Middle East Healthcare Company “MEAHCO”

Earnings Release

4Q 2023 Financial Highlights

Revenue	Gross Profit	EBITDA	Net Profit
SAR720mn	SAR294mn	SAR137mn	SAR37mn
↑ 16% y-o-y	↑ 44% y-o-y	↑ 38% y-o-y	↑ 10% y-o-y
	40.8% Margin	19.0% Margin	5.1% Margin

FY 2023 Financial Highlights

Revenue	Gross Profit	EBITDA	Net Profit
SAR2,653mn	SAR1,014mn	SAR532mn	SAR180mn
↑ 23% y-o-y	↑ 49% y-o-y	↑ 86% y-o-y	↑ 140% y-o-y
	38.2% Margin	20.1% Margin	6.8% Margin

4Q 2023 Operational Highlights

Inpatient Admissions	Outpatient Visits	Performed Surgeries	Utilisation Rate*
23k	584k	14k	72%
↑ 13% y-o-y	↑ 12% y-o-y	↓ 27% y-o-y	↑ 9.0 PP y-o-y

Jeddah, Saudi Arabia, 31 March 2024

Middle East Healthcare Company (MEHACO), Saudi Arabia’s most geographically diversified healthcare player, reported today its consolidated financial results for 4Q 2023, ending 31 December 2023.

Key highlights

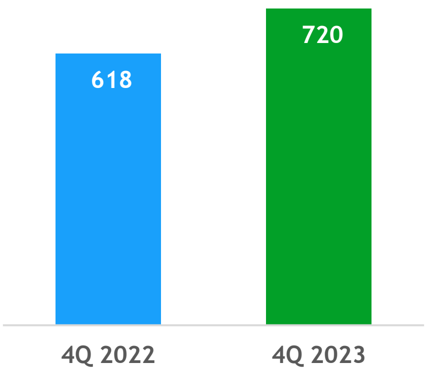
- **Consolidated revenue** grew by 16% y-o-y to SAR720 million in 4Q 2023
- **Total number of served patients** reached 608k patients across the Group’s network of hospitals in 4Q 2023, with an increase of 12% vs. 4Q 2022
- Insurance **contribution to total revenue** stood at 58%, followed by Ministry of Health at 22%, cash at 17% and others at 3%
- **SGH Makkah** successfully obtained the **CAP** and the **CBAHI** accreditations in 4Q 2023
- The Company **obtained the CMA approval** to register and offer Sukuk denominated in SAR
- **EBITDA** grew by 38% y-o-y to SAR137 million in 4Q 2023, implying an **EBITDA margin** of 19.0%
- **Net profit after zakat and minority interest** recorded SAR37 million in 4Q 2023, marking an increase of 10% y-o-y vs. 4Q 2022

** Inpatient utilisation rate based on operational beds*

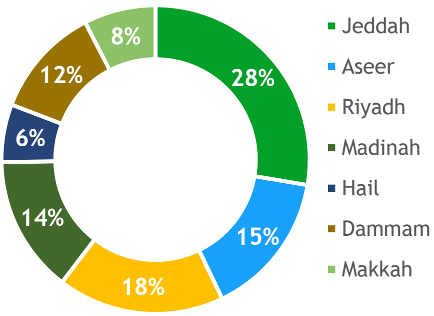
Middle East Healthcare Company (MEAHCO)

Earnings Release 4Q 2023

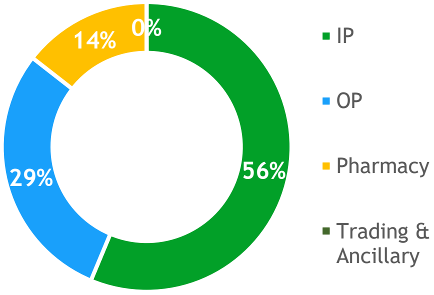
Consolidated Revenue
SAR mn



Revenue by Region*
4Q 2023



Revenue by Segment
4Q 2023



Financial Performance

(In SAR mn)	4Q23	4Q22	y-o-y	FY23	FY22	y-o-y
Revenue	**720**	**618**	**16%**	**2,653**	**2,153**	**23%**
CoGS	(426)	(414)		(1,639)	(1,472)	
Gross Profit	**294**	**204**	**44%**	**1,014**	**680**	**49%**
Gross Profit Margin	*40.8%*	*33.0%*		*38.2%*	*31.6%*	
Operating Profit	**87**	**58**	**50%**	**342**	**140**	**144%**
Operating Margin	*12.1%*	*9.4%*		*12.9%*	*6.5%*	
Net Profit	**37**	**33**	**10%**	**180**	**75**	**140%**
Net Profit Margin	*5.1%*	*5.4%*		*6.8%*	*3.5%*	

