



Elevating care

Dr. Sulaiman Al Habib Medical Services Group Company
Annual Report 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



King Salman bin Abdulaziz Al Saud

Custodian of the Two Holy Mosques,
The King of the Kingdom of Saudi Arabia



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

Crown Prince and Prime Minister of Saudi Arabia and
The Chairman of the Council of Economic and
Development Affairs



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Employee Digital Experience, **Page 62-63** →

Dr. Sulaiman Al Habib Medical Services Group Company (HMG) is a diversified healthcare and solutions leader in the Middle East, recognized for comprehensive healthcare services, forward-thinking innovation and the superior patient experience in the region.

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Committed to quality lifespan

Strategic Report

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At a Glance

Dr. Sulaiman Al Habib Medical Services Group Company (HMG) continues to set the standard for innovative and compassionate healthcare in the Middle East, as a rapidly expanding, patient-centered group of integrated hospitals, healthcare facilities, pharmacies and specialized subsidiaries.

Our Vision

To be the most trusted healthcare provider in medical excellence and patient experience globally.

Our Mission

To develop and operate state-of-the-art medical facilities and provide innovative healthcare services to create value for people.

Our Values

Our core values allow all our employees to work with focus and integrity to fulfill our mission and achieve our vision together.



Integrity

We believe that integrity and ethics are the basis of our relationship with patients.



Care for Patients

We care for the diverse needs of our patients by being compassionate, providing open channels for communication, considering their feedback, and protecting their privacy and dignity.



Safety

We make the safety of our people, our patients and our community our highest priority, as they entrust us with their lives and health.



Teamwork

We work together in an open and collaborative environment to promote innovation and mutual respect and to inculcate a sense of responsibility for improved patient experience.



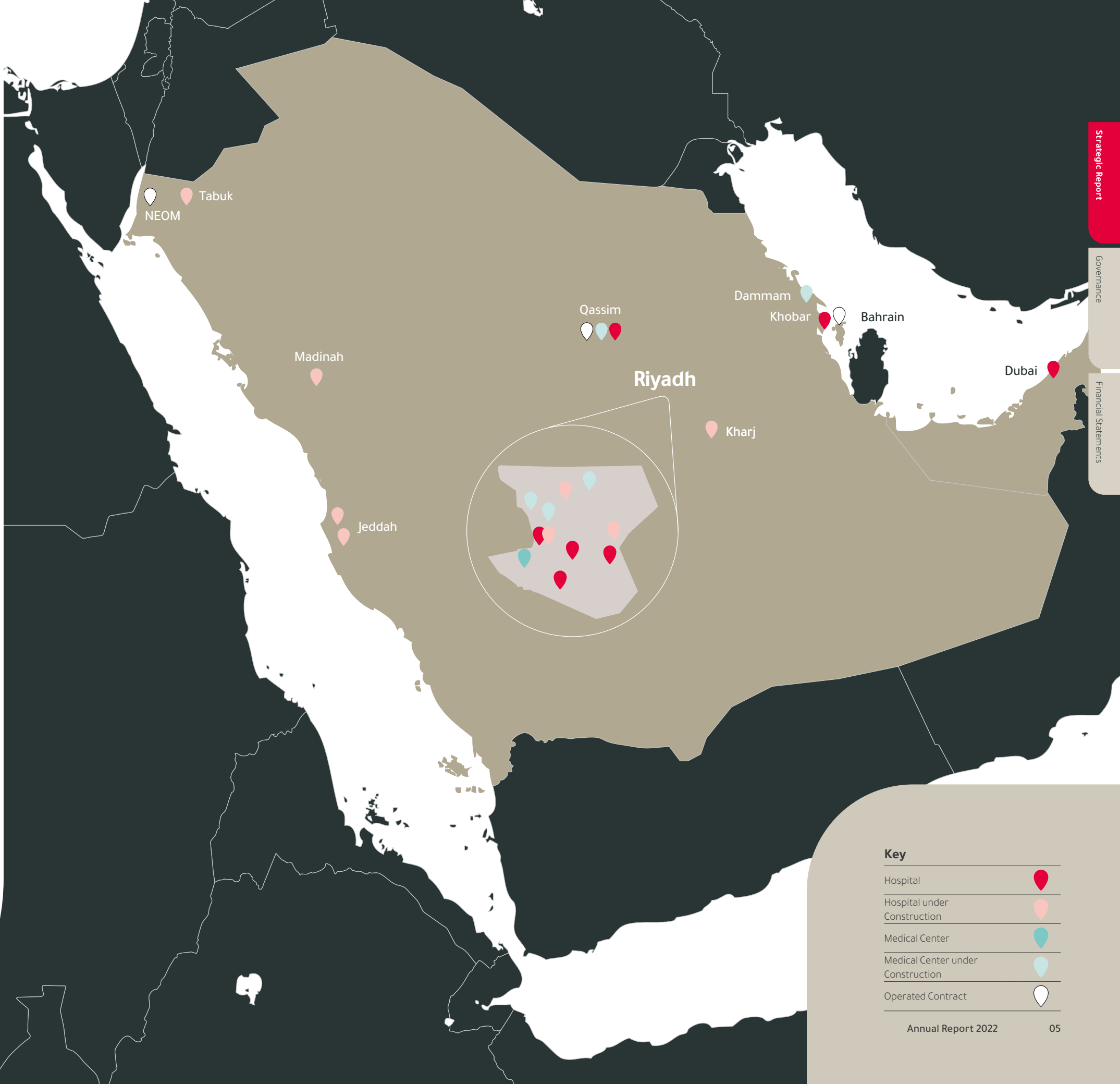
Effectiveness

We strive to save our patients' time and ensure effective and efficient utilization of available resources to provide best-in-class service.



Excellence & Quality

We pursue excellence and world-class standards of quality through a commitment to continuous improvement, patient-centered innovation and sound corporate governance.

