospital Group, 1998 – 2015.
- Dean and Board member of the Faculty of Medical Science and Technology, 2004-2014.
- Board member in Hail National Healthcare Company, (2007 – Present).
- Board member of the Batterjee College of Medical Science and Technology, (2016 - Present).



### Name

Sultan Sobhi Batterjee

### Current position

Board Member

### Previous position

Board Member

### Qualifications

- B.A. In Finance and International Accounting, Regent's University, United Kingdom, 2006.
- Master's in Real Estate Executive Programs, Harvard University, Cambridge, United States of America, 2017.
- Master's in business development Organization, Massachusetts Institute of Technology, Cambridge, United States of America.
- Diploma In Real Estate Appraisal, The Hague University of Applied Sciences, Netherlands

### Experience

- CEO and Founder of Dalalcom International Real Estate Development Company, 2012 - Present.
- Financial Analyst, Lazard Investment Bank in the United Kingdom, 2009 - 2010.
- Financial Analyst at Anchor (Switzerland), 2008 - 2009.
- Financial Analyst at Beit Al Batterjee Medical Company, 2006 - 2008.
- Co-Chairman of the Board of Directors of the International Hospital Establishment Company, 2007 - 2020.



### Name

Mohammed Abdul Rahman Moemena

### Current position

Independent Board Member

### Previous position

Independent Board Member

### Qualifications

- B.A. In Marketing, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia. 1996.

### Experience

- Chief Executive Officer of Moemena Investment Group, 1998 - Present.
- Managing Partner, Edward W Kelly & Partners, 2006 - 2020.



### Name

Amr Mohammed Khalid Khashoshgy

### Current position

Independent Board Member

### Previous position

Independent Board Member

### Qualifications

- MBA from Yale University School of Management, USA, 1979.
- Bachelor's degree from Menlo College, California, USA.1977.

### Experience

- Chairman Executive, Omar K. Alesayi & Co. Ltd. (OMACO). 2018 - 2019.
- Chairman of the Board and CEO AMKEST Group For the manufacture and trade of building materials and real estate development, 1983 - Present.
- Chairman of the Board and the main shareholder of the Global Gypaum Company Ltd, 2005 - Present.
- President and co-founder of the Qaderoon Business and Disability Network, 2014 - Present.
- Member of the Board of Directors of the National Food Industries Company, 2018 - Present.
- Former member of the Board of Directors of ALAhli Takaful Company in which he chaired the Investment Committee and the Nominations and Remunerations Committee for a period of nine years, 2010 - 2019.

- Former Managing Director of National Gypsum Company, a public joint stock company, 1986 - 1998.
- Chairman of the Board, Saudi Enaya, Cooperative Insurance Company, 8/3/2021 - 7/1/2024.
- Member of the Board of Directors and member of the Executive Committee, Jeddah Development and Urban Regeneration Company, 2022 - Present.
- Estidama Environmental Services, 2022 - Present.
- Chairman of the Board of Directors, Sustainability Solutions for Environmental Services Co., Ltd, 2022 - Present.



### Name

Mohammed Mostafa Mohammed Omar Bin Siddiq

### Current position

Independent Board Member

### Previous position

Independent Board Member

### Qualifications

- Bachelor's degree in administrative relations, King Abdulaziz University, Saudi Arabia, 1980.

### Experience

- Technical Audit Supervisor, Saudi Arabian Airlines, 1966-1977.
- General Director, Dallah Trading Company / Dallah Avco Company - Dallah Al Baraka Group Company, 1977 - 1991.
- General Manager, Member of the Board of Directors & Member of the Executive Committee of the Saudi Industrial Development Company, 1992 - 2007.

## 25- Committee Members (Audit Committee)



### Name

Amr Mohammed Khalid Khashoshgy

### Current position

Head of the Committee

### Previous position

Head of the Committee

### Qualifications

- MBA from Yale University School of Management, USA, 1979.
- Bachelor's degree from Menlo College, California, USA, 1977.

### Experience

- Chairman Executive, Omar K. Alesayi & Co. Ltd. (OMACO). 2018 – 2019.
- Chairman of the Board and CEO AMKEST Group For the manufacture and trade of building materials and real estate development, 1983 – Present.
- Chairman of the Board and the main shareholder of the Global Gypaum Company Ltd, 2005 - Present.
- President and co-founder of the Qaderoon Business and Disability Network, 2014 – Present.

- Member of the Board of Directors of the National Food Industries Company, 2018 – Present.
- Former member of the Board of Directors of AlAhli Takaful Company in which he chaired the Investment Committee and the Nominations and Remunerations Committee for a period of nine years, 2010 – 2019.
- Former Managing Director of National Gypsum Company, a public joint stock company, 1986 – 1998.
- Chairman of the Board, Saudi Enaya, Cooperative Insurance Company, 8/3/2021 - 7/1/2024.
- Member of the Board of Directors and member of the Executive Committee, Jeddah Development and Urban Regeneration Company, 2022 – Present.
- Estidama Environmental Services, 2022 – Present.
- Chairman of the Board of Directors, Sustainability Solutions for Environmental Services Co., Ltd, 2022 - Present.



### Name

Makarem Sobhi Abdul Jalel Batterjee

### Current position

Committee Member

### Previous position

Committee Member

### Qualifications

- Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015.
- MBA, London Business School, UK, 2011
- B.A. In Health Services Department, Long Beach University, USA, 200

### Experience

- Financial Broker at Smen Barney Investment Company, Dallas, Texas – USA. 1998 – 1999.
- Business analyst at Ernst & Young, Dubai - United Arab Emirates, 2000.
- Marketing Department Manager, Saudi German Hospital Group , 2000 - 2002.
- Executive Vice President and Business Development Manager, Beit- Batterjee, 2002 – 2014.
- Founder and CEO of Gulf youth for Investment and real estate development company from 2003 - 2022.



### Name

Ahmed Mohammed Khalid Dahlaoui

### Current position

Foreign Committee Member.

### Previous position

Foreign Committee Member.

### Qualifications

- Master's degree in financial risk management, University of Sussex, UK, 2011.

### Experience

- CFO, Omar Zuhair Hafiz Holding ,(March 2014 - present).
- Accountant of international subsidiaries and subsidiaries ,(June 2012 - March 2014).
- Accountant, Financial Reporting Department, United Cooperative Insurance Group , (February 2008 - March 2009).

## 26- Committee Members (Nominations and Remunerations Committee)



### Name

Mohammed Abdul Rahman Moemena

### Current position

Head of the Committee

### Previous position

Head of the Committee

### Qualifications

- B.A. In Marketing, King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia. 1996.

### Experience

- Chief Executive Officer of Moemena Investment Group, 1998 - Present.
- Managing Partner, Edward W Kelly & Partners. 2006 - 2020.



### Name

Sobhi Abdul-Jalil Ibrahim Batterjee

### Current position

Committee Member

### Previous position

Committee Member

### Qualifications

- Master's degree in electrical engineering, University of Colorado, USA, 1973.
- B.A. In electrical engineering, University of Kansas, USA, 1972.

### Experience

- President of Biet Batterjee Medical Company from 1988 - 2020.
- President of the Saudi German Hospital Group 1988 - present.



### Name

Makarem Sobhi Abdul Jalel Batterjee

### Current position

Committee Member

### Previous position

Committee Member

### Qualifications

- Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015.
- MBA, London Business School, UK, 2011
- B.A. In Health Services Department, Long Beach University, USA, 2000

### Experience

- Financial Broker at Smen Barney Investment Company, Dallas, Texas - USA. 1998 - 1999.
- Business analyst at Ernst & Young, Dubai - United Arab Emirates, 2000.
- Marketing Department Manager, Saudi German Hospital Group, 2000 - 2002.
- Executive Vice President and Business Development Manager, Beit- Batterjee, 2002 - 2014.
- Founder and CEO of Gulf youth for Investment and real estate development company from 2003 - 2022.

