



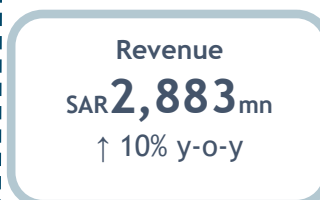
Middle East Healthcare Company “MEAHCO”

Earnings Release

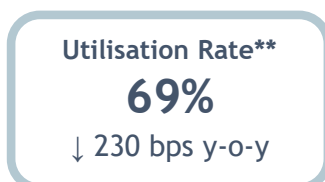
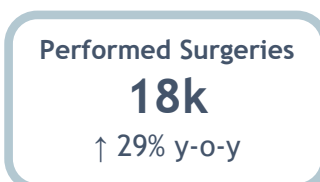
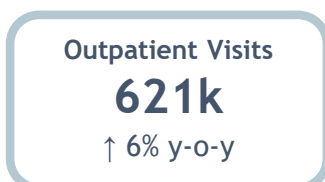
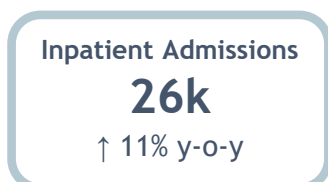
4Q 2024 Financial Highlights



FY 2024 Financial Highlights



4Q 2024 Operational Highlights



Jeddah, Saudi Arabia, 2 March 2025

Middle East Healthcare Company (MEHACO), Saudi Arabia’s most geographically diversified healthcare player, reported today its consolidated financial results for 4Q 2024, ending 31 December 2024.

Key highlights

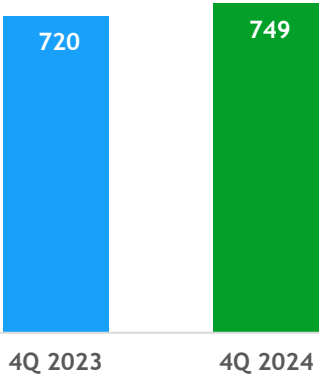
- **Consolidated revenue** grew by 4% y-o-y to SAR749 million in 4Q 2024
- **Total number of served patients** reached 647k patients across the Group’s network of hospitals in 4Q 2024, with an increase of 7% vs. 4Q 2023
- **Insurance contribution to total revenue** stood at 54%, followed by Ministry of Health at 27%, cash at 15% and others at 3%
- The Group’s branches in Dammam, Makkah, and Hai Al Jamea have successfully passed the **HIMSS survey** and are expected to receive the accreditation certificate in 1Q 2025
- **EBITDA** grew by 35% y-o-y to SAR160 million in 4Q 2024, implying an **EBITDA margin** of 21.3%
- **Net profit after zakat and minority interest** amounted to SAR107 million, boosted by one-off gain of SAR45 million. This compares to a net loss of SAR128 million for restated 4Q 2023

* Based on FY 2023 restated financial statements

** Inpatient utilisation rate based on operational beds



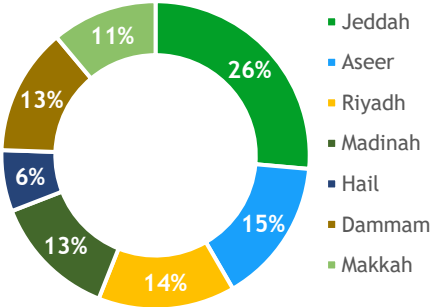
Consolidated Revenue
SAR mn



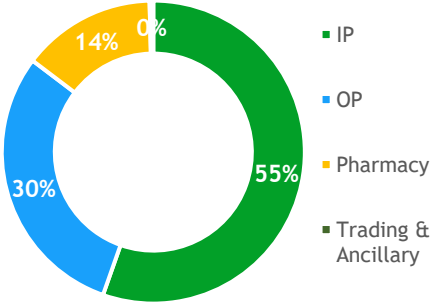
Financial Performance

(In SAR mn)	4Q24	4Q23 - Restated	Y-o-Y	FY24	FY23 - Restated	Y-o-Y
Revenue	749	720	4%	2,883	2,653	9%
CoGS	(467)	(426)		(1,769)	(1,639)	
Gross Profit	282	294	(4%)	1,114	1,014	10%
GP Margin	37.7%	40.8%		38.6%	38.2%	
Oper. Profit	102	69	48%	441	324	36%
Oper. Margin	13.6%	9.5%		15.3%	12.2%	
Net Profit	107	(127)	NM	282	17	NM
NPM	14.3%	NM		9.8%	0.6%	