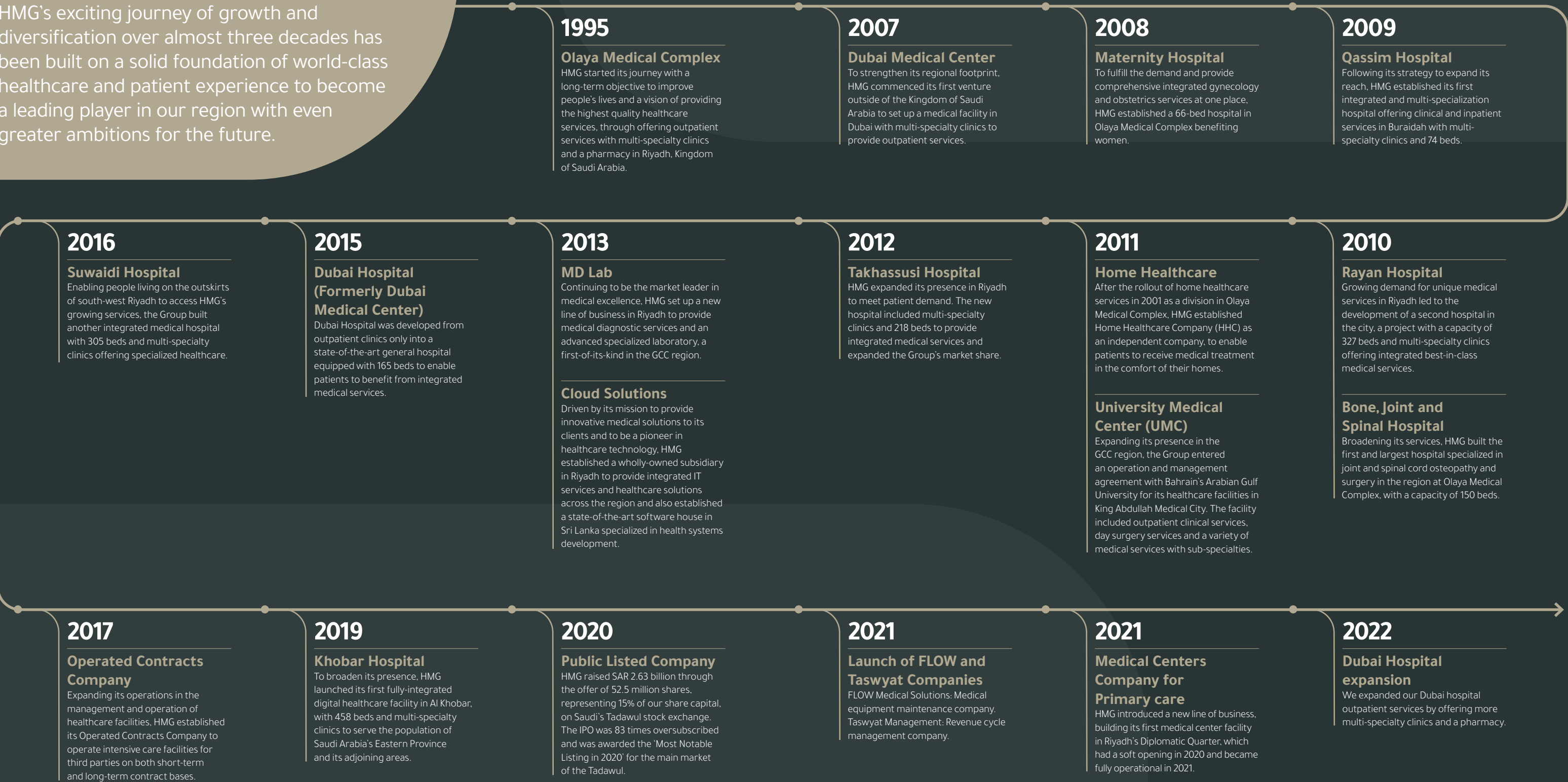


Key

Hospital	
Hospital under Construction	
Medical Center	
Medical Center under Construction	
Operated Contract	

Our Story

HMG’s exciting journey of growth and diversification over almost three decades has been built on a solid foundation of world-class healthcare and patient experience to become a leading player in our region with even greater ambitions for the future.



Year in Review

HMG continues to raise the standards of medical care across its facilities and value creation for all our stakeholders



Two New Best-in-Class Hospitals planned

HMG signed a 50-year lease for a plot in Madinah and Tabuk Cities, where it will build and operate a state-of-the-art new hospitals to serve the local and wider population.



Gold Stevie Award

HMG won the Gold Stevie Award in the category of Innovative Management in Health Care Industries at the 2022 Middle East & North Africa Stevie Awards.



Linking Hospitals with Insurance Companies in the Kingdom

Cloud Solutions and Taswyat signed a cooperation agreement with Lean Business Services to link hospitals and insurance companies through the "NPHIES" insurance services platform.



Investment in Human Capital Services in Saudi Arabia

HMG acquired 25% of Tamkeen Human Resources Company, one of the leading employment service providers in the Kingdom.



Strategic Medical Sponsor of NEC

HMG becomes the exclusive strategic medical sponsor of National Events Center (NEC). This also marks the third consecutive time as the strategic medical sponsor and providing on-site healthcare services to the visitors of Riyadh Season.



Dr. Sulaiman Al Habib named Top Healthcare Leader by Forbes

HMG's Chairman, Dr. Sulaiman Al Habib, was named the '1st Healthcare Leader in the Middle East' among 50 healthcare leaders by Forbes Middle East Magazine.



First KSA Hospital Licensed to use Mobile Radiology Services

HMG became the first hospital in Saudi Arabia licensed by the Nuclear and Radiological Regulatory Commission to use mobile radiology services, which are used outside our hospitals to cater to elderly patients as well as patients with underlying medical issues who have difficulty visiting hospitals.



Providing Consultancy Services to King Saud Medical City

HMG's FLOW Medical Solutions signed a memorandum of understanding with King Saud Medical City to provide technical and engineering consultancy services in the field of healthcare technology solutions.



Collaboration for Healthcare in Uzbekistan and Mauritania

HMG signed a memorandum of understanding with the Ministry of Health and Direct Investment Fund of the Republic of Uzbekistan for collaboration in hospital management and operation, digital health, and health education and training.

The Group has also signed a consulting services contract with the Mauritanian Ministry of Health to manage and follow-up stages of design, development, and operation of the King Salman bin Abdulaziz Al Saud University Hospital project in Nouakchott, Mauritania.



Driving growth in KSA's Healthcare Capacity and Capabilities

HMG launched the largest scholarship program in the healthcare sector for physicians in Saudi Arabia; launched its New Leaders Program for Saudi graduates in Healthcare Administration and Industrial Engineering; and its Himmah Engineering program to qualify newly graduated Saudi engineers, as well as signing new partnership agreements focused on training with four universities.



New Hospital Project in Hamra District, Riyadh City

In ambition of expanding our services excellence, HMG transformed the under-construction Medical Center project in Hamra into a hospital project.



Council of Health Insurance (CHI) Excellence Award

The Group also won two awards at the CHI Excellence Award: 'Best Customer Services from Healthcare Providers' and 'Best Insurance Transactions on NPHIES Platform'.

Operational and Financial Highlights

HMG delivered a year of strategic achievements and outstanding financial performance

HMG’s vertically integrated model, medical and technical expertise, and culture of innovation position the Group for long-term and sustainable growth and expansion, solidifying our position as Saudi Arabia’s leading healthcare operator.

Operational highlights



1,900+

Beds



14,000+

Staff



5.3m+

Patients

Financial highlights

1.22

SAR billion total dividend declared for the year*

74%

Approximate annual dividend payout

2.75

SAR billion in cash and equivalents

29%

Return on equity

14%

Return on assets

0.39x

Net debt/EBITDA

EBITDA (SAR Billion)



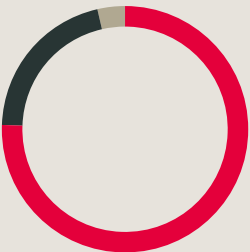
Revenue (SAR Billion)



EPS (SAR)

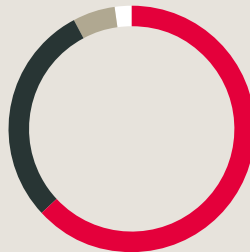


Revenue by Segment



- 75.8% Hospitals/Healthcare Facilities
- 20.7% Pharmacies
- 3.5% HMG Solutions/Others

Revenue by Customer Type



- 69.0% Insurance
- 24.8% Cash
- 4.1% Government
- 2.1% Others

Gross profit (SAR Billion)



Net income (SAR Billion)



* On 18 February 2023, the Board of Directors recommended to the General Assembly to distribute dividends for the fourth quarter of 2022 amounting to SAR 325.50 million, the equivalent of SAR 0.93 per share.