## 27- Executive Management



### Name

Ahmed Mohammed Shebl Al-Atris

### Current position

Group Chief Executive Officer

### Previous position

Group Chief Executive Officer

### Qualifications

- Diploma in Hospital Management, American University in Cairo, Egypt, 2005.
- Diploma in Hospital Management, Ain Shams University, Egypt, 2004.
- Diploma in Overall Quality Management in Healthcare, American University in Cairo, Egypt, 2003.
- Master of Cardiology and Thoracic Surgery, Al-Azhar University, Egypt, 2003.
- Bachelor of Medicine and Surgery, Tanta University, Egypt, 1993.

### Experience

- CEO 2018 to date.
- CEO of Saudi German Hospital - Asser (2009 - 2018)
- Director of Operations, Saudi German Hospital - Aseer (2007 - 2009)
- Assistant Director of Operations at The Saudi German Hospital - Aseer (2005 - 2007).
- Assistant General Manager of Nasser Institute Hospital, a company registered in the Arab Republic of Egypt working in the field of healthcare (1997 - 2005).



### Name

Madani Hozaien

### Current position

Group Chief Financial Officer

### Previous position

Group Chief Financial Officer

### Qualifications

- MBA, The University of Dauphin, Paris 2016
- Master of Economics, the Sorbonne University, Paris 2016
- Diploma in Finance, the Arab Academy of Science and Technology in 2005
- Diploma in management, the Chamber of Commerce and Industry in Paris in 1990
- Bachelor of Commerce Accounting Division, The Faculty of Commerce, Ain Shams University, 1987

### Experience

- CFO June 2019 to date
- CFO, Oriental Weavers Group (January 2016 - June 2019).
- Regional Financial Director of Swedy Electric Group Algeria (October 2013 - December 2015).
- Financial Director, United Foundry Group (Citadel Capital Holdings subsidiary) (August 2009 - September 2013).
- Financial Director, Orascom Telecom Algeria and North Korea (November 2006 - June 2009).
- Audit Partner at Khalid Al Ghannam & Co, (December 2003 - October 2006).
- Financial Director, Bahgat Group, August, (1998 - 2003).
- Financial Controller of Mohamed Abdel Mohsen Al-Kharafi Group, Albania, (July 1995 - July 1998).
- Audit Manager Deloitte & Tocht, Egypt, (June 1990 - June 1995).
- Auditor at KPMG, Egypt, (January 1988 - May 1990).



### Name

Mansour Ahmed Mohammed Al Janadi

### Current position

Group Chief Medical Officer

### Previous position

Executive Director of Medical Services of National Guard Health Services of the Western Region

### Qualifications

- MD, FRCPC, FACP and FACR.
- M.B.&B.Ch. 1982(Excellent Grade & 1st honor degree)
- American Board of Internal Medicine – 1987.
- American Board of Rheumatology 1990 (American Board Re-certificate) 2012-2023.
- Royal College of Physicians and surgeon of Canada Specialist certificate Internal Medicine, 1988.
- University of Ottawa Rheumatology Certificate, 1989.
- Certificate of Quality in Healthcare, 1999.

### Experience

- CMO of Saudi German Health (MEAHCO), July 2021 – Present.
- ELAJ Health Group CMO Jeddah, KSA from February 2019 to June 2021
- Executive Director of Medical Services of National Guard Health Services of the Western Region, King Abdulaziz Medical City (KAMC) Jeddah, KSA from 2019 to June 2021.
- Chairman of Department of Medicine at NGH King Abdulaziz Medical City (KAMC) from 2000 – 2009.
- Director of Academic Affairs at NGH King Abdulaziz Medical City (KAMC) from 1999-2000.
- Medical Director and Director of Academic Affairs Armed Forces Military Hospitals Program of South Khamis Mushat, KSA from 1995-1999.
- Chairman of Department of Medicine Abha Medical College, King Khalid University, Abha-KSA from 1994-1995.

- Vice Dean of Academic Affairs Abha Medical College, Abha-KSA from 1990-1994.
- Active Consultant Rheumatologist from 1989 – present.
- Associate Professor of Medicine.
- More than 28 publications in International peered journals.
- Reviewer of various National & International peer Medical Journals.
- Leader of Quality and Patient Safety implementation in all health institutes that I have worked and led.
- Long Executive Administrative Experience in the healthcare field supported by advanced workshops, courses and certificates in development, quality, training, and career advancement, leadership, creative thinking, team building.
- Member, fellow and chairman of various national and international medical, educational research and executive scientific associations, boards, Institutions and committees.
- Nominee for 2019 election of American College of Physicians (ACP) Governorship of Kingdom of Saudi Arabia Chapter.
- Director General of Saudization Program of Health Specialties Makkah Region Health Board for 7 years.

## 28- Description of board members who are members of the Board of Directors in other joint stock companies (listed or not listed) for the year 2023

Member's name	Companies where a board member also holds a director position in another company	Location	Legal status
Sobhi Abdul-Jalil Ibrahim Batterjee	Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Bait Al Batterjee Medical College Company for Sciences and Technology	Inside the Kingdom	Not Listed
	Middle East Healthcare Company (Saudi German Health)	Inside the Kingdom	Listed
Khaled Abdel-Jalil Ibrahim Batterjee	Middle East Healthcare Company (Saudi German Health)	Inside the Kingdom	Listed
	Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Bait Al Batterjee Medical College Company for Sciences and Technology	Inside the Kingdom	Not Listed
Makarem Sobhi Abdul Jalil Batterjee	Middle East Healthcare Company (Saudi German Health)	Inside the Kingdom	Listed
	Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Bait Al Batterjee Medical College Company for Sciences and Technology	Inside the Kingdom	Not Listed
Sultan Sobhi Abdul Jalil Batterjee	Middle East Healthcare Company (Saudi German Health)	Inside the Kingdom	Listed
	Bait Al Batterjee Medical College Company for Sciences and Technology	Inside the Kingdom	Not Listed
	International Hospital Construction Company	Not Listed	Not Listed
Mohammed Abdul Rahman Mohamed Moemena	Financial Expert Company	Inside the Kingdom	Not Listed
	Wedad Charitable Foundation	Inside the Kingdom	Not Listed / Charitable Foundation
	France Bank for Business	Lebanon	Not Listed
	Initial Saudi Company	Inside the Kingdom	Not Listed

Amr Mohammed Khalid Khashoshgi

Amr Khashoggi Trading Co. LTD.  
Global Gypsum Company LTD.  
Qaderoon Business and Disability Network  
Saudi Enaya  
Middle East Healthcare Company (Saudi German Health)  
National Food Industries Company  
Omar Qasim Al-Issai & Co. Holding.  
United Warehouse Company  
Eastern Food Industries Company Limited (Nigeria)

Inside the Kingdom Not Listed  
Inside the Kingdom Not Listed  
Inside the Kingdom Not Listed  
Inside the Kingdom Listed  
Inside the Kingdom Listed  
Inside the Kingdom Not Listed  
Inside the Kingdom Not Listed  
Inside the Kingdom Not Listed  
Outside the Kingdom Not Listed

Mohammed Mostafa Mohammed Omar Bin Siddiq

Orange Bed & Bath Company  
Middle East Healthcare Company (Saudi German Health)

Inside the Kingdom Not Listed  
Inside the Kingdom Listed

## 29- Board meetings

The following table shows the meetings held by the Board of Directors in 2023, dates of these meeting and board members who attended them:

#	Name	Meeting (1) 23/02/2023	Meeting (2) 14/05/2023	Meeting (3) 03/08/2023	Meeting (4) 02/11/2023	Meeting (5) 03/01/2024	Meeting (6) 30/03/2024	Total
1	Sobhi Abdul-Jalil Batterjee	✓	✓	✓	✓	✓	✓	6
2	Khaled Abdul-Jalil Batterjee	✓	✓	✓	✓	✓	✓	6
3	Makarem Sobhi Batterjee	✓	✓	✓	✓	✓	✓	6
4	Sultan Sobhi Batterjee	✓	✓	✓	✓	✓	✓	6
5	Mohammed Mostafa Mohammed Omar Bin Siddiq	✓	✓	✓	✓	✓	✓	6
6	Mohammed Abdul Rahman Moemena	✓	✓	✓	✓	✓	✓	6
7	Amr Mohammed Khalid Khashoshgy	✓	✓	✓	✓	✓	✓	6

The last meeting of the Extraordinary General Assembly (01/02/1445) took place on August 17, 2023.