Revenue by Region*
4Q 2024



Revenue by Segment
4Q 2024



Middle East Healthcare Company (MEAHCO) reported total revenues of SAR749 million for the fourth quarter of 2024, reflecting a 4% year-on-year (y-o-y) increase. This growth was primarily driven by higher patient census, supported by expanded capacities and continued efforts to optimize the case mix.

At the Group level, overall growth was attributable to increased census across all business lines. The Group’s facilities in Makkah, Dammam, and Hail were key contributors to this growth in the quarter.

The total number of inpatients and outpatients rose by 11% y-o-y and 6% y-o-y, reaching 26k and 621k patients, respectively. Inpatient revenues grew by 2% y-o-y to SAR415 million, as strong volume growth offset a slight decline in average revenue per inpatient stay. Outpatient revenues, on the other hand, increased by 6% y-o-y to SAR220 million, driven solely by higher census.

Makkah was the primary driver of the Group's growth, both in absolute and relative terms, posting a remarkable 53% y-o-y revenue increase, largely fueled by the insurance sector. Dammam followed with a 19% y-o-y revenue growth, supported by higher Ministry of Health (MoH) referrals, insurance business, and direct accounts.

Insurance business continued to be the largest contributor to the top line, accounting for 55% of total revenue, followed by MoH at 27%, and cash at 15%. Insurance revenues remained stable y-o-y for 4Q 2024.

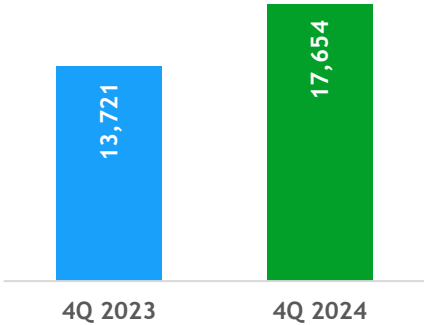
The Group achieved a significant improvement in cash conversion, with the cash conversion cycle decreasing to 194 days in FY 2024, compared to 209 days in FY 2023. This was driven by enhanced collection efficiency from MoH and select insurance clients.

* Jeddah includes Management Fees



Operational Performance

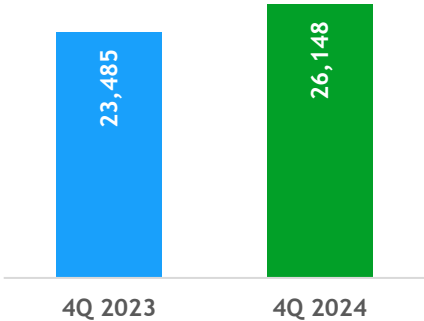
Performed Surgeries



The Group reported another strong set of results, demonstrating consistent year-on-year (y-o-y) growth across all business segments, driven by an increase in the number of patients served, the expansion of capacity, and improved utilization of existing facilities.

The total number of patients served across the Group’s network of hospitals reached 647k in the fourth quarter of 2024, reflecting a 7% y-o-y increase. Meanwhile, the number of surgeries performed increased by 29% y-o-y to 18k surgeries.

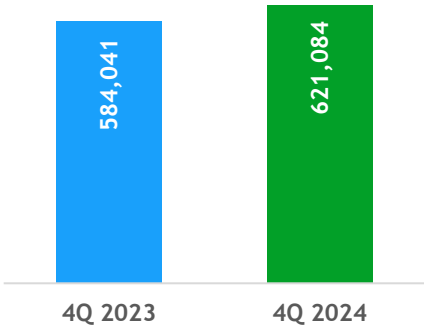
Number of Inpatients



On a Group level, blended inpatient and outpatient utilization rates were 69% and 77%, respectively, for 4Q 2024, with a blended average length of stay (ALOS) of approximately 3.7 nights. The Group’s current operational capacities stand at c.1.4k beds and c.600 clinics across its network.