Healthcare excellence delivering long-term shareholder value

HMG continues to build on our position as Saudi Arabia’s leading healthcare group through our enduring commitment to maintaining high-quality patient care and service that enriches people’s lives. We apply all our capabilities, capacity and strength towards delivering on our strategy and ensuring strong and sustainable growth that benefits our people, patients, shareholders in the Kingdom and across the region.

4

Earning calls

4

Investor conferences

250+

Interactions with investors
and analysts

2

IR recognitions



Attractive industry fundamentals

Well-positioned to benefit from attractive market dynamics:

- Aging population with a rise in chronic diseases
- Underdeveloped healthcare sector compared to global benchmarks
- Technological advancements and demand for quality healthcare
- Strong historical growth and insurance coverage expansion
- Requirement for quality healthcare facilities based on increased demand realized due to the pandemic



Solid performance with long-term growth potential

Ideally positioned to leverage growth opportunities for sustainable long-term value:

- Financial discipline with diverse business lines
- Attractive dividend payout ratio
- Ambitious targets supported by risk-based strategies
- Aggressive expansion plan underpinned by land bank
- Strong partnerships with Government and stakeholders



Adaptable operating model

Pioneer in cutting-edge medical technology and agile in the changing healthcare landscape:

- Intellectual property of award-winning systems and applications for enhanced patient experience
- Rollout of digital healthcare solutions
- Tele-medicine solutions to promote quality of care
- Managing medical facilities for third parties
- Driving excellence through value engineering



Market leader in medical excellence

Leading brand for consumers in medical excellence:

- State-of-the-art medical facilities
- Continued focus on patient safety
- Globally recognized clinical competency
- Specialized centers of excellence
- Effective continuum of care
- Continuous investment in continuing medical education
- Research Center and referred medical journal
- Certified fellowship programs in various medical specialties



Experienced leadership team with proven track record

Demonstrated history of delivering results in challenging environment:

- Engaged human capital with valuable expertise to transform healthcare
- Diverse industry experience - medical, financial, operational and commercial
- Focus on sustainable value creation

Chairman's Statement



On behalf of HMG and the Board of Directors, it is my great pleasure to present this Annual Report for 2022. In an era of post-pandemic transformation, we have shown enormous resilience and versatility, continuing to broaden our services, accelerate our innovation and expand our reach.

Dr. Sulaiman Al Habib,
Chairman

Elevating care

HMG is playing a leading role in the return to strategic and economic growth in the private healthcare sector.

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Upcoming medical facilities

Our number one priority is to provide an outstanding level of care to our patients and ensure they have a safe, reliable and seamless experience. Their satisfaction in the service and treatment we deliver is paramount to HMG and each year we aim to improve the quality of our services and solutions.

In order to achieve this and maintain our position as a leading private healthcare provider in the Kingdom and GCC, we remain committed to medical innovation, we invest in the most skilled employees and we look to diversify in new markets.

Driving value for our patients and customers

HMG's focus on digital innovation and advanced medical technology is playing an increasing role in delivering the optimum care to our patients. With further investment in tele-medicine and the introduction of artificial intelligence in 2022, we are able to screen for cancer, strokes and cardio issues with some of the most progressive procedures in modern medicine. Our patient's satisfaction and safety have never been in better hands.

This diversification and modernization of our services provides the opportunity to offer a wider range of cutting-edge treatment, delivering an unparalleled quality of care across the Kingdom and beyond.

Our commitment to vision 2030

As a passionate contributor to Vision 2030, HMG continues its strong affiliation with the Ministry of Health and ongoing support of Public Private Partnerships. In order to support the Vision further, we look forward to playing a significant role in the Ministry's plans to execute 100 healthcare projects in collaboration with the private sector over the next five years, with estimated capital investment opportunities of SAR 48 billion.

5.3m+

Patients cared for during 2022

As one of the pillars of Vision 2030, the drive for Saudization has been instrumental in HMG's education and training programs, harnessing talent from the most promising and capable young Saudi men and women. As a Saudi-owned and operated company, we have been successful in hiring from the local workforce achieving Saudi rate of employees of 36%.

In addition, HMG launched the largest scholarship program for Saudi physicians in line with the Custodian of Two Holy Mosques Scholarship Program Strategy. The aim is to develop the capabilities of Saudi youth and raise the quality of the healthcare system in the Kingdom, strengthen research and innovation and raise its global competitiveness. This will provide promising and equal opportunities for male and female doctors to join international fellowship programs.

The Group celebrated the graduation of 330 students in our residency, fellowship and diploma program as well as honored the winners of our Research Excellence under the patronage of His Royal Highness Prince Faisal bin Bandar bin Abdulaziz, Governor of Riyadh Region, who also recognized the Group for our community donations and efforts across all our charitable work and contributions towards achieving the goals of Vision 2030.

Delivering on our strategy

Our overriding strategy continues to build on the solid foundations of consistent growth, in terms of geography, technology and personnel. The quality of HMG's comprehensive healthcare and services offering is second to none in the region, and we are continually increasing the number of our patients and customers through our ongoing efficiency, exceptional innovation and an increasingly-diverse scope of services.

We are broadening our services with up to date practices and procedures and expanding our footprint to offer distinguished healthcare to new audiences. Our advances in medical science, engineering and expertise are in greater demand than ever before, both domestically and internationally. Among other new roles in 2022, our FLOW Medical Solutions act as consultants to King Saud Medical City. We are also collaborating with the Direct Investment Fund of Uzbekistan to advise on hospital design, management and operations, in addition to providing digital health solutions and training. Moreover, we signed a consulting services contract, with Mauritanian Ministry of Health to manage and follow-up stages of design, development and operation of the King Salman bin Abdulaziz Al Saud University Hospital project in Nouakchott, Mauritania, which is funded by the Saudi Fund for Development (SFD).

Our investment in attracting the best possible people and providing them with the opportunity to develop and progress has always been a key priority for HMG. Through tailored training and education, we have built a workforce that not only qualifies employees for their current positions but also encourages them to evolve into new roles and engages them to maximize their potential and perform at the highest levels.

In accordance with our sound corporate governance framework, we are wholly committed to transparency, honesty and accountability in all aspects of our organization. Our consistent dedication to these principles since our establishment in 1995 has earned us trust among our shareholders and other stakeholders, and the support of our Executive Management.

In the unpredictable markets of a post-COVID era, our robust risk management framework ensured our preparedness for potential impacts on HMG - for our business, people and patients.

Chairman’s Statement (continued)

Caring about our community and environment

As a passionate advocate of protecting and enhancing the lives of individuals and communities in the region, HMG continues to serve the population, setting new Corporate Social Responsibility targets. As we expand our operations, we have integrated new strategies to manage our environmental, social and governance contributions.

As part of our commitment to the welfare of the society, we continued to deliver our education programs. We conducted various conferences, lectures, and workshops on the latest medical and technological developments in a transforming medical landscape. We also held conference on the use of drugs, possible side effects, adverse reactions and toxicity, highlighting the importance of safety with any medication.

Our Academic Affairs division began its Himmah Programs for graduates in Healthcare Administration, Industrial and Clinical Engineering, the largest of its kind in Saudi Arabia’s private healthcare sector. It will provide Saudi graduates with training under the supervision of experts and pioneers in hospital management. Similarly, the Tamheer on-the-job graduate training program has been instrumental in acquiring practical experience for Saudi work force.