## 30- Board Committees

To ensure optimal performance and effective oversight of the group's management, the Board of Directors has formed the Audit Committee and the Nominations and Remuneration Committee, with the approval of the General Assembly. These committees are subject to the adopted rules that define their respective tasks and responsibilities. The committees submit their reports and proposals to the Board of Directors, which conducts an annual review of its operating rules based on their recommendations. The members of these committees are awarded a specific bonus for their membership, as determined by each committee's regulations.

## 31- Audit Committee

The review committee consists of three members, all of whom are non-executive, independent, or external, to ensure neutrality and independence.

#	Name	Board Membership	Title
1	Amr Mohammed Khalid Khashoshgy	Independent	Head
2	Makarem Sobhi Batterjee	Non-executive board member	Member
3	Ahmed Mohamed Khalid Dahlawi	External	Member

### The audit committee has the following functions and responsibilities:

1. Review the group's quarterly and annual financial statements and provide their views and recommendations to the Board of Directors before the statements are submitted.
2. Monitor the integrity of financial statements and all data related to the group's financial performance.
3. Review the group's accounting policies and assess the implications of any proposed practices, principles, or new developments in accounting, disclosure requirements, or relevant laws and regulations, and provide opinions and recommendations to the Board of Directors before the policies are submitted.
4. Review the accounting methodologies used for important or unusual underlying transactions when multiple accounting methods are available, especially those related to mergers and acquisitions, restructuring, and partnership agreements.

5. Review the auditors' observations about the financial statements and follow up on the actions taken by the group.
6. Ensure that feedback on the group's financial statements and the context in which they appear is clear, complete, and informative, so that shareholders and other parties have the information they need to evaluate the group's performance.
7. Review all basic information related to the risk audit management department in the group's financial statements, operational and financial performance report, and governance.
8. Review the adequacy and effectiveness of the group's internal financial controls and risk management systems, and regularly update the group's financial control and risk management systems to ensure that they include adequate internal controls.
9. Ensure that sufficient procedures are in place to assess compliance with the CMA's requirements, including ongoing disclosure obligations, and monitor the effectiveness of these procedures and controls.
10. Review the data on internal control and risk management in the group's annual report.
11. Review the adequacy of the arrangements provided by the group to allow employees and contractors to report financial irregularities (strictly confidentially), and ensure that these arrangements provide for appropriate and independent investigations and follow-up procedures.
12. Review the fraud detection mechanisms and procedures approved by the group.
13. Conduct investigations into any reported instances of possible fraud.
14. Oversee the group's internal audit department to ensure its effectiveness in carrying out the tasks and duties assigned to it by the Board of Directors.
15. Provide opinions on the selection and dismissal of the head of internal audit and the auditing company.
16. Review the internal control system and prepare a written report with your opinions and recommendations.
17. Review and assess annual plans and programs in relation to the group's internal control systems to ensure their adequacy.
18. Review the group's internal audit reports and follow up on the implementation of corrective actions for the findings.
19. Monitor executive management's responses to the internal audit department's findings and recommendations.
20. Ensure that the internal audit department has sufficient data and information to perform its duties effectively in accordance with appropriate professional standards.
21. Meet with the internal audit department and the group's auditors to discuss important issues they have raised about the group's management, and ensure that the internal audit manager and the group's auditors can contact the head of the audit committee at any time.
22. Recommend the selection, appointment, dismissal, and determination of the auditors' fees, including reviewing the auditors' professionalism and independence.
23. Follow up on the group's auditors' work and any work they adopt outside the scope of the audit.
24. Monitor the group's auditors' independence and ensure their objectivity and the effectiveness of their audit procedures in accordance with relevant professional and regulatory requirements.
25. Work with the group's auditors to coordinate and develop an audit plan and procedures for the current year, and provide feedback and recommendations.
26. Review the group auditors' observations on the financial statements and follow up on the actions taken, including:
  - 27-1 Basic findings identified by auditors.
  - 27-2 Accounting and audit standards.
  - 27-3 Level of audit findings.
  - 27-4 Effective auditing.
28. Review letters of commitment to the auditors before submitting them to group management for approval and signature. Ensure direct communication with the group's auditors and respond to their recommendations and those of their officials.

### Meeting record of the 2023 Audit Committee (4 meetings):

#	Name	The committee's status	Meeting (1) 23/02/2023	Meeting (3) 14/05/2023	Meeting (4) 03/08/2023	Meeting (5) 02/11/2023	Total
1	Amr Mohammed Khalid Khashoshgy	Head of the Committee	✓	✓	✓	✓	4
2	Makarem Sobhi Batterjee	Non-executive member	✓	✓	✓	✓	4
3	Ahmed Mohamed Khalid Dahlawl	External member	✓	✓	✓	✓	4

## 32- Nominations and Remunerations Committee

The following table shows the composition of the Nominations and Remuneration Committee:

#	Name	Board Membership	Title
1	Mohammed Abdul Rahman Moemena	Independent	Head
2	Sobhi Abdul Jalil Batterjee	Non-executive	Member
3	Makarem Sobhi Batterjee	Non-executive	Member

### The Nominations and Remunerations Committee has the following functions and responsibilities:

1. Recommend board membership and nominations to the Board in accordance with adopted policies and standards, considering moral (corruption) and criminal record of nominees.
2. Review board membership requirements annually to identify the necessary skills and prepare a description of the required qualifications for board members, including the time commitment required.
3. Review the board structure and recommend possible changes.
4. Identify the strengths and weaknesses of management and propose remedies that align with the group's interests.
5. Annually assess the independence of independent members and ensure that there are no conflicts of interest, even if a board member is also a board member of another company.
6. Develop clear policies on remuneration for board members and executives in accordance with their performance.
7. Review the replacement plan for board members and senior executives, especially the CEO, CFO, and operations manager, to ensure that it addresses the group's current and future challenges, opportunities, and skills and expertise needs. Consistent with the policies in section 6, the Committee considers all relevant matters, including legal and regulatory requirements, the provisions and recommendations of the Corporate Governance Regulation issued by the Authority, and its relevant instructions. This policy aims to ensure that executive management members are available to serve the group and to provide appropriate incentives to encourage and enhance performance, through individual and productive contributions to the group's success, in a fair and responsible manner.
8. In accordance with the Board of Directors' Remuneration Policy, the Committee reviews and assesses the group's salary scale and the regional healthcare sector's salary scale in general.
9. Take sole responsibility for setting the criteria for selecting salary experts to advise the Committee and defining their responsibilities.
10. Develop and maintain the induction and continuing training programs for board members, and monitor their performance and references. Through the committee chair, encourage each new board member to attend both programs, which must cover the following:
  - 11.1 The group's business and operations.
  - 11.2 The group's financial, strategic, and operational position, including risk management.
  - 11.3 The rights, duties, and responsibilities of board members. Supervising the evaluation of the performance of executive management (including members of the Board of Directors) and ensuring the implementation of the resulting training programs. During the performance review, the Board considers:
    - 12-1 Attendance and participation record.
    - 12-2 Professional knowledge and competencies.
    - 12-3 Contribution to the group's strategic objectives.
    - 12-4 Timely fulfillment of duties and responsibilities.
    - 12-5 Overall conduct.
11. Approve the group's performance incentive structure and objectives, and the total annual payments in accordance with the scheduled programs.
12. Review the structure of any incentive system that includes granting stock options, for approval by the Board of Directors and shareholders. If approved, the Committee determines the total amount of these incentives and the remuneration of each executive board member, secretary of the board, and executive management member, as well as the performance criteria used.
13. Develop a retirement policy, scope, and arrangements for both executive board members and executive management.
14. Ensure that the group's contractual obligations are fulfilled in relation to the termination of any employment contract, including payment of termination-related amounts, taking into account the employee's and the group's rights, and ensuring that poor performance is not rewarded and that necessary measures are taken to reduce the group's and its employees' losses.
15. Oversee any major changes to the group's employee benefits structure.
16. Adopt a policy to cover the necessary expenses of board members.