The aggregate number of inpatients increased by 11% y-o-y to 26k patients during the quarter, driven mainly by increased Ministry of Health (MoH) and insurance business across the Group. However, blended average inpatient revenue per stay saw a marginal decline of 8% y-o-y.

Number of Outpatients



Geographically, for the second consecutive quarter, Riyadh led the Group in terms of inpatient census growth, contributing significantly to the overall increase in inpatient volume. SGH Makkah followed driven by sustained organic growth.

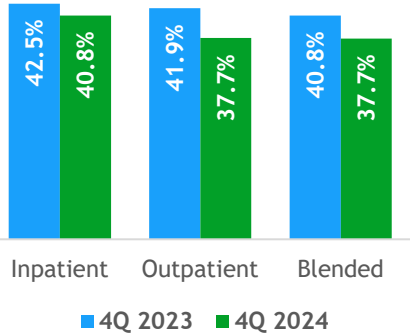
Total number of outpatients grew by 6% y-o-y to 621k patients, with higher insurance patient volumes being the primary driver. The average charge per outpatient visit was flat y-o-y compared to 4Q 2023. Makkah and Dammam delivered the highest outpatient growth rates.

To accommodate the increasing demand in the Eastern Province, SGH Dammam plans to double its licensed bed capacity to 300 beds, up from the current 150, pending the necessary approvals. SGH Dammam is currently operating at near full utilization and has reached the limit of its licensed capacity.

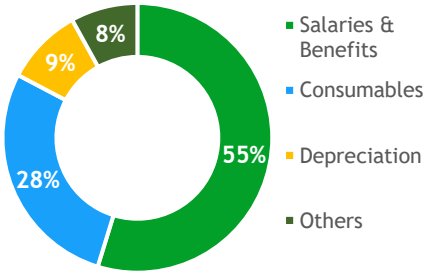
The Group continues to actively expand its operational and licensed bed capacity in select locations to meet growing demand and address pent-up needs.



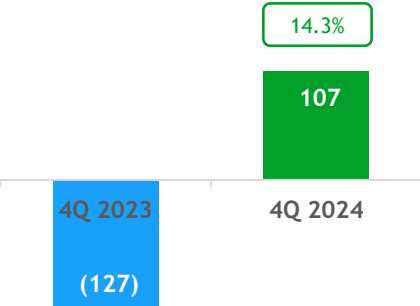
Gross Profit Margin



CoGS Breakdown 4Q 2024



Net Profit (SAR mn, % margin)



Profitability

The Group recorded consolidated gross profit of SAR282 million in 4Q 2024, reflecting a slight decrease of 4% compared to the same quarter last year, resulting in a gross profit margin of 37.7%. This indicates a year-on-year margin contraction of c.320 basis points.

On segmental performance, IP gross margin recorded 40.8% and OP gross margin recorded 37.7% during the quarter, vs. 42.5% and 41.9% in the comparable quarter last year, respectively.

Salaries & benefits and consumables continue to be the primary cost drivers for the business, representing 55% and 28% of total cost of revenue, respectively. The Group delivered an EBITDA of SAR160 million for the quarter, driven by operational efficiencies and contained people cost. This represents a robust 35% y-o-y increase, resulting in an EBITDA margin of 21.3%. Net finance costs decreased by 10% y-o-y in 4Q 2024, primarily due to reduced leverage, supported by improved working capital and more efficient receivables collection.

In relation to ongoing discussions with the Appellate Committee for Tax and Customs Violations and Disputes (ACTVD), the Group, in line with its accounting policy and IAS 8 requirements, has taken an additional provision of SAR171 million. This provision reflects a reassessment of the likelihood of an economic outflow, which has led to the restatement of the comparative financial statements for the year ended 31 December 2023.