We have signed an agreement with National Events Center (NEC) to act as its exclusive strategic medical sponsor. We have become the official sponsor of the Saudi Motorsports Company for the decisive round of the World Touring Car Cup in Jeddah and King Abdulaziz Camel Festival. We were also appointed as the official exclusive medical sponsor for Riyadh Season. We are proud to continue to play an important role in our community.

Our continuing emphasis on women’s health in the Kingdom is a passionate campaign for HMG. In 2022, we launched an initiative to support the cause, under the slogan ‘Developing Her Health Is Our Priority’ in cooperation with the Saudi Association for Women’s Health.

Our participations has crossed many borders last year, including a partnership agreement with Dubai Corporation for Ambulances to promote advancements in technological innovation and medical emergency services.

And in line with an agreement with the General Authority of Civil Aviation, we are delighted to launch medical examination services for aviation employees in all HMG hospitals.

In 2022, we reduced medical waste throughout our hospitals and medical facilities. Likewise, as the world increasingly focuses on its energy use, and implementation of new strategies for conserving resources across the Group.

As we look towards greater efficiency within the Group, we continue to deliver on our ESG roadmap to benchmark and prioritize existing key issues, assess materiality and further detail a lasting sustainability strategy.

Looking towards the future

Progress, growth and innovation remain at the heart of our future, as we continue to bring the best out of ourselves, develop the welfare of our patients and enhance our standing in the global healthcare market. We are recognized as the leading healthcare provider in medical excellence and have developments in place for next year and beyond to ensure our future is more dynamic than ever. We have new hospitals, health facilities, technology and services which will bring even greater benefits to our patients, customers and shareholders and plan to grow our portfolio by SAR 7.6 billion over the next five years.

We have shown great resilience in our expansion during and as we emerge from the pandemic, and we are now well positioned for an exceptional period of growth ahead.

Acknowledgements

It has been a year of tremendous progress and transformation for HMG and on behalf of the Board I wish to thank the Government for its ever-present support for the people of Saudi Arabia and the nation’s healthcare sector, as well as UAE Government for their unwavering support and our various partners and shareholders for their enduring trust and commitment to our shared goals.

I am indebted to our management and employees, whose dedication and resilience have ensured our position at the forefront of our sector and positioned us for further growth and success in the years to come.

Finally, I also wish to express my gratitude to our Board members for their valuable insights which have helped to guide us through our achievements in 2022 and will continue to do so in 2023, as we seize the momentum and explore even more opportunities.

Dr. Sulaiman Al Habib
Chairman



The people who drive the engine of HMG’s success are our greatest asset.

Robust economic growth in the Kingdom despite global headwinds

The Kingdom of Saudi Arabia was among the best performing economies in the world during 2022, rising to year-on-year real GDP growth of 8.7%. This was in stark contrast to the global economy, which faced many challenges during the year, from high inflation and the disruption of global supply chains to the uncertainty caused by geopolitical tensions and tightening of monetary policy by central banks, resulting in a significant deceleration in global economic growth.

With at least one third of the world’s population expected to experience economic recession in 2023, the IMF is projecting the year ahead to be the weakest for global growth for over a decade. However, GDP growth forecasts for the GCC are expected to buck the trend to deliver strong growth in 2023.

The Saudi Arabia economy is rapidly transforming, driven by programs and investments tied to its Vision 2030 Strategy. Through massive economic and social programs, supported by landmark partnerships with leading private sector organizations from across the Kingdom and around the world, Saudi Arabia has

reinforced its reputation as a business-friendly environment and accelerated change towards a more resilient and diversified national economy.

Saudi healthcare sector growth supported by strong government commitment

The Kingdom’s transformation is unlocking vast potential for healthcare investment. The healthcare sector is one of the primary focus areas of Vision 2030, with broad and consistent government support to ensure its continuous development. Among the government’s key initiatives, the Health Sector Transformation Program is intended to improve the quality and efficiency of healthcare services, enhance access to health services, improve traffic safety and promote health risk prevention.

Ongoing regulatory restructuring of the sector is spurred by increasing demand for quality healthcare in the Kingdom, supported by relative under-penetration of healthcare services, favorable demographics, the prevalence of lifestyle diseases, and evolving expectations of better service and patient experience.

With more than 500 hospitals, 78,000 hospital beds and 5,000 health clinics across the Kingdom, the Saudi healthcare market is under-served compared to other developed countries where there are 2.2 hospital beds per 1,000 people, compared to an average of 2.9 in developed countries.

In response, the Saudi Ministry of Health (MOH) has been repositioned from a service provider to a regulatory body, tasked with ensuring the sector delivers world-class healthcare by raising standards and growing capacity to meet ever-increasing demand. Initiatives designed to boost privatization, attract investments in infrastructure, drive continuous innovation and improve access to healthcare services have attracted private healthcare players from both within and outside Saudi Arabia to invest in expansion and new facilities.

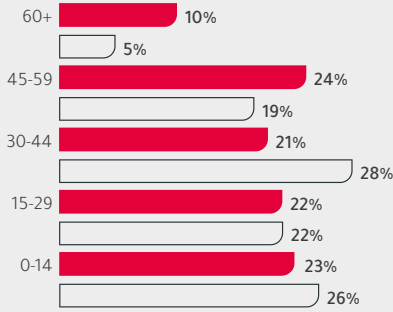
Rising demand for quality healthcare

\$50.4 billion budget for healthcare and social development in 2023	KSA accounted for 60% of GCC healthcare expenditure in 2022	\$66 billion investment to develop KSA's healthcare infrastructure by 2030
20,000 additional beds are required by 2035	295 hospitals and 2,259 healthcare centers to be privatized by 2030	NCDs to account for 60% of deaths by 2030
KSA Population: 36.17 million as of 2022 - 39.4 million by 2030	Life expectancy to reach 80 years by 2030	100% of the population will be covered by the unified digital medical records system by 2025
Rising prevalence of chronic conditions related to age, lifestyle and genetic make up	Highest number of diabetics in the MENA region	5th highest number of cancer patients in the MENA region
KSA currently hosts a young but gradually ageing population with average age of 32 years old - increasing healthcare requirements in future	KSA healthcare market with 2.2 beds for every 1,000-population vs OECD's 4.4 beds per 1,000 people indicates high demand for high-quality healthcare services	

Source: Saudi Arabia Budget, Global Health Exhibition, IMF, Invest Saudi, Aljazira Capital



Population by age group (%)



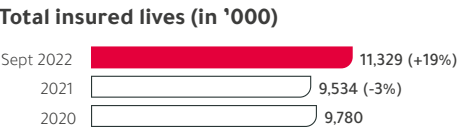
● 2030F (Including 56% above the age of 29)

○ 2021 (Including 51% above the age of 29)

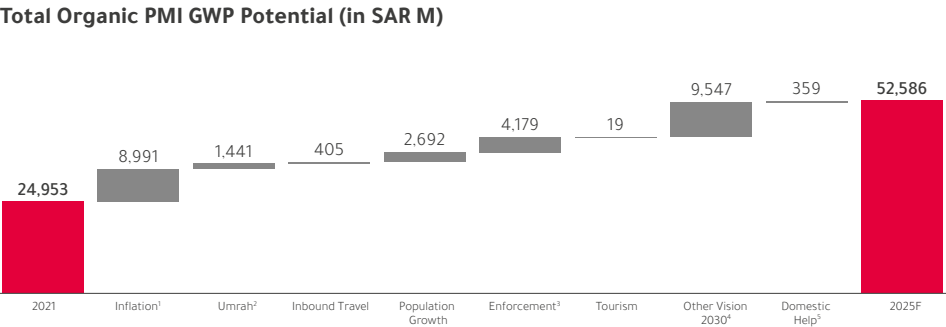
Source: United Nations World Population Prospects

Market Overview (continued)

Increasing insurance coverage
Following the announcement of a new mandate for health insurance compliance in the Kingdom by the Council of Health Insurance (CHI), the number of insured beneficiaries in Saudi Arabia is projected to have surpassed 10 million for the first time during 2022.