**The following table shows the summary of the Nominations and Remunerations Committee meetings in 2023:**

#	Name	Title	First meeting 14/05/2023	Second meeting 02/11/2023	Total
1	Mohammed Abdul Rahman Moemena	Head	✓	✓	2
2	Sobhi Abdul Jalil Batterjee	Member	✓	✓	2
3	Makarem Sobhi Batterjee	Member	✓	✓	2

**33- Board member remuneration policy and executive management**

Board member remuneration must be determined based on the Nominations and Remunerations Committee's recommendations and in compliance with all applicable rules, regulations, and corporate governance requirements. It must also be consistent with the group's strategy and objectives, the need to attract and motivate the best board members, and the group's sector and performance indicators.

In addition to their fixed salaries and job allowances, the Board of Directors determines the remuneration of senior executives based on the annual evaluation recommended by the Nominations and Remuneration Committee. The evaluation considers the group's objectives, activity, and size, the need to attract the necessary abilities, qualifications, and skills, and the level of function, tasks, and responsibilities.

**34- Clarify the relationship between the bonuses granted and the applicable rewards policy, and indicate any fundamental deviations from this policy.**

On the recommendation of the Nominations and Remuneration Committee, the Board of Directors determines the remuneration of board members, committee members, and senior executives in accordance with regulations and the General Assembly's Board Members and Its Related Committees policy. There was no substantial deviation from the applicable policy in the rewards awarded during 2023.

**35- Board of Directors and Senior Executive Rewards Table (including CEO and CFO)**

Board members' bonuses for 2023 (numbers in Saudi riyals):

	Fixed rewards						Variable Remuneration					End-of-service rewards	Grand Total	Expense allowance
	Specific amount	Allowance for attending the Board sessions	Total allowance for attending committee sessions	In-kind benefits	Reward for technical, administrative and consultancy works	Reward the Chairman and Managing Director, if they are committee members	Total	Profit share	Periodic remunerations	Short- and long-term incentive plans	Equity (values to be entered)			
<b>First: Independent Members</b>														
Mohammed Abdulrahman Moumana	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
Amr Mohammed Khalid Khashoshgy	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
Mohammed Mostafa Mohammed Omar Bin Siddiq	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
<b>Total</b>	<b>600,000</b>	<b>36,000</b>	-	-	-	-	<b>636,000</b>	-	-	-	-	-	-	-
<b>Second: Non-executive Members</b>														
Sobhi Abdul Jalil Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
Dr. Khalid Abdul Jalil Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
Makarem Sobhi Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
Sultan Sobhi Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-
<b>Total</b>	<b>800,000</b>	<b>48,000</b>	-	-	-	-	<b>848,000</b>	-	-	-	-	-	-	-

## Senior Executives Reward Table (Including CEO and CFO)

The following table shows the total rewards and compensation of senior executives, including the CEO and CFO, for 2023:

	Fixed Remuneration				Variable Remuneration					End of Service Reward	Total Remuneration for executives in the board if Any	Grand Total
	Salaries	Allowances	In Kind Benefits	Total	Periodic Remuneration	Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Equity grants values are			
Total	4,292,000	1,070,459	-	5,362,459	300,000	-	370,000	-	-	670,000	-	6,032,459

Members of the Nominations and Rewards Committee	Fixed rewards (except for attendance allowance)	Attendance Allowance	Total
Mohammed AbdulRahman Moemena	-	75,000	75,000
Makarem Sobhi Batterjee	-	75,000	75,000
Sobhi Abdul Jalil Batterjee	-	75,000	75,000
<b>Total</b>	-	<b>225,000</b>	

## The Committee Members Remuneration:

Members of the Audit Committee	The fixed bonuses (excluding attendance allowance)	Attendance Allowance	Total
Amr Mohammed Khalid Khashoshgy	-	75,000	75,000
Ahmed Mohammed Khalid Al-Dahlawi	-	100,000	100,000
Makarem Sobhi Batterjee	-	75,000	75,000
<b>Total</b>	-	<b>250,000</b>	

### 36- Shares, debt instruments and ownership of board members and senior executives of the company

The following table shows several of the board members who own from the company's shares and debt instruments directly and indirectly as of the date of the Base Prospectus, and any changes in that ownership during the financial year 2023.

The following are the details of the company's shares:

#	Name	Title	Type of membership	Nationality	Number of Share Held		Shareholding (%)	
					Number of shares (Direct)	Number of shares (Indirect)*	(Direct)	(Indirect)*
1	Sobhi Abdul Jalil Batterjee	Chairman	Non-executive	Saudi National	887,026	6,042,542	0.96%	6.57%
2	Makarem Sobhi Batterjee	Vice Chairman	Non-executive	Saudi National	1,001	9,395,413	0.001%	10.21%
3	Khaled Abdel-Jalil Batterjee	Board of Directors Member	Non-executive	Saudi National	1,001	1,894,883	0.001%	2.06%
4	Sultan Sobhi Batterjee	Board of Directors Member	Non-executive	Saudi National	1,001	3,310,095	0.001%	3.60%
5	Mohammed Abdul Rahman Moemena	Board of Directors Member	Independent	Saudi National	1,001	N/A	0.001%	N/A
6	Amr Mohammed Khalid Khashoshgy	Board of Directors Member	Independent	Saudi National	N/A	N/A	N/A	N/A
7	Mohammed Mostafa Mohammed Siddiq	Board of Directors Member	Independent	Saudi National	100	N/A	0.0001%	N/A

\* Representing shares in the Company indirectly owned by board members through (i) their ownership in companies that in turn own shares in the Company, or (ii) shares in the Company directly owned by the relatives

Further, as at the date of the Base Prospectus, each of Dr. Makarem Sobhi Abduljalil Batterjee and Dr. Khaled Abduljalil Ibrahim Batterjee owns 1,000 shares, which represents 0.01%, of the share capital of NHC, which is a subsidiary of the Company

Otherwise, none of the members of the board of directors owns shares directly or indirectly in NHC as at the date of the Base Prospectus, except for their indirect ownership in NHC through their ownership in the Company as shown in the table above of the board members (which include spouses and minor children)





# CORPORATE SOCIAL RESPONSIBILITIES

## 37- Corporate Social Responsibility

### Community Service

As part of their ongoing social responsibility initiatives, the group's hospitals have implemented several community-oriented activities. These activities can be classified as follows:

### Internal activities:

These activities take place inside the hospital building, using the hospital lobby. Examples include the Children's Club, Mother's Club, Cancer Club, Anti-Smoking Club, Orphan Day, Saudi German Hospital Children's Festival, and diabetes awareness programs

### External activities:

These activities are held in locations belonging to other entities, such as schools, colleges, and centers, every week.

In addition to the above-mentioned periodic activities, other events are held at a group level, aligned with the World Health Organization's (WHO) directives, in a standardized manner and at the same time in all hospitals. These events/group campaigns are held over a week or a month, in accordance with WHO programs, and are accompanied by a special service offer related to the campaign.

## Corporate Social Responsibility Initiatives for SGH in 2023

**Community Initiative:** Visiting elderly patients and correcting their recitation of Surah Al-Fatihah

**Visit time:** The host organization will choose a time that is convenient for the patients.

**Visit day:** The host organization will choose a day between December 24 and 28.

**Visit duration:** One hour maximum per day.

**Target group:** Elderly people.

**Reason for the visit:** To build connections within the community by visiting (7 to 10) elderly people, fostering a deeper understanding of Surah Al-Fatihah, and presenting them with treasured Qurans.

**Number of visitors:** 5-7 representatives – including leading figures – from Khairkum Association.

MEAHCO was honored to cooperate with the Khairkum Association for the Saudi Hospital for Professionals in Jeddah in a community initiative. The Saudi Hospital, under the leadership of the Group People Management Department's Employee Engagement and Happiness team (including Ms. Hayat Al-Harithi and Ms. Bashayer from Guest Experience), and with the participation of Jeddah CMO Dr. Hani Baroum and Mr. Sherif Al-Hawari, played a significant role in this initiative.