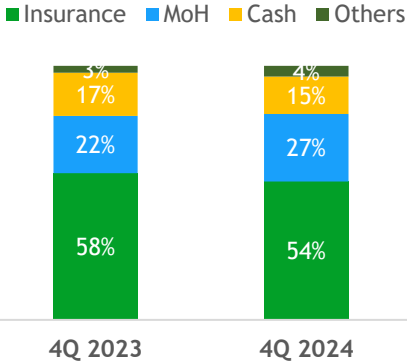
The Group also entered into an agreement for instalment plan to settle the Zakat and withholding tax differences for the years 2015-20 over a period of 12 years in 48 instalments. The company has measured the liability at fair value, discounted to net present value, resulting in a SAR45 million gain on the restructuring of the Zakat liability, which was recognized in 4Q 2024.

Net profit after zakat and minority interest amounted to SAR107 million, boosted by a one-off gain of SAR 45 million, yielding a net profit margin of 14.4%. This compares to a net loss of SAR127 million in 4Q 2023, following the restatement of prior-year results.

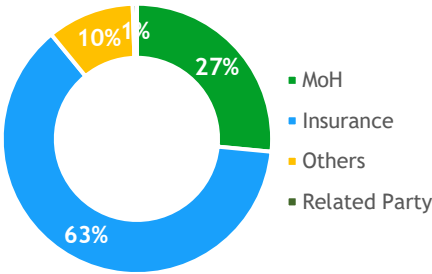
Notably, Makkah Hospital achieved profitability at the bottom-line for the first time, consistent with management's guidance, while Hai Al Jamea continued to show profitability for the second consecutive quarter since its operational commencement in 2022. However, Abha Clinics remained the only asset incurring losses during the quarter.



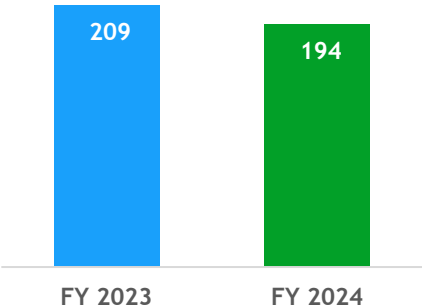
Revenue by Clientele



Receivables by Clientele FY 2024



Cash Conversion Cycle Days on Hand (DoH)



Cash Management

As of December 2024, outstanding receivables totaled SAR1.9 billion, representing a notable decrease of 15% compared to December 2023, despite the expansion of the business. This improvement is attributed to enhanced collection efforts.

The collection process, primarily from the Ministry of Health (MoH) and, to a lesser extent, select insurance clients, showed substantial progress during the year. A portion of the proceeds was used to reduce key supplier liabilities, resulting in a significant 42% decrease in trade payables. Consequently, the overall cash conversion cycle improved, standing at 194 days for FY 2024, compared to 209 days for FY 2023, with a marked improvement in receivables days outstanding.

The MoH's share of outstanding receivables dropped significantly to 27%, down from 43% at the start of the year. The majority of the outstanding receivables are now tied to the insurance segment, which accounts for approximately 63% of the total.

Management remains committed to improving the quality of the balance sheet through the optimization of the sales mix and ongoing enhancements in revenue cycle management.

In the fourth quarter of 2024, insurance remained the dominant revenue driver for the Group, contributing 54% to total revenue, with flattish growth from Q4 2023. MoH business grew 23% year-on-year and grew its contribution to around 26%, while cash business maintained a relatively stable contribution of around 15%.

The funds raised from the Sukuk issuance were fully allocated toward restructuring the Group's debt and extending the maturity profile. As a result, the net debt-to-equity ratio, including Sukuk, decreased to 1.4x from 1.5x in FY 2023.

Capital expenditures during FY 2024 amounted to SAR478 million, primarily for renovation works and capacity expansions at select sites, along with payments related to prior expansion projects. Key milestones in 2022-2023 included the SGH Makkah Hospital, Hai Al Jamea Hospital, Abha Clinics, and the Riyadh expansion.