Source: Bupa Arabia



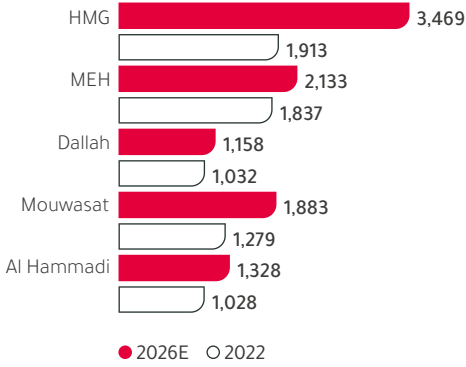
Note(s):
1 Inflation represents medical inflation with a 16.5% increase incorporated in year 2022 and adding ToB inflation in the coming years.
2 Umrab and Travel products are led by Tawuniya.
3 Enforcement refers to the mandatory medical coverage of GOSI Primary and dependents.
4 Other Vision 2030 is based on two assumptions (i) Growth in the population by a CAGR of 1.8% based on FY20(A) and FY30(F) and (ii) Growth in the % of insurable market from 30% in FY20 to 40% in FY25 with Vision 2030 programs.
5 Domestic Help not currently mandated.

Source: Bupa Arabia

Accelerating privatization and Public Private Partnership (PPP)
Among the programs launched to achieve the goals of Vision 2030, the Privatization Program by the Council of Economic and Development Affairs (CEDA) is designed to boost privatization of public sector assets. Over the coming five years, the MOH is expected to work with the private sector on over 100 health services projects, worth up to \$12.8 billion. Among the expected initiatives are public-private partnerships that include the development and operation of two medical cities in the Kingdom, amongst other transformational projects for the sector.

Increasing private sector investment and capacity
Spurred by the growing need for healthcare facilities in the kingdom, private sector players are investing to enhance facilities, build new hospitals and clinics to diversify geographic coverage and increase market share. Current projections estimate close to 3,000 new hospital beds will be added to bolster supply over the coming three to five years.

Potential increase in bed capacity of listed companies in the next three to five years



Source: Argaam, HMG estimates

Strong potential for digital healthcare
As the healthcare industry continues to be rapidly transformed and enhanced through new technologies, both in terms of clinical care and patient experience, the Saudi Government is mandating greater development and deployment of medical technologies, digitization and other disruptive technologies. According to a recent McKinsey consumer survey, patients in the Kingdom see the benefits of digital-health solutions to improve outcomes in areas including chronic-disease management, diagnostics and preventative care. Investment in these areas continues to accelerate, with the combined digital-health market in Saudi Arabia and the UAE having the potential to surpass \$4 billion by 2026.



Digital-health market share 2026



63.3%

Online Pharmacy

Online ordering and delivery of pharmaceutical products enabled by electronic prescriptions.

17.0%

Teleconsultant¹

Remote interactions between doctors and patients, mainly for minor requests or follow-ups.

9.7%

Home diagnostics

Online portals for patients to schedule appointments.

7.3%

Wellness and prevention

Apps that help patients make healthier choices e.g., through diet-tracking, mental wellbeing tools, and health checks.

2.7%

Other²

¹ These estimates are for the largest apparent opportunities. Additional use case such as medical chat bots, personalized messaging, e-triage, patient support networks, and e-payments integration also present opportunities. All value estimates are subject to market dynamics.
² Chronic-disease prevention applications as well as e-booking, licensing and platform-as-a-service, marketplace offerings, etc.

Source: McKinsey Digital Health Consumer Sentiment Survey, Kingdom of Saudi Arabia and United Arab Emirates, August 2021

Our Business Model

Dedicated to sustainable value creation for all our stakeholders

Across our expanding network of hospitals, medical centers, pharmacies, home healthcare, advanced laboratories and healthcare technology businesses, HMG has the experience and expertise to accelerate towards our strategic ambitions and achieve ever-increasing value for all our stakeholders.

Our key strengths

Cutting-edge technology

1st in implementing latest medical technology

500m+ HMG app interactions

15 applications and systems designed in-house

Strategic relationships and in-house expertise

Deeply established partnerships with insurance companies and suppliers

Advanced expertise in Clinical Engineering and Revenue Cycle Management

40+ in-house-developed Hospital Information Systems (VIDA) implemented in MoH's Facilities

Leading brand in prime locations

#1 healthcare operator in Saudi Arabia

5.3m+ patients across the region

60+ sub-specialties across 22 medical facilities

Experienced management and qualified health practitioners

10+ Management with 10+ years' experience with HMG

58% of physicians from Western and Arab Boards

470 CME training hours completed

Reputation for medical excellence

3,200+ physicians with average 15+ years' experience

60+ national and international accreditations and awards including HIMSS EMRAM Stage 7 accreditation in all HMG's hospitals in KSA

1st and only private healthcare provider in KSA publishing peer-reviewed quarterly medical journal

What we do

Facilities and services

We offer patients integrated healthcare services at prime locations through our clinics, inpatient services, centers of excellence and on-site emergency services, as well as virtually. Our facilities are equipped with cutting-edge technology and serviced by experienced medical practitioners.

We offer a wide range of products that are easily accessible at our pharmacies, located alongside our facilities, and virtually, through our HMG app. We also provide comprehensive home healthcare solutions and advanced medical laboratory testing services in our hospitals, and collection of samples from patients' premises.

Digital healthcare solutions

As innovation is key to improving people's lives, we engage in partnerships with public and private institutions to extend our digital service offerings including Tele-ICU and other related services.

We provide applications and systems for our medical facilities that have been developed through our subsidiary, Cloud Solutions, and roll out tailor-made solutions for other healthcare providers.

Design, develop and operate

We have integrated solutions for project development, ranging from planning, designing and project management to construction and furnishing of medical facilities.

We also provide services for the management and operation of medical facilities, deployment of staff and other medical advisory services.



How we maximize value

Patient-centric approach

Patient safety is entrenched in our values, so we follow best clinical practices to ensure patient safety and enrich patient experience.

Continuum of care

We offer integrated healthcare services at all our medical facilities to maintain physical and virtual continuity of care.

Value engineering

We focus on implementing the latest technologies with best practices of value engineering to enhance operational efficiency.

Sound risk management

We manage risk exposure by devising proactive mitigation strategies in line with our risk management framework.

Adapting to change

Due to the dynamic business environment, we position ourselves to respond to market opportunities and changing business needs in an efficient way.