# RISKS

### 38- Risks

Risks related to the group's activity and operation

#### The quality of healthcare services provided

The inability of the group to continue to provide the required level of quality of healthcare services that satisfy its customers would negatively affect its reputation in the market, leading to customer leakage and a loss of competitiveness to other companies in the sector. This would have a negative impact on the group's business, operations, and financial performance.

#### Reliance on qualified medical staff

The group's ability to attract and retain qualified doctors and nursing staff remains a challenge, especially in light of the shortage of healthcare workers in the Saudi market, where demand exceeds supply. The group's inability to secure a sufficient number of qualified medical professionals who meet its high standards would have a negative impact on its operations, including the level and quality of healthcare services provided. This would, in turn, affect the group's financial performance.

#### VIP Customers

The group is unable to maintain its relationships with any of its major customers (e.g., Aramco, Ministry of Health, Social Insurance Corporation, and insurance companies).

Risks related to rejected claims

Risks related to healthcare sector licensing requirements

#### Force Majeure Risks

The group or any of its medical facilities or hospitals may be exposed to accidents beyond its control, such as fires or natural disasters, which could disrupt operations and adversely affect the group's financial performance. Emergency capital expenditures, such as the costs of repairing, rebuilding, or rehabilitating damaged facilities, would further impact the group's finances.

#### Revenue Concentration

The group's inability to retain key doctors or VIP customers would negatively impact its revenue.

The Group's Goodwill and Reputation

The group owns the brand name "Saudi German Health (SGH)", which has been used by the former's hospitals. This brand name plays a key role in the growth of demand for the group's medical services. The following risks and factors may affect the group's trademark, brand name and reputation:

- Lack of trademark protection.
- Lack of management and supervision contracts with hospitals outside the Kingdom.
- Medical errors.
- Non-mandatory medical certificates.

#### New Project Risks

The group is currently implementing several medical projects. Any delay or cost overrun in these projects may negatively impact the group's investments.

#### Financing Risks

The group and Hail National Healthcare Company received credit facilities and loans from the Ministry of Finance, Inma Bank and Samba Financial Group. Under the terms of several facility agreements between the two companies, the creditors can terminate or cancel these facilities.

#### Future Funding

In addition to relying on self-financing sources, the group may rely on financing from commercial banks to cover working capital needs and expansion plans.

#### Dealings with Related Parties

The group currently has several agreements with related parties for maintenance, construction, supply, sales, and advisory services. The group does not guarantee the continuity of these agreements and transactions in the future, and the Board of Directors or General Assembly may not agree to renew them, or the related party may not agree to renew its terms. This exposes the group to the risk of not being able to secure alternative contracts on time and on the appropriate terms, which would adversely affect its business, operations, and financial performance, especially as the group relies on these contracts for its operations.

#### Competitive Environment

Intense competition in the healthcare sector in the Kingdom, including among hospitals, is driving the growth of healthcare providers. Meanwhile, the Ministry of Health is working to strengthen the sector by increasing the number of government hospitals.

Interest rate volatility risks, currency exchange rates and financial costs

The group's foreign exchange risk exposure arises from its business relationships with international suppliers of products and equipment for its daily medical operations, which are conducted in foreign currencies. This risk is due to fluctuations in the value of foreign currencies, which can impact the cost of these products and equipment.

#### Cyber Attacks

The group is continuously developing its electronic systems to provide the best possible experience for its patients and to make it easier for its suppliers and customers to work with it. As a result, the group relies heavily on its electronic systems. However, due to significant advances in cyberattack capabilities and the growing professionalism of corporate cyberattacks, the group is also facing increasing risks online. The group is aware of these risks and is working to mitigate them using the best available technologies to protect its information and systems. The group invests heavily in technology and information infrastructure to protect its business and ensure its continued operation.

#### Given these challenges and potential risks, the group decided to:

- Expand the group's customer base.
- Increase its share of the private medical services sector.
- Form strategic relationships with all stakeholders in the sector, including patients, medical insurance companies, the Cooperative Health Insurance Board, the General Directorates of Health Affairs, and other players.
- Achieve the interests of all parties.
- Ensure expected revenue growth.
- Maintain planned profitability ratios.



# FINANCIAL PERFORMANCE

# 39- Financial Analysis

## Summary of Income Statement and Budget Items

The following table summarizes the group's financial performance for the year ended December 31, 2023, and the previous year.

Figures in millions of Saudi riyals:

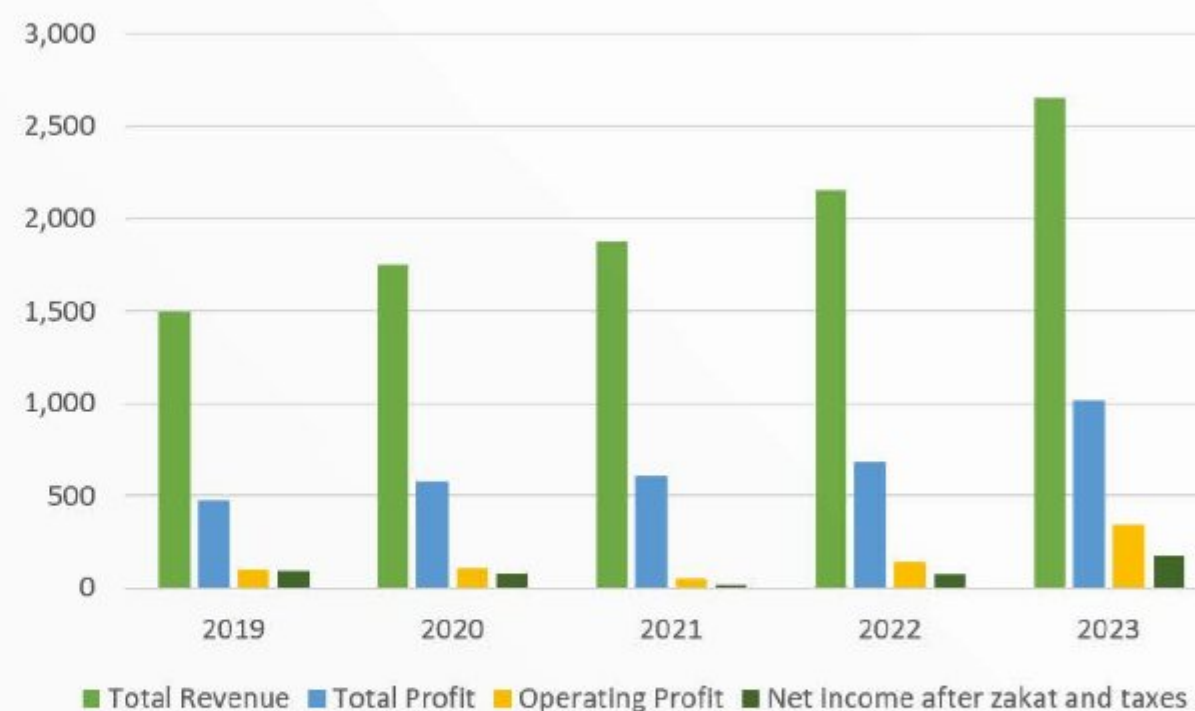
	2022	2023	Growth rate
Total Revenues	2,151	2,653	23.3%
Gross profit	680	1,014	49.2%
Operating profits	140	342	144.0%
Net income after zakat and taxes	75	180	139.7%

The company's total revenue during the year 2023 increased by 23.3% from 2,151 million riyals to 2,653 million riyals, and total profit increased by 49.2% and operating profit increased by 144% from 140 million riyals to 342 million riyals and net profit increased by 139.7% from 75 million riyals to 180 million riyals in 2023.