Middle East Healthcare Company (MEAHCO) delivered total revenues of SAR720 million in 4Q 2023, marking a solid increase of 16% y-o-y, wrapping-up a year of outstanding performance on all fronts. Ongoing operational improvement across the Group's entire network of hospitals, driven by added capacities, increased census, and optimized case mix, remained the key drivers for growth.

Promising ramp up of operations in SGH Makkah and SGH Riyadh's medical tower continued to fuel the Group's top-line growth, with both entities, in absolute value, contributing almost two-third of the y-o-y growth delivered during the quarter.

On a Group level, total number of inpatients increased by 13% y-o-y to 23k patients, while total number of outpatients was up 12% y-o-y to 584k patients. Inpatient revenues were up 12% y-o-y to record SAR405 million, predominantly volume driven on increased insurance business. Outpatient revenues grew 29% y-o-y to SAR163 million on increased census, primarily insurance and cash patients, and overall higher average charge per visit.

Dammam continued to deliver the highest growth in revenues, driven by steady ramp-up of operations on increased MoH referrals, insurance business, and direct contracts, followed by Riyadh, supported by start of operations of the new medical tower. Dammam recorded revenues of SAR84 million in 4Q 2023, with a solid 34% y-o-y growth, while Riyadh revenues leaped 33% y-o-y to SAR126 million during the quarter. SGH Makkah, the Group's latest greenfield expansion, generated SAR54 million in revenues, with a contribution of c.8% to the Group's top line.

Insurance business remains the most contributor to top line with 58% contribution, followed by MoH at 22% and cash at 17%. Total insurance revenues surged 37% y-o-y in 4Q 2023.

** Jeddah includes Management Fees*

Operational Performance

The Group reported another solid set of results, delivering sustained y-o-y growth across all lines of businesses in terms of number of served patients on added capacities and higher utilisation of existing facilities.

Total number of served patients across the Group's network of hospitals reached 608k patients in 4Q 2023, an increase of 12% y-o-y, while number of performed surgeries declined 27% y-o-y to 14k surgeries.

On a Group level, blended inpatient and outpatient utilisation rates recorded 72% and 74% in 4Q 2023, respectively, with blended average length of stay (ALOS) of c3.9 nights. The Group's current operational beds and clinics' capacities stand at c.1.3k beds and c.550 clinics, respectively.

Aggregate number of inpatients was up by 13% y-o-y to 23k patients during the quarter, primarily on increased insurance business across the Group. Meanwhile, blended average IP revenue/stay was flattish y-o-y.

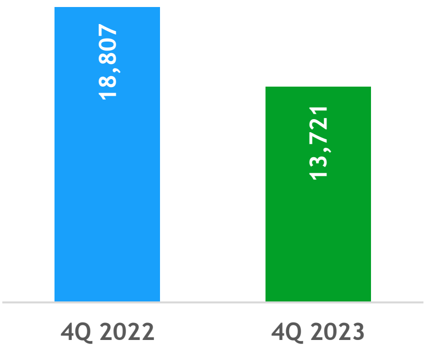
In terms of footprint, Makkah contributed to lead the overall increase in inpatients' census, followed by Dammam and Jeddah, driving combined over two-thirds of the Group's IP volume growth.

Total number of outpatients increased by 12% y-o-y to 521k patients, predominantly driven by higher insurance and cash patients. Average charge per OP visit recorded a 15% y-o-y increase vs. 4Q 2022. Makkah, Dammam, and Hail delivered the highest OP growth rates.