Looking ahead, the company is undertaking a c.SAR400 million brownfield expansion and renovation project at SGH Jeddah, with construction work already underway. This expansion will add 194 beds and 22 clinics, nearly doubling the capacity of the Group's flagship hospital, which has been operational since 1988.



Latest Developments



Throughout the year, several significant milestones were achieved across various pillars, further elevating the quality of services offered and strengthening the customer perception of the Saudi German Health brand. A notable achievement was the Saudi German Health Center of Excellence for Continuing Nursing Education (CNE) being awarded the prestigious American Nurses Credentialing Center (ANCC) Premier Award. This distinction marks a significant milestone, as we become the first organization outside the USA to receive this honor, solidifying the Group's leadership position within the Kingdom.



In 4Q 2024, the Board of Directors approved several key decisions regarding Sobhi Abdul Jalil Batterjee Medical Hospital (SAJB Medical Hospital), a related party. These decisions include: (i) the signing of a ten-year contract for the use of the Saudi German Hospital name and trademark, under which the Group will receive 10% of the net profit; (ii) the signing of a six-month contract for supervising the preparation and qualification of the pre-opening phase for a total value of SAR 3.1 million; and (iii) approval of a five-year management and operation contract, starting from the actual handover date, under which the Group will receive 3% of the hospital's net revenue.



SAJB, located in the Al-Rehab district of Jeddah, will feature 70 outpatient clinics and a bed capacity of 200, as per the initial license from the Ministry of Health. The hospital will provide a comprehensive range of medical specialties and supporting departments. MEAHCO has contributed SAR70 million, representing 23.33% of the total capital of SAR 300 million for the project.



In line with management's assessment and the Group's accounting policies, it was determined that a provision of SAR171 million should have been recognized during the year ended 31 December 2023, to cover additional claims by the Zakat, Tax, and Customs Authority (ZATCA) for the years 2015-2020. Consequently, the Group has opted to recognize this provision in the prior year's financial statements for the year ended 31 December 2023. This decision reflects a conservative approach in light of the increased likelihood of an economic outflow related to these claims.



ZATCA issued assessments for Zakat and withholding tax, claiming additional liabilities of SAR191.3 million for the years 2015-2020. Final rulings from the Appellate Committee for Tax and Customs Violations and Disputes (ACTVD) were issued in December 2023 and February 2024 for the years 2015-2018 and 2019-2020, respectively. The Group has filed a plea for reconsideration of the decisions taken by ACTVD, and this is currently under review.



Financial Statements

Income Statement

(In SAR mn)	4Q 2024	4Q 2023 Restated	Y-o-Y	FY 2024	FY 2023 Restated	Y-o-Y
Revenue	749	720	4%	2,883	2,653	9%
Cost of Revenue	(467)	(426)		(1,769)	(1,639)	
Gross Profit	282	294	(4%)	1,114	1,014	10%
<i>Gross Profit Margin</i>	<i>37.7%</i>	<i>40.8%</i>		<i>38.6%</i>	<i>38.2%</i>	
Selling & marketing Expenses	(20)	(22)		(73)	(51)	
General & Admin Expenses	(160)	(203)		(600)	(639)	
Operating Profit	102	69	48%	441	324	36%
<i>Operating Profit Margin</i>	<i>13.6%</i>	<i>9.5%</i>		<i>15.3%</i>	<i>12.2%</i>	
Share of Loss from Associate	(1)	0		(1)	0	
Other Income	54	12		92	23	
Finance Cost	(47)	(52)		(222)	(156)	
Profit before Zakat	109	29	278%	310	191	62%
Zakat	(1)	(156)		(26)	(170)	
Net Profit	108	(128)	NM	284	20	NM
<i>Net Profit Margin</i>	<i>14.4%</i>	<i>NM</i>		<i>9.8%</i>	<i>0.8%</i>	
<i>Distributed as:</i>						
Parent Company	107	(127)	NM	180	17	NM
Non-Controlling Interest	1	(1)		3	3	