The following table summarizes the company's performance during the period 2019-2023:

	2019	2020	2021	2022	2023
Total Revenues	1,497	1,750	1,872	2,151	2,653
Gross profit	473	578	608	680	1,014
Operating profits	103	107	54	140	342
Net income after zakat and taxes	97	82	17	75	180

The chart below shows the company's performance from 2019 to 2023



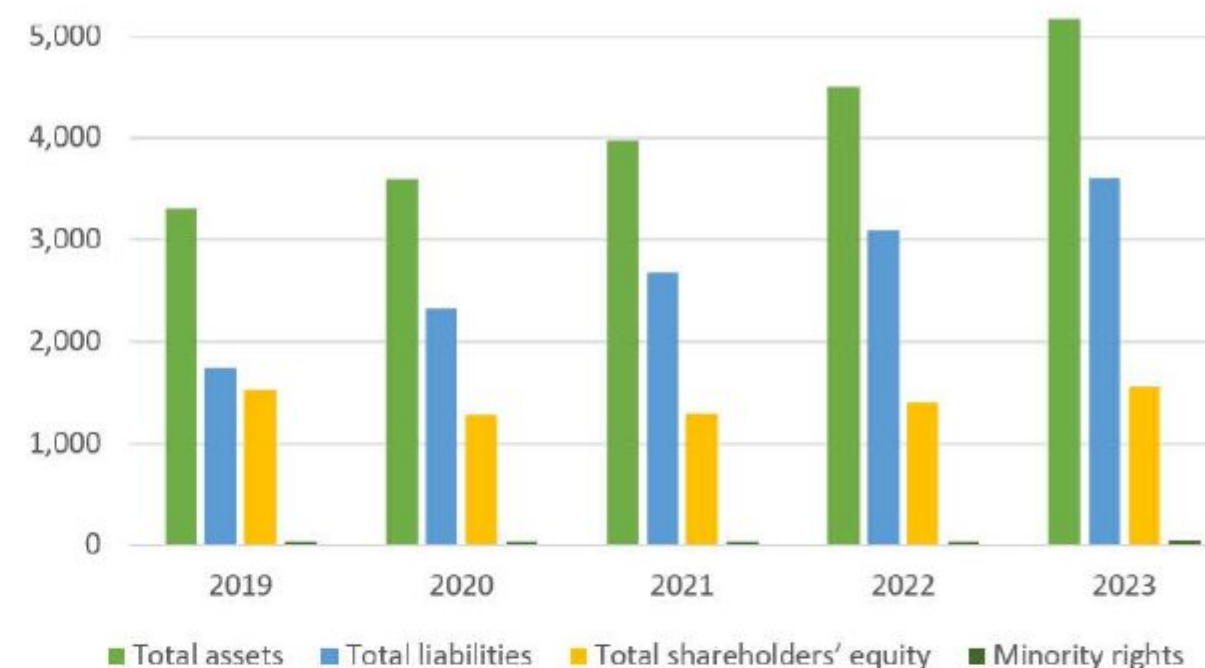
## 40- Shareholders' equity

The annual financial statements for the year ended December 31, 2023 include changes in shareholders' equity. The following table shows the growth in shareholders' equity over the last five years.  
(value in million Saudi riyals )

Millions of riyals	2019	2020	2021	2022	2023
Capital	920	920	920	920	920
Statutory reserve	182	192	194	201	219
Retained earnings	421	119	144	243	377
Total shareholders' equity	1,523	1,275	1,295	1,408	1,565

## Key balance sheet items

Millions of riyals	2019	2020	2021	2022	2023
Total assets	3,305	3,599	3,972	4,499	5,173
Total liabilities	1,744	2,324	2,677	3,091	3,608
Total shareholders' equity	1,523	1,275	1,295	1,408	1,565
Minority rights	39	43	38	43	46



Total assets increased from 3,305 million riyals in 2019 to 5,173 million riyals in 2023. Total liabilities increased from SAR 1,744 million in 2019 to SAR 3,608 million in 2023. This is mainly due to the company's continued investment in fixed assets for renovation and expansion of existing hospitals as well as investment in new projects.

#### 41- Cash flow list

The following table shows the company's cash flow list for the year ended December 31,2023 and previous years.

(value in millions SR)

	2019	2020	2021	2022	2023
Net cash flows from operating activities	95	(263)	77	76	191
Net cash flows from investment activities	(469)	(291)	(417)	(249)	(242)
flows from financing activities	380	517	352	161	80
Net change in cash	10	(37)	11	(12)	29
Cash at the beginning of the year	44	54	17	28	16
Year-end cash	54	17	28	16	44

#### 42- Earnings per share

	2022	2023
Earnings per share	0.82	1.96

The company owns a total of 92.04 million shares and its earnings per share increased from 0.82 SR to 1.96 Saudi Riyals as a result of increase in profits.

#### Details of operational activities for 2023.

The company's operating profit increased by 144% from SAR 140 million to SAR 342 million.

#### Geographical analysis of the revenues of the company and its subsidiaries

#### 43- Geographical analysis of the revenues of the group and its subsidiaries Geographical distribution of the company's revenues of financial year 2023 and 2022:

(Million Saudi Riyals)	2022	2023
Central Region	374	465
Western Region	1,025	1,235
Southern Region	413	468
Northern Region	146	177
Eastern Region	188	303
Outside Saudi Arabia	6	3



Note: Revenues outside Saudi Arabia represent the revenue of the supervisory fee.

40- Accounting standards: The group's accounting standards are consistent with those in force in Saudi Arabia. The Saudi Association of Chartered Accountants developed accounting standards in the Kingdom.

#### 41- Adoption of International Financial Reporting Standards (IFRS):

In 2017, the group appointed SRCO Professional Corporation, an external consultant, to examine the impact of adopting the new International Accounting Standards (15.9), as approved by the Saudi Chartered Accountants Authority (SOCPA). The group's financial statements were prepared accordingly.

The group has successfully transitioned to international financial reporting standards, as approved by the Saudi Chartered Accountants Authority. Accordingly, the group has announced its financial results for all quarterly periods in 2019, as well as annual financial statements audited in accordance with international accounting standards (9.15).

#### 42- Equity and debt securities activities

##### Stock activities.

The number of outstanding shares of company and fully listed for trading in Tadawul is 92.04 million shares at the end of 2023.

##### Debt Securities

The company does not have any debt instruments convertible into K-shares on 31/12/2023.

#### 43-Dividend policy

Per the group's statute, the distribution of cash dividends is subject to approval by the General Assembly on the recommendations of the Board of Directors after taking into account various relevant factors. These factors include the group's financial position and obligations that may be restricted from the distribution of cash dividends under the credit facility agreements to which the group is linked. These factors also involve the results of the business, cash needs and current and anticipated expansion plans. The decision to distribute dividends to shareholders, which aims to enhance the value of shareholders' investment, is subject to the maximum possible capital expenditure, investment needs, profits and financial position, market conditions, general economic conditions, immediate reinvestment needs, capital, business opportunities, economic activity, and legal and regulatory considerations. The dividends are distributed in Saudi riyals if any.

The group intends to distribute annual dividends to shareholders, but it does not guarantee that it will distribute any dividends or guarantee the amount to be distributed in any given year. The distribution of dividends is subject to certain restrictions in the group's statutes, as Article 45 stipulates that net annual profits shall be distributed after deducting all expenses and other costs as follows.

- Avoids ten percent (10%) of net profit to form a regular reserve. The provision of these allocations can be suspended to the regular reserve by a decision of the General Assembly once the regular reserve reaches (30%) of the group's capital.
- Based on the Board of Directors' request, the AGM may set aside ten percent (10%) of the net annual profit of an optional reserve to serve one or more specific purposes.
- Of the remaining dividends, shareholders are paid a down payment of at least five percent (5%) of the paid-up capital.
- The remaining amount will be distributed to shareholders as an additional share of the profits or departed until the following financial year, subject to the approval of the General Assembly of Shareholders.

The following table shows the profits distributed by the company in the past five years: Historical profits during the last financial years (In Saudi Riyals)

	2019	2020	2021	2022	2023
Distributions for declared earnings of the year	–	–	–	–	–
Distributions paid during the year	–	–	–	–	–
Net income per year	97,568,347	81,992,572	17,201,012	75,182,816	180,176,414
Percentage of declared distributions to net income	–	–	–	–	–

#### 44- Dividends

##### Dividends for 2022:

No dividends were distributed for the year 2022.