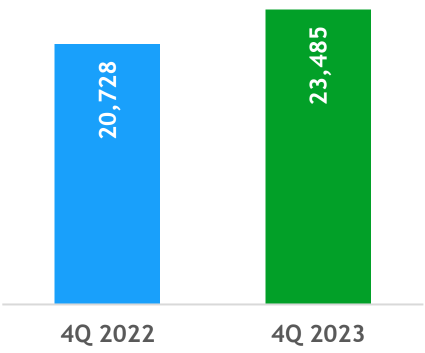
The Group is currently working on increasing the number of operational and/or licensed beds in select locations to capitalize on growing and pent-up demand.

SGH Dammam is mulling to increase the number of licensed beds and clinics to cater for the growing demand in the Eastern province. The Group earlier increased the number of operational beds in Dammam by 50 beds to 150 beds in 1Q 2023, reaching the ceiling of the licensed capacity, and is currently running near full utilization rate.

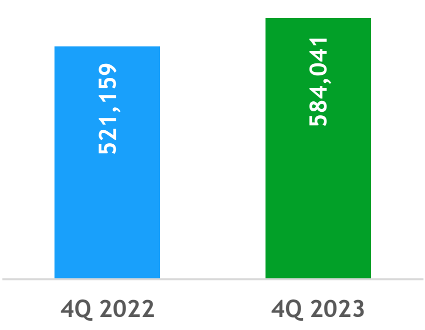
Performed Surgeries



Number of Inpatients

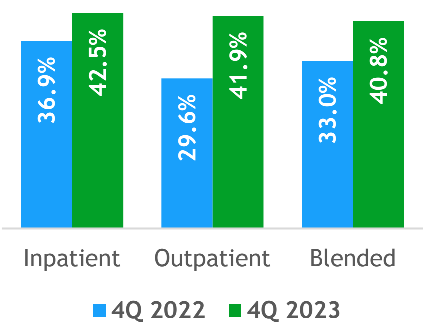


Number of Outpatients

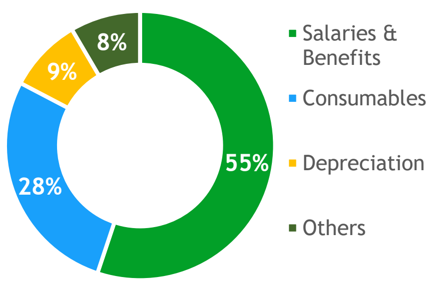


Profitability

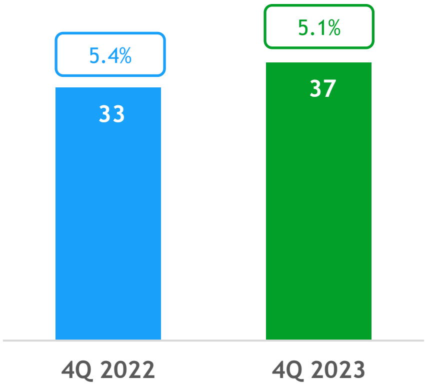
Gross Profit Margin



CoGS Breakdown
4Q 2023



Net Profit
(SAR mn, % margin)



The Group recorded consolidated gross profit of SAR294 million in 4Q 2023, 44% ahead of the comparable quarter last year, implying a gross profit margin of 40.8% and 7.8 pp y-o-y margin enhancement. Improved pricing with select clients, better case-mix, contained OPEX and higher utilisation rates all contributed to drive economies of scale.

Salaries & benefits and consumables remain the key cost components for the business, representing 55% and 28% of total cost of revenue, respectively. Total salaries and benefits increased by 6% y-o-y, reflecting the typical annual merit increase and new hires. The Group's total number of staff increased to 7.3k staff as of 4Q 2023, up from 7.1k in 4Q 2022.

On segmental performance, IP gross margin recorded 42.5% and OP gross margin recorded 41.9% during the quarter, up from 36.9% and 29.6% in the comparable quarter last year, respectively. Despite the increase in people's cost on new hires in Dammam, Hai Al Jamea, Makkah, and Riyadh, to accommodate for added capacities, elevated people cost was offset by higher utilisation and improved profitability on scale.