Read more about our KPIs

See page 36-37

Read more about our risk management

See page 64-69

Group Acting CEO's Message



It has been a year of achievements, innovation, growth and resilience for HMG, as we continued to provide the best private healthcare in the Kingdom and beyond. Our positive outlook and team-driven ethos has opened new opportunities in new markets as we reach and treat new members of the population. Our investment in technology continues to pay dividends in expanding our services and outreach, supporting our remarkable people to drive HMG towards our vision for the future.

Faisal Al Nassar,
Group Acting CEO

Setting the standard in Saudi healthcare

HMG's growth surpassed expectations in almost every aspect of its operations in 2022.

74.0%

Approximate annual dividend payout

17.9%

Gross profit increase

Tenacity and integrity

The strength of our post-pandemic operations is a testament to the Group's flexibility and adaptability at a time where supply chains continued to be disrupted and resources diverted across the region. Our strategy was one of positivity and expansion.

We continue to expand our presence and enhance our facilities, driven by our commitment to provide exceptional care across the region with transparency, honesty and reliability. The quality of our services and volume of our patients is unprecedented at HMG as the Group strengthens the presence and efficiency of our hospitals, medical facilities and pharmacies. Further, we remain determined to invest in cutting-edge technologies and the development of the skills and knowledge of our workforce.

Our resounding achievements in 2022 not only demonstrate the success of last year, they also open new opportunities for our future expansion.

Expansion, innovation, diversification Accelerating Growth

HMG's growth surpassed expectations in almost every aspect of its operations in 2022, from the volume of patients and geographic footprint to the diversification of services and scope of technology.

Our workforce of more than 14,000, achieved both growth and diversification of our services across 22 hospitals and medical facilities, enabling us to treat and care for more than five million patients in 2022 across broader catchment areas. And the quality of our care is recognized as the most progressive, effective and respected in Saudi Arabia.

Increasing Innovation

Much of our expansion, revolves around our strength and investment in technology, which has played a pivotal role in our own efficiency and providing patients with greater access to a wider scope of services.

We have not only cemented our position as the leading private healthcare provider in Saudi Arabia, our adaption of innovation has widened the gap. We have entered and succeeded in new fields such as artificial intelligence software for breast cancer and stroke screening, tele-cardiology and artificial lung technology among many others.

From complex individual medical procedures to digital innovation and advanced medical technology, we continue to drive our national and international profile. In 2022, we continued to adopt innovative treatments for our patients to further enhance their experience.

Our internal solutions are proving equally as impressive and effective, with six HMG hospitals receiving the highest official accreditation HIMSS stage 7 for electronic medical records systems for hospitals from Healthcare Information and Management Systems Society (HIMSS).

The Group's strategy of greater investment in our Pharmacies segment resulted in a 27.2% increase in its revenue over 2021, and a rise in its contribution to HMG total revenue to 20.7%. With the opening of two new branches in Riyadh and Dubai, our Pharmacies now has 19 outlets across Saudi Arabia and the UAE. Continuing on our growth trajectory, we look forward to opening another 10 branches in 2023.

HMG's Cloud Solutions was once again a remarkable success in our journey of innovation, with 25 completed projects and seven new clients, including the Ministry of Defense and Ministry of Energy.

The HMG mobile application has achieved an outstanding response from our patients, with more than 500 million interactions, including appointment bookings, Habib Live Care, E-Pharmacy and Home Health transactions.

Our commitment to advanced medical science and digital solutions is essential to our patients, essential to the way we operate and essential to our expansion in the future.

Driving diversification and broadening services

HMG is widely acknowledged as the most efficient patient-centric healthcare provider in the region and we have a long-established reputation for delivering safe, dependable and effective services to our patients and customers. Our ongoing mission is to expand those services medically as well as geographically.

Once again, technology plays a large part in our diversification and expansion, enabling us to develop new treatments and increase our footprint. Among the many initiatives introduced in 2022, FLOW Medical Solutions, HMG's pioneering clinical engineering and technical subsidiary, introduced Air mobile ultrasound device.

And as a prime driver for reaching new markets, FLOW Medical Solutions now has an active presence in nine cities across three countries.

In 2022, HMG became the first hospital in Saudi Arabia to receive a license from the Nuclear and Radiological Regulatory Commission to use mobile radiology services, which reinforces our commitment to offering innovative and leading healthcare services across the Kingdom.

In order to facilitate the lives of our patients and improve accessibility to our facilities, HMG is now offering surgeries on weekends and extending opening hours.

Group Acting CEO's Message (continued)

The Group entered into agreements and MoUs with various reputed national and international institutions to derive mutual benefits in the field of hospital management, digital healthcare solutions, technological innovation, and education and training. (For more information, please refer to Hospitals & Healthcare Facilities on page 41 and Corporate Sustainability on page 76.)

Financial performance

The Group continued to deliver a sound operational and financial performance this year, witnessed by ever improving key performance indicators. Our diverse business segments contributed towards increasing group revenue in FY22 by 14.6% reaching SAR 8.3 billion (FY21: SAR 7.2 billion). The hospital segment contributed 75.8%, pharmacy segment 20.7% and solutions segment 3.5% towards the group revenue by elevating care and transforming the lives of more than 5.3 million patients, increasing by 20.9% compared to last year. (For more information, please refer to the Financial Review on page 28-29.)

Recognition for our success

In recognition of our innovation, technology and digital strategies, HMG received the Middle East and North Africa Stevie Gold Award for Innovative Management in Healthcare Industries.

As a reflection of our patient centered care, HMG won the Best Customer Service Award among Healthcare Providers and Best Healthcare Provider in Insurance Transactions Award on NPHIES Platform in a ceremony organized by the Council of Insurance under the patronage of H.E. the Minister of Health.

And as a testament to the care and investment in our employees, HMG was recognized as one of the best places to work in Saudi Arabia in the prestigious LinkedIn Top 15 Companies for 2022, endorsing the Group's belief that people are its greatest assets.

In terms of our medical accolades, the Neurosurgery Center at our Olaya Medical Complex was awarded Primary Stroke Center Certification from the American Heart Association, in cooperation with the Middle East and North Africa Stroke Organization. In addition, our Olaya Medical Complex is the first center in the Kingdom to provide superior primary services for the treatment of strokes and contribute to raising the level of healthcare provided to stroke patients in the MENA region.

The Nuclear Medicine Center at our Takhassusi Hospital also received international accreditation for the seventh consecutive time from EARL EANM.

The power of our people

The people who drive the engine of HMG's success are our greatest asset. We are reliant on the trust, professionalism, collaboration and ambition of our people. They provide unrivalled care for our patients and loyalty to the HMG brand. As a healthcare provider and an employer of choice, we ensure that we provide the opportunities to grow and realize our people potential.

Through our Himmah Engineering Program, New Leaders Program and the Physicians Scholarship Program, we continue to educate and train our teams and young Saudi nationals to advance their careers and reach their potential within the organization. We also enhanced our online platform Mohemm, an employee relations management tool, to improve employee satisfaction rates, and streamline and HR services.

Training courses were delivered to our people through launch of an e-learning platform for all our staff to continue to develop their knowledge and skills. Our continuous training strategy enables our workforce to broaden and enhance their depth of medical and management knowledge.

As well as upskilling our existing workforce, we must also constantly look to attract additional expertise in both medical and non-medical capacities. Our acquisition of a 25% stake in Tamkeen Human Resources Company in 2022 continues to drive that mission.