##### Dividends for 2023:

The Board of Directors recommended on 30/03/2024 not to distribute cash dividends to shareholders for the year 2023 to support the company's expansion projects and the recommendation will be submitted to the General Assembly for recommendation.

## 45- Credit facilities and loans

The group has signed several credit facility agreements with local banks to obtain various facilities and loans in Saudi riyals. Under these agreements, the banks are entitled to a percentage of the financing profits, which is determined by the prevailing profit rates in the market. Additionally, the group obtained loans from the Ministry of Finance to finance the construction of Saudi-German hospitals medical tower in Riyadh and Makkah. The following table details the available facilities and their use as of 31 December 2023. All of the group's loans are in accordance with Islamic law.

(value in millions SR)

Institution	Length	Credit Limit	Withdrawals	Amount paid in advance	Outstanding amount	Paid In 2023
<b>1- Ministry of Finance</b>						
Ministry of Finance	12 Years	369	143	-	340	9
Total MOF Loans		396	143	-	340	9
<b>2. Saudi national bank</b>						
Saudi national bank -Long Term	1Year	500	-	-	286	72
Saudi national bank -Short Term	6 Months	150	55	-	150	-
Total Saudi national bank Loans		650	55	-	435	72

### 3- Inma Bank

Inma Bank-Short term	6 Months	250	100	-	250	-
Inma Bank-Long term	1Year	600	181	-	0.00	25
Total Inma Bank Loans		850	281	-	646	25

### 4. AL-Bilad Bank

AL-Bilad Bank- Short Term	6 Months	350	97	-	243	-
AL-Bilad Bank- Long Term	5 Years	64	-	-	33	30
Total AL-Bilad Bank Loans		414	97	-	277	30

### 5- Emirates Dubai Bank

Emirates Dubai Bank- Short Term	6 Months	150	-	-	107	42
Total Emirates Dubai Bank Loans		150	-	-	107	42

### 6- Al-Rajhi Bank

Al-Rajhi Bank- Short Term	6 Months	120	-	-	80	38
Al-Rajhi Bank- Long Term	1Year	385	82	-	171	73
Total Al-Rajhi Bank Loans		505	82	-	251	111

## 7- Riyadh Bank

Riyadh Bank- Long Term	5 Years	200	44	-	195	-
Riyadh Bank- Short Term	6 Month	100	-	-	89	11
Total Riyadh Bank Loans	-	300	44	-	284	11

## 8- Banque saudi fransi

Bsf - short term	6 Month	46	2	-	47	-
Total bsf Bank Loans	5 Years	300	61	-	61	-
Total bsf Bank Loans		346	63	-	107	-
		3584	764	-	2447	300

Board members, executive management, or shareholders waive their bonuses. There are no agreements in which any board members, executives, or shareholders of the group waive any remuneration due to them.

## 46- Zakat Position

- The Company finalized its Zakat status up to the year 2014.
- The Company filed its Zakat/ tax returns for the years ended December 31, 2015, to 2018. ZATCA issued the Zakat and withholding tax (WHT) assessment for the said years and the Company objected against the said assessment. ZATCA issued its revised Zakat and tax and WHT assessment, and the Company escalated the objection to the CRTVD. The Company settled the principle WHT amount of SR 31,146,250 to benefit from ZATCA's initiative and waive off the delay penalties and proceeded the case with the CRTVD. On May 22, 2022, CRTVD issued the decision and rejected the Company's objection regarding all the items in dispute. The Company filed an appeal against the above mentioned CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes (ACTVD). The ACTVD rejected the Company's appeal regarding all of the items in dispute, the Company filed a plea against the above mentioned ACTVD decision (Reconsideration request), which is still under study till to date.

- Based on Zakat consultant opinion and lawyer opinions' that the company have a strong ground to contest against items included in the assessments raised by ZATCA and have a solid technical argument on the items under dispute.
- For the years 2019 to 2020: ZATCA issued the Zakat assessment with total amount of SR 68 million. The Company submitted an appeal against ZATCA's assessment with the TVDRC. The TVDRC decision rejected the Company's appeal. The Company submitted an appeal against ZATCA's assessment with the CRTVD. The CRTVD decision rejected the Company's appeal. The Company escalated the appeal to the ACTVD and the ACTVD did not issue the final decision up to the date.
- For the year ended 31 December 2021 to 2022: The Company filed the Zakat/tax return and obtained the Zakat/tax certificate for the said year. The ZATCA did not issue the Zakat/tax assessment for the said years till date.

The group's current financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

#### **Zakat for Hail National Health Services Company (subsidiary)**

The subsidiary has finalized its Zakat assessment up to the year ended 31 December 2012. The subsidiary filed the Zakat return for the year ended 31 December 2013 and obtained the unrestricted Zakat and tax certificate for the said year. The ZATCA issued the Zakat assessment for the said year, which showed Zakat differences of SR 0.059 million due from the subsidiary. The subsidiary filed an objection against the said assessment, which is still under review by ZATCA. The Subsidiary filed the Zakat/tax returns for the years ended 31 December 2014 to 2022 and obtained the Zakat/tax certificate for the said years.

#### **47- Medical Insurance**

As of December 31, 2023 the company paid approximately 38,5 Saudi Million Riyals to insure that all of its staff for all branches of the group are medically covered.

#### **48- Company External Auditor's Report**

According to the report of EY, the group's external auditor, they have audited the group's financial statements for the year ended December 31, 2023. The audit was conducted based on a review of the group's annual and preliminary financial statements.



# DISCLOSURES

49- Shareholders' Equity and the General Assembly: The group's statutes and governance rules guarantee shareholders all rights pertaining to their shares, including dividends, liquidation proceeds, attendance and voting at general assemblies, transferability, and oversight of the board. To encourage participation, the group offers remote electronic voting for shareholders unable to attend meetings in person.

The group's statutes and governance system for the general assembly of shareholders ensure all shareholders can exercise their statutory rights through established procedures and safeguards. The general assembly remains the group's highest authority.

50- The actions taken by the Board of Directors to inform its members, especially non-executives, of shareholder suggestions and observations on the group and its performance.

The Board of Directors adopted a policy and disclosure procedures that ensure shareholders have the right to inquire and request information, and that their queries are answered in a way that does not harm the group's interests. Serious shareholder proposals and notices are submitted to the Board through appropriate channels for review and action.

#### 51-General Assembly meetings

List of General Assembly meetings held during the last fiscal year and the attending board members:

#	Name	First meeting (Ordinary General Meeting) 18/06/2023	Second Meeting (Extraordinary General Meeting) 17/08/2023
1	Sobhi Abdul-Jalil Ibrahim Batterjee	✓	✓
2	Makarem Sobhi Batterjee	✓	✓
3	Khaled Abdel-Jalil Batterjee	✓	✓
4	Sultan Sobhi Battejee	✓	✓
5	Mohammed Abdul Rahman	✓	✓
6	Amr Mohamed Khalid Khashoshgy	✓	✓

#### 52- Number of company's requests for shareholder records

#	Order date	Reason for request
1	07/02/2023	Company's procedures
2	06/04/2023	Company's procedures
3	18/06/2023	General Assembly
4	12/07/2023	Company's procedures
5	03/08/2023	Company's procedures
6	17/08/2023	General Assembly
7	01/10/2023	Company's procedures
8	14/11/2023	Company's procedures

#### 53- Disclosure policies and procedures

The group follows an approved regulation for the disclosure and transparency of information in accordance with the requirements of the corporate governance regulations issued by the CMA, the Companies Regulations, the Securities Offering and Continuous Obligations Regulations, and the group's statutes. Through its information classification system, the group is committed to providing updated and accurate information regularly to all stakeholders without discrimination, through the websites of Tadawul and the group. The group also strives to respond reasonably to the periodic questions of all interested parties and the media, without violating applicable regulations or breaching its professional obligations or causing serious harm to the market or the group's competitive position.