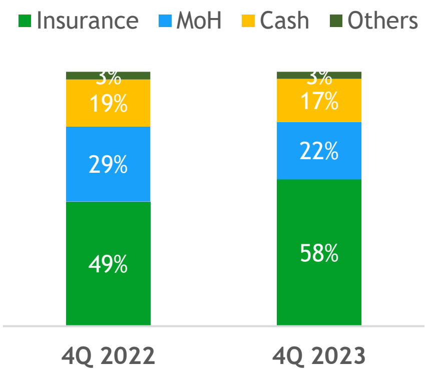
The Group recorded an EBITDA for the quarter of SAR137 million, up a solid 38% y-o-y and implying an EBTIDA margin of 19.0% vs. 16.1% in 4Q 2022. Operating expenses witnessed an uptick as a number of new hires took place during the quarter to set the foundation for the planned increase in number of operational beds in 2024.

Net profit after zakat and minority interest recorded SAR37 million in 4Q 2023, marking an increase of 10% vs. the comparable quarter last year, despite increased OPEX, depreciation expense and higher financing cost on increased leverage and interest rates.

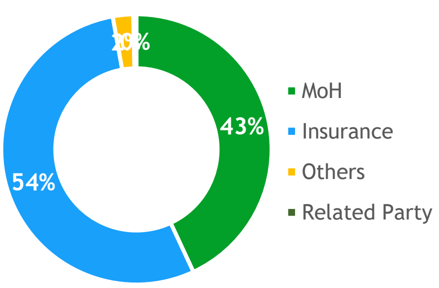
SGH Dammam's profitability remained on an uptrend for the fifth consecutive quarter on improved utilisation rates and higher blended pricing on obtained accreditations and better case mix.

Recently launched facilities, Hai Al Jamea, Makkah hospital, and Abha clinics, remained loss-making, in line with management expectations on typical initial high OPEX associated with the start of operations, generating combined net losses of SAR22 million during the quarter.

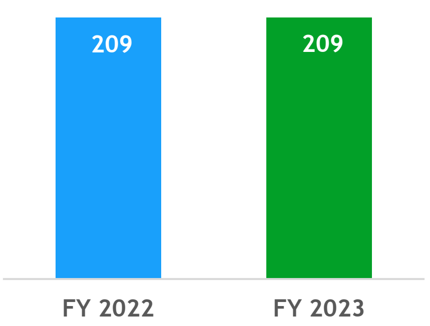
Revenue by Clientele



Receivables by Clientele
FY 2023



Cash Conversion Cycle
Days on Hand (DoH)



Cash Management

Outstanding receivables reached SAR2.3 billion as of December 2023, mirroring the growth in the size of the business. Meanwhile, overall cash conversion cycle remained unchanged on a year-on-year basis, driven by efficient management of payables' terms with the suppliers and prudent inventory management to match the pace of receivables collection.

Management remains focused on enhancing balance sheet quality through reaching a more optimized sales mix and continuously working on enhancing revenue cycle management. Cash conversion cycle stood at 209 days in FY 2023, in line with FY 2022 levels. Breakdown of receivables remained unchanged, with 54% of total receivables related to insurance, 43% to MoH, and 3% to related parties.

The pace of collection witnessed some delays due to reconciliation negotiations with select key clients that started during the quarter and are expected to be finalized in 1Q 2024.

Nonetheless, collection from insurance companies improved during the year as the vast majority of the initial technical issues encountered with the launch of the National Platform for Health and Insurance Exchange Services "NPHIES" were resolved. NPHIES is an electronic services platform launched in early 2022 to manage relationships between insurance players and healthcare providers.

Insurance contributed the lion's share of the Group's business in 4Q 2023, with 58% contribution to revenue, with a remarkable growth of 37% compared to 4Q 2022. Meanwhile, cash business contributed 19% to the Group's revenues, while MoH contribution declined to 22%, down from 29%, diluted by the significant growth in insurance business, despite obtained accreditations in select branches and the opening of SGH Makkak.