Driving the future

As we innovate and expand, HMG's core values will continue to have outstanding patient experience, care quality and internal efficiency at its heart. Our world-class facilities will benefit new markets and enable us to provide even more effective services and treatments.

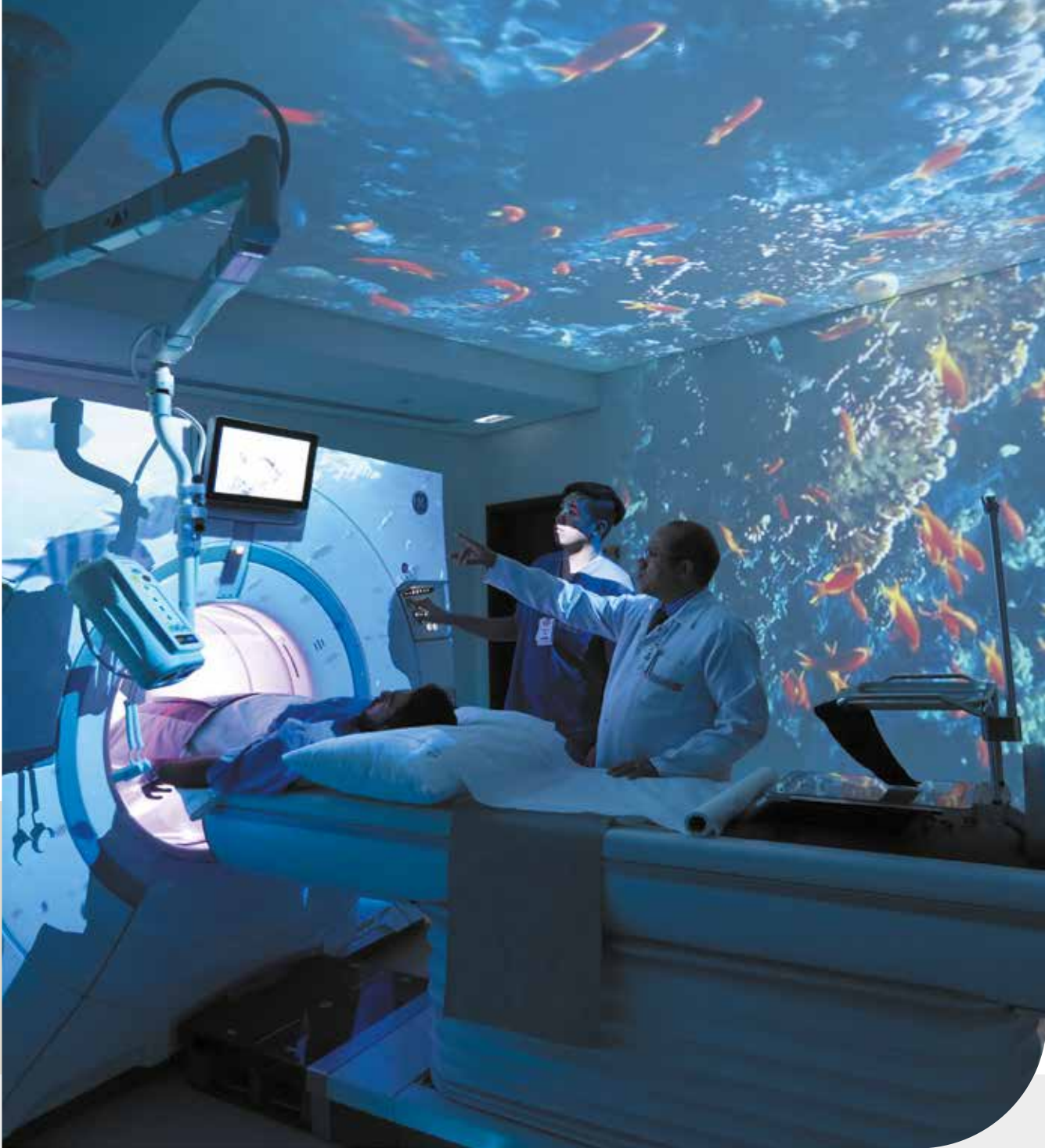
Our thanks to our stakeholders

The invaluable support of our people, Board, management, investors and Government partners has driven our exceptional strong growth in 2022.

Our vision of a healthier population receiving the care they deserve is our top priority with every year that passes. With our ambitions of growth and an intelligent investment strategy for expansion, we remain committed to delivering the highest standards of care for the people of the Kingdom and the wider region.

Faisal Al Nassar

Group Acting Chief Executive Officer



Our number one priority is to provide an outstanding level of care to our patients.

Financial Performance

Driven by a year of innovation and improving the quality of care to HMG patients, the growth of the Group is reflected in its highly positive financial performance for 2022.

Maintaining its position as the largest private healthcare provider in Saudi Arabia, HMG continues to expand its services and medical footprint, enriching both patient care and experience. This has resulted in strong top and bottom-line results across the Group's key financial indicators in all segments.

Revenue growth was mainly driven by the hospital segment due to the increase in the number of patients crossing the threshold of five million. Likewise, pharmacy sales, the secondary driver, delivered excellent returns.

HMG showed great resilience in a year of inflationary pressure, interest rate increases and global supply chain challenges, all of which were largely offset by a greater number of patients, innovative healthcare technology and sweeping cost-efficiencies.

Driving growth and efficiency
The Group achieved overall revenue of SAR 8.3 billion in 2022, representing a rise of 14.6% over the previous year. Gross profit also grew, as HMG closed the year having delivered SAR 2.75 billion, exceeding previous year-end figures by 17.9%.

Through our innovative programme, the overall patient experience at our hospitals improved drastically and further resulted in optimum use of resources. Reflecting the cost-efficiency measures and a higher volume of patients, EBITDA grew by 15.7% in 2022 to SAR 2,135.6 million at a margin of 25.7%, while net income reached SAR 1,650.8 million - a rise of 20% over 2021 with a 19.9% margin.

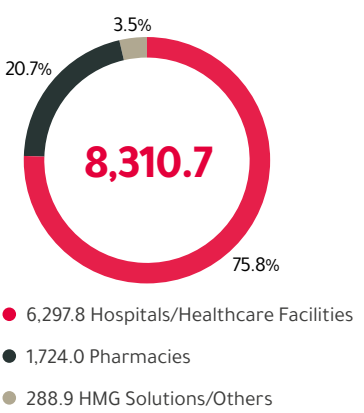
Revenue from our Hospitals segment contributed 75.8% towards total Group revenue for the year, driven by increased patient demand and bed occupancy across our operating footprint, with growth in patient numbers reaching 20.9%.

Growth in the hospital segment subsequently impacted the pharmacies contribution to HMG's overall performance, which accounted for 20.7% of Group revenue in 2022.

Our Pharmacies segment delivered on its key targets set in 2021 to reach a wider customer base, opening two new branches at Takhassusi as well as in Dubai, bringing the number of pharmacies to 19 across Saudi Arabia and the UAE.

Building on our previous success, our HMG solutions segment reached new levels in 2022, as cutting-edge technologies grew its presence to more than 50 existing and ongoing digital projects across Saudi Arabia, the UAE and Bahrain.