## 54- Related Party Transaction

Contracts and Agreements with Relevant Parties

The following table summarizes transactions with related parties in 2023.

(value in millions of Saudi riyals):

#	The name of the related party	The nature of the transaction	Amount of transaction		Terms of dealing	Duration
			Due from	Due to		
1	The Emirates Company for Health Care and Development (Sobhi Abdel-Jalil Batterjee, Khaled Abdel-Jalil Batterjee, Makarem Sobhi Batterjee own shares in the company and are members of its board of directors)	Management fees	4,588,831	-	Prevailing market conditions, as the duration of this management consulting deal is continuous, and it began many years ago.	10 years from 3/6/2015, renewable annually
2	Bait Batterjee College of Medical Sciences and Technology (Sobhi Abdel-Jalil Batterjee, Khaled Abdel-Jalil Batterjee, Makarem Sobhi Batterjee and Sultan Subhi Batterjee own shares in the company and are members of its board of directors)	Training fee	200,600	-	prevailing market conditions as this medical training deal has been going on for many years.	One year
3	Bait Batterjee Medical Company (the main shareholder of MEAHCO Sobhi Abdel-Jalil Batterjee and Khaled Abdel-Jalil Batterjee own shares in the company and are members of its board of directors.	Consulting fees	-	6,300,895	Prevailing market conditions, as the duration of this management consulting deal is continuous, and it began many years ago.	10 years from May 24, 2015, to be renewed annually

4	Bait Al-Batterjee Education and Training Company (Subhi Abdel-Jalil Batterjee and Khaled Abdel-Jalil Batterjee own shares in the company)	Training fees	-	-	Prevailing Market Conditions The term of this deal for providing training is continuous and it started many years ago.	One year
5	Abdul Jalil Khaled Batterjee Company for the maintenance of medical equipment (Khaled Abdul Jalil Batterjee owns a stake in the company)	Hardware maintenance	-	1,103,468	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	One year
6	Batterjee House for Pharmaceutical Industries (Sobhi Abdel-Jalil Batterjee and Radwan Khaled Batterjee own a stake in the company)	Supplying medicines	-	45,464,391	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	One year
7	Gulf Youth Investment and Real Estate Development Company (JAN-PRO) (Makarem Sobhi Batterjee owns a stake in the company)	Cleaning services	-	26,217,429	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	One year
8	International House Company Sobhi Batterjee and Khaled Batterjee as partners in the company	Medical services	-	-	Prevailing market conditions since the duration of this deal is continuous and it started several years ago	One year
9	International Hospitals Construction Company (Subhi Abdel Jalil Batterjee, Khaled Abdel Jalil Batterjee and Sultan Subhi Batterjee own shares in the company)	Medical services	-	-	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	One year

10	International Hospitals Construction Company (Subhi Abdel Jalil Batterjee, Khaled Abdel Jalil Batterjee and Sultan Subhi Batterjee own shares in the company)	Construction and renovation work	-	86,256,738	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	One year	14	The Saudi German Hospital - Sharjah (Subhi Abdel-Jalil Batterjee and Khaled Abdul-Jalil Batterjee in their capacity as partners in Bait Al-Batterjee Medical Company, which owns most of the shares of the hospital.	Medical services	-	-	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	10 years from May 24, 2015, to be renewed annually
11	The Saudi German Hospital in Sana'a (Subhi Abdel-Jalil Batterjee, Khaled Abdel-Jalil Batterjee and Makarim Subhi Batterjee are members of the company's board of directors and indirect shareholders)	Medical services	-	-	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	10 years from May 24, 2015, to be renewed annually	15	Saudi German Hospital - Ajman (Subhi Abdul Jalil Batterjee and Khaled Abdul Jalil Batterjee as partners in Ajman Health Care and Development Company	Medical services	-	-	Prevailing market conditions since the duration of this deal is continuous and it started many years ago.	10 years from May 24, 2015, to be renewed annually
12	The Egyptian Saudi Company for Health Care (Sobhi Abdel-Jalil Batterjee, Khaled Abdel-Jalil Batterjee and Makarem Sobhi Batterjee are members of the company's board of directors and indirect shareholders)	Management fees	2,165,040	-	Prevailing market conditions, as the duration of this management consulting deal is continuous, and it began many years ago.	10 years from May 24, 2015, to be renewed annually	16	Megamind	IT Services	-	97,219,759		
13	Hail National Company for Medical Services (Subhi Abdel-Jalil Batterjee, Khaled Abdel-Jalil Batterjee and Makarim Subhi Batterjee are members of the company's board of directors and shareholders)	Administrative fees	-	-	Prevailing market conditions, as the duration of this management consulting deal is continuous, and it began many years ago.	10 years from May 24, 2015, to be renewed annually							

**This statement details any businesses or activities that a member of the Board of Directors currently engages in, or has previously engaged in, that could be in competition with the group's business interests**

#	Board member engaging in competing business	Relationship type with the Company	Nature of Competing Business
1	Eng. Sobhi Abduljallel Batterjee	Board Chairman	<ul style="list-style-type: none"> <li>• AlSoboh new medical LLC is a limited liability company that operates public hospitals.</li> <li>• Bab Al-Khair Medical Services Company is a non-profit limited liability company that establishes and operates hospitals, medical centers, and government and private clinics.</li> </ul>
2	Dr. Makarem Sobhi Batterjee	Board Vice Chairman	<ul style="list-style-type: none"> <li>• Bab Al-Khair Medical Services Company is a non-profit limited liability company that establishes and operates hospitals, medical centers, and both government and private clinics.</li> </ul>
3	Dr. Khalid Abdel-Jalil Batterjee	Board Member	<ul style="list-style-type: none"> <li>• Bab Al-Khair Medical Services Company is a non-profit limited liability company that establishes and operates hospitals, medical centers, and both government and private clinics.</li> </ul>
4	Mr. Sultan Sobhi Batterjee	Board Member	<ul style="list-style-type: none"> <li>• Bab Al-Khair Medical Services Company is a non-profit limited liability company that establishes and operates hospitals, medical centers, and both government and private clinics.</li> </ul>

- On June 17, 2021 (7 Dhu al-Qi` dah 1442H), a shareholders' extraordinary general assembly meeting approved the participation of Chairman of the Board Eng. Sobhi Abduljallel Batterjee in a business competing with the company's commercial activities.
- - On June 17, 2021 (7 Dhu al-Qi` dah 1442H), a shareholders' extraordinary general assembly meeting approved the participation of the Vice Chairman of the Board Dr. Makarem Sobhi Batterjee in a business competing with the company's commercial activities.
- - On June 17, 2021 (7 Dhu al-Qi` dah 1442H), a shareholders' extraordinary general assembly meeting approved the participation of board member Dr. Khalid Abdel-Jalil Batterjee in a business competing with the company's commercial activities.
- - On June 17, 2021 (7 Dhu al-Qi` dah 1442H), a shareholders' extraordinary general assembly meeting approved the participation of board member Mr. Sultan Sobhi Batterjee in a business competing with the company's commercial activities.



## 55- Board members' statements

The board members of MEAHCO acknowledge:

The group's records are properly prepared.  
That the internal control system was well-founded and effectively implemented.  
There is no doubt about the group's ability to continue its activity.

## 56- Penalties and restrictions

The group did not incur any penalties or regulatory restrictions from the CMA or other supervisory authorities during the year ended December 31, 2023.



## 57- Concluding Remarks

According to this report, the group achieved significant growth in 2023 despite difficult market conditions. This positive indication suggests that the group is operating in a market with strong foundations. The group is pursuing major expansion plans over the next two years, targeting both domestic and international markets. Notably, the group's relatively low debt-to-capital ratio provides financial flexibility to secure loans for these expansion efforts.

Thanks and appreciation

In conclusion, the Board of Directors of MEAHCO extends its deep appreciation to the group's employees at all levels for their dedication and hard work. The Board also expresses its gratitude to the group's shareholders, banks, suppliers, other stakeholders, and government agencies for their continued support, which has been instrumental to the group's success.



**Saudi German** Health  
Caring like family

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