Total capex spent during FY 2023 amounted to SAR232 million, mostly payments related to previous expansions as several milestone projects took place during 2022, including SGH Makkah Hospital, Hai Al Jamea Hospital, Abha Clinics and Riyadh expansion. SGH Riyadh new outpatient tower and T-expansion is up and running since January 2023.

The company is planning a c.SAR400 million brownfield expansion and renovation work in SGH Jeddah that will add 194 beds and 22 clinics. The planned expansion will nearly double the number of beds of the Group's flagship hospital, which started operations in 1988.

Latest Developments

The Company's shareholders approved at the EGM the issuance of sukuk by the Company, by single or multiple issuances, by way of public or private offering, and the delegation of all the powers necessary to the Board of Directors to carry out the issuance of sukuk. The move will potentially offer different funding options that better suit the Group's strategic and future plans.

On the 4th of December, the Capital Market Authority (CMA) approved the registration and public offering of the Company's debt instruments within a program that does not exceed the value of SAR1.5 billion.

The Group received assessment from the Zakat, Tax and Customs Authority (ZATCA), claiming additional Zakat and withholding tax liabilities of SAR111.5 million in respect of the assessment for the years from 2015 to 2018, against which the Group has filed an appeal against ZATCA's assessment with the Committee for Resolution of Tax violation and Dispute (CRTVD), which was rejected during 2022. During year ended 31 December 2022, the Group escalated the appeal to the Appellate Committee for Tax, and Customs Violations and Disputes (ACTVD) and during the year ended 31 December 2023, the ACTVD rejected the Group appeal regarding all of the items in dispute. Subsequent to the year-end, the Group filed a plea for reconsideration against the decision mentioned with (ACTVD), which is still under study.

On accreditation, the Group has been steadily moving forward with its strategy to focus on accreditations across its entire network of hospitals. The Group gained several new awards and renewed several accreditations. Most recently, SGH Hail and Hai Al Jamea successfully obtained the AABB accreditation and the CBAHI accreditation in 3Q 2023, respectively.

SGH Makkah also obtained the CAP accreditation and the CBAHI accreditation in 4Q 2023. The Group's latest greenfield expansion already obtained the Australian Council for Healthcare Standards International (ACHSI) accreditation in 4Q 2022. Meanwhile, SGH Dammam is working on the Healthcare Information and Management Systems (HIMSS) certificate with a target to be accredited by the MoH in 1H 2024.

To accommodate for the growing demand in the Eastern province, the Group is working on obtaining the required approvals to increase the number of licensed beds in SGH Dammam. The hospital is currently running near the full capacity of its 150 operational and licensed capacity.

Financial Statements

Income Statement

(In SAR mn)	4Q 2023	4Q 2022	Change	FY 2023	FY 2022	Change
Revenue	720	618	16%	2,653	2,152	23%
Cost of Revenue	(426)	(414)		(1,639)	(1,639)	
Gross Profit	294	204	44%	1,014	680	49%
Gross Profit Margin	*40.8%*	*33.0%*		*38.2%*	*31.6%*	
Selling & marketing Expenses	(22)	(10)		(51)	(30)	
General & Admin Expenses	(185)	(136)		(621)	(509)	
Operating Profit	87	58	50%	342	140	144%
Operating Profit Margin	*12.1%*	*9.4%*		*12.9%*	*6.5%*	
Other Income	4	(4)		15	10	
Finance Cost	(52)	(21)		(156)	(69)	
Profit before Zakat	39	34	17%	202	81	148%
Zakat	(4)	0		(18)	(10)	
Net Profit	35	34	4%	184	72	156%
Net Profit Margin	*4.9%*	*5.5%*		*6.9%*	*3.3%*	
Distributed as:						
Parent Company	37	33	10%	180	75	140%
Non-Controlling Interest	(1)	(3)		3	(4)	