Financial Statements

Balance Sheet

<i>(In SAR mn)</i>	Dec 2024	Dec 2023 Restated
Property and Equipment	2,767	2,502
Right of Use Assets	80	55
Intangible Assets	44	31
Investment in Subsidiary / Associated Company	60	10
Total Non-Current Assets	2,952	2,598
Inventories	66	75
Account Receivable	1,946	2,301
Prepayments and Others	108	116
Cash and Bank Balances	52	44
Total Current Assets	2,173	2,536
Total Assets	5,125	5,135
Share Capital	920	920
Statutory & FX Reserves	228	221
Retained Earnings	478	178
Equity Attributable to Shareholders	1,626	1,320
Non-Controlling Interests	48	46
Total Equity	1,674	1,365
Term Loans	753	1,310
Lease Obligations	71	46
Sukuk	989	0
Other Financial Liability	98	0
Derivative Financial Instruments	26	28
Deferred Income	8	9
Employees' End of Service Benefits	244	240
Total Non-Current Liabilities	2,189	1,634
Short-Term Borrowings	640	1,116
Other Non-Current Liabilities	6	6
Lease Obligations	12	13
Accounts Payable	322	559
Accrued Expenses and Others	256	271
Zakat Payable	26	180
Total Current Liabilities	1,262	2,135
Total Liabilities	3,451	3,769
Total Liabilities and Equity	5,125	5,135



Financial Statements

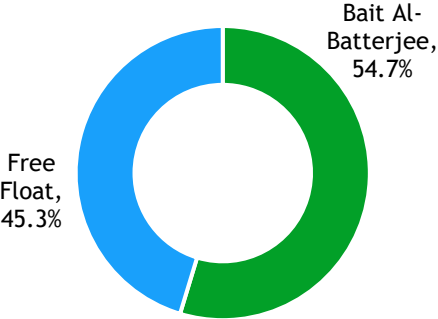
Cash Flow

(In SAR mn)

	FY 2024	FY 2023
Cash Flows From Operating Activities		
Profit before Zakat	310	191
Depreciation	188	174
Amortization of Intangible Assets	11	3
Depreciation of Right of Use Assets	18	13
Allowance for Expected Credit Losses	(29)	32
Unwinding Impact of Other Financial Liabilities	0	0
Provisions for Slow Moving and Obsolete Inventories	3	(11)
Amortization of Deferred Income	(1)	(1)
Finance Charges Related to Lease Obligations	7	4
Finance Charges Related to Borrowings	216	152
(Gain) On Zakat Liability Restructure	(45)	0
(Gain) On Derivative Financial Instruments	(2)	(8)
Share of Loss of Associate	1	0
Loss on Disposal of Property & Equipment	(19)	1
Provisions for Employees' End of Service Benefits	49	41
Operating Cash before Changes in Working Capital	706	590
Accounts Receivable	398	(698)
Inventories	6	85
Prepayments & Other Current Assets	(6)	41
Accounts Payable	(237)	133
Accrued Expenses & Other Current Liabilities	(19)	90
Other Financial Liabilities	136	(6)
Cash Flow from Operating Activities	984	235
Employees' End of Service Paid	(27)	(35)
Zakat Paid	(18)	(9)
Net Cash Flow from Operating Activities	939	191
Cash Flow from Investing Activities		
Additions to Property & Equipment & Intangible Assets, Net	(456)	(232)
Advance for Investment	(51)	(10)
Net Cash Flow from Investing Activities	(507)	(242)
Cash Flow from Financing Activities		
Lease Obligations, Net	(28)	(19)
Loans and Borrowings, Net	(208)	257
Financial Charges Paid	(188)	(158)
Net Cash Flow from Financing Activities	(424)	80
Net Change in Cash and Cash Equivalent	8	29
Cash and Cash Equivalent at the Beginning of the Period	44	16
Cash and Cash Equivalent at the End of the Period	52	44



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 c.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.1.4k 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.