Financial Statements

Balance Sheet

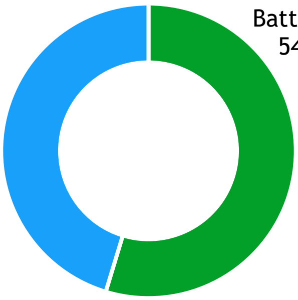
(In SAR mn)	Dec 2023	Dec 2022
Property and Equipment	2,502	2,471
Right of Use Assets	55	63
Intangible Assets	31	7
Investment in Subsidiary / Associated Company	10	0
Total Non-Current Assets	**2,598**	**2,542**
Inventories	75	149
Account Receivable	2,301	1,635
Prepayments and Others	155	157
Cash and Bank Balances	44	16
Total Current Assets	**2,575**	**1,957**
Total Assets	**5,171**	**4,499**
Share Capital	920	920
Statutory & FX Reserves	221	202
Retained Earnings	377	243
Equity Attributable to Shareholders	**1,519**	**1,365**
Non-Controlling Interests	46	43
Total Equity	**1,565**	**1,408**
Term Loans	1,310	1,181
Lease Obligations	46	57
Other Non-Current Liabilities	-	7
Deferred Income	9	11
Employees' End of Service Benefits	240	205
Total Non-Current Liabilities	**1,606**	**1,460**
Short-Term Borrowings	1,116	991
Other Non-Current Liabilities	6	5
Lease Obligations	13	12
Accounts Payable	559	426
Accrued Expenses and Others	291	188
Zakat Payable	18	9
Total Current Liabilities	**2,003**	**1,631**
Total Liabilities	**3,608**	**3,091**
Total Liabilities and Equity	**5,173**	**4,499**

Financial Statements

Cash Flow

(In SAR mn)	FY 2023	FY 2022
Cash Flows From Operating Activities		
Profit before Zakat	**202**	**81**
Depreciation	174	130
Amortization of Intangible Assets	3	2
Depreciation of Right of Use Assets	13	15
Allowance for Expected Credit Losses	32	2
Unwinding Impact of Other Financial Liabilities	0	1
Provisions for Slow Moving and Obsolete Inventories	(11)	1
Amortization of Deferred Income	(1)	(1)
Finance Charges Related to MOF Loan	1	0
Finance Charges Related to Lease Obligations	4	3
Finance Charges Related to Borrowings	152	67
Loss on Disposal of Property & Equipment	1	2
Provisions for Employees' End of Service Benefits	41	46
Operating Cash before Changes in Working Capital	**608**	**346**
Accounts Receivable	(698)	(354)
Inventories	85	6
Prepayments & Other Current Assets	3	(46)
Accounts Payable	133	124
Accrued Expenses & Other Current Liabilities	110	48
Other Financial Liabilities	(6)	(7)
Cash Flow from Operating Activities	**235**	**118**
Employees' End of Service Paid	(35)	(31)
Zakat Paid	(9)	(10)
Net Cash Flow from Operating Activities	191	76
Cash Flow from Investing Activities		
Additions to Property & Equipment & Intangible Assets, Net	(232)	(249)
Investment in Subsidiary / Associated Company	10	0
Net Cash Flow from Investing Activities	(242)	(249)
Cash Flow from Financing Activities		
Lease Obligations, Net	(19)	(14)
Loans and Borrowings, Net	257	245
Financial Charges Paid	(158)	(70)
Net Cash Flow from Financing Activities	80	161
Net Change in Cash and Cash Equivalent	**29**	**(13)**
Cash and Cash Equivalent at the Beginning of the Period	16	28
Cash and Cash Equivalent at the End of the Period	**44**	**16**

Shareholder Structure



Share Information

Reuters / Bloomberg
2009.SE / MEH AB

Shares Outstanding
92,040,000

Free Float
45.3%

About Middle East Healthcare Company

Middle East Healthcare Company, publicly known as Saudi German Health, is a leading healthcare provider in Saudi Arabia with operations spanning across seven cities in the Kingdom. 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.

In 1988, Eng. Sobhi Batterjee, Chairman of Saudi German Health, and Dr. Khalid Batterjee, Vice President of Saudi German Health, established the first hospital in Jeddah and collaborated with German University Hospitals to bring advanced German healthcare standards and expertise to the local community for the first time in the Kingdom of Saudi Arabia. These associations inspired the 'German' in our name.

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

The Group has a total licensed capacity of c.1.8k beds and operational capacity of c.1.3k beds.

Learn more at: www.saudigermanhealth.com

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Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company’s management (“Management”) on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company’s actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Company’s business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.