Revenue by segment (SAR Millions)



14.6%

Revenue increase

17.9%

Gross profit increase

15.7%

EBITDA increase

Delivering shareholder value

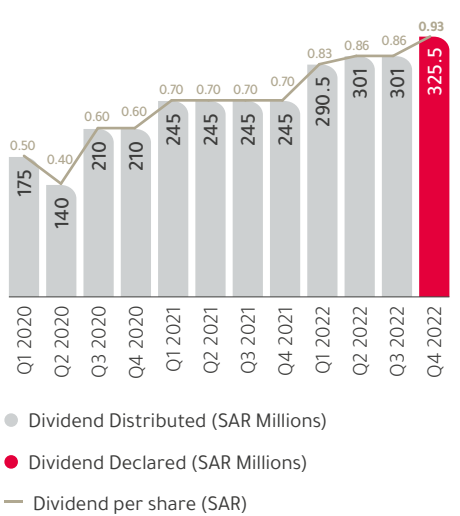
HMG's expansion strategy to increase investments in existing, ongoing and future opportunities resulted in an even healthier balance sheet. Our total asset base rose to SAR 12.6 billion, an increase of 16.2% over 2021, with a return on assets of 14.1%. Similarly, return on capital reached 18.1%.

An essential component of HMG's financial model and liquid assets, the Group increased cash and cash equivalents by 3.9% compared to 2021. We delivered a net debt to EBITDA ratio of 0.39, strengthening our positive relations with financial institutions.

Working capital management continued to be highly efficient during 2022, improving receivables further through the implementation of NPHIES with insurance companies and internal effective collections processes, to achieve a conversion cycle at just 7 days, compared to 20 in 2021.

HMG delivered 19.9% growth in earnings per share in 2022 to reach SAR 4.72, resulting in a cash dividend in line with the Group's historic trend of maintaining a dividend pay-out ratio above 70%. The Group is well positioned to maintain positive momentum and continue maximize shareholder value moving forward.

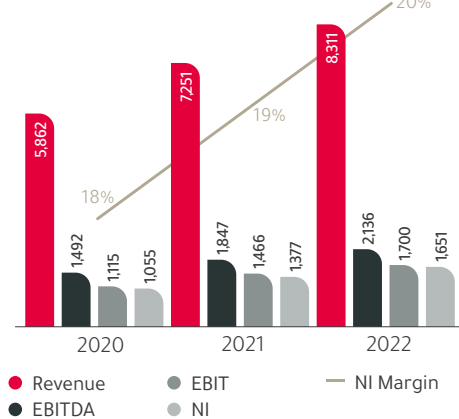
Dividend Trend



Looking forward to 2023, HMG is set to expand its footprint, reinforce our market leading proposition and deliver solid growth. We are on track to launch two new hospitals by the end of 2023 - our flagship Shamal Al Riyadh hospital in north Riyadh, which will be our largest facility and single-site investment to date, at around SAR 3 billion including land and construction - and a 330-bed Gharb Jeddah hospital in southwest Jeddah.

We will leverage our market-leading brand and reputation for excellent clinical care and patient experience to continue to drive growth in volume and revenues, in order to ensure that we deliver increasing value to HMG's shareholders and all our stakeholders.

Performance trend (SAR Million)



Key financial information and KPIs

SAR Million	2020	2021	2022
Statement of Income			
Revenue	5,861.6	7,250.5	8,310.7
Gross profit	1,864.4	2,330.2	2,748.1
Operating Income	1,114.9	1,466.2	1,700.5
Net Income attributable to equity holders of the parent	1,055.5	1,376.6	1,650.8
Balance sheet			
Current assets	3,793.4	4,133.4	4,160.5
Non-current assets	5,687.8	6,694.0	8,423.6
Total assets	9,481.2	10,827.4	12,584.1
Current liabilities	1,693.7	2,047.7	2,590.3
Non-current liabilities	2,698.9	3,252.6	3,888.1
Total liabilities	4,392.6	5,300.3	6,478.5
Total equity	5,088.6	5,527.1	6,105.7
Cash Flows			
Net cash from operating activities	2,234.3	2,182.8	2,843.7
Net cash used in investing activities	(812.0)	(1,247.5)	(1,939.4)
New cash used in financing activities	(279.7)	(630.7)	(801.1)
Cash and cash equivalents	2,339.3	2,643.8	2,747.0
Free cash flows	1,422.3	935.3	904.3
KPIs			
EBITDA margin	25%	25%	26%
Return on equity (ROE)	23%	27%	29%
Debt/equity	53%	57%	59%
Net debt/EBITDA	0.25x	0.26x	0.39x
Earnings per share (SAR)	3.02	3.93	4.72
Dividend payout	70%	71%	74%
Cash conversion cycle (CCC)	45 days	20 days	7 days

HMG and Saudi Vision 2030

As the Kingdom’s leading private healthcare provider HMG is proud to strategically align and contribute to the achievement of the goals of Saudi Vision 2030. We proactively seek opportunities to support the ambitions of the Kingdom across our footprint and operations.

HMG alignment with vision 2030

- Improve living standards and safety
- Ensure sustainability of vital resources
- Social empowerment and non-profit sector development
- Contribute to enabling the private sector
- Transform healthcare
- Labor market accessibility and attractiveness
- Develop the tourism and national heritage sectors

How we contribute

- We continuously raise the standards of care and deliver best-in-class healthcare services to greater numbers of people across the Kingdom to elevate the health and wellbeing of citizens, residents and visitors, while also ensuring that our workforce is safe, secure and enjoying a high standard of living.
- We are working to become a benchmark for ESG in the region, applying our reach, relationships and resources to advance sustainability across our business, our industry and our markets, while ensuring that we act with due care and consideration to reduce our environmental footprint through the responsible use and reduction of medical waste, energy and other resources.
- We support communities, organizations and individuals across our geographic footprint to empower social progress and inspire positive change, both from a grassroots level and through partnerships with government and other leading organizations across Saudi Arabia and beyond, such as initiative with Saudi Association for Women’s Health, strategic medical sponsor of events by National Events Center (NEC) including Riyadh Season, training programs for fresh Saudi graduates and many others.
- We support the delivery of critical and primary care for the Saudi Ministry of Health, working in close collaboration to advise and support both public and private sector entities in the Kingdom, while actively pursuing participation in Public Private Partnerships (PPP), including the development of the Mega Projects.
- We are recognized as Saudi Arabia’s pioneer in digital health innovations, building and bringing expertise, capabilities and technologies from across the Kingdom and around the world to accelerate towards a new vision for Saudi healthcare, with world-class care, experience and service supporting the health of individuals and progress of the nation.
- We are a proudly Saudi-owned and operated Group and a pioneer in Saudization in our sector, that has always recognized our responsibility in attracting, developing, engaging the best and brightest in our sector - both Saudis and expats - through employment, training in our HMG Academy, universities partnerships and medical research. In 2022, we achieved a record Saudization rate of 36% across our Group.
- We are a key organization in delivering the Kingdom’s healthcare vision, which is vital to enhancing the reputation and attractiveness of Saudi Arabia as a leading regional hub for healthcare tourism, while also providing peace of mind to tourists that world-class care is always available through our exclusive sponsorship of Riyadh Season and our provision of comprehensive healthcare services across the Kingdom.



Our Growth Strategy

HMG Group’s Corporate Strategy defines our priorities and focuses our resources to drive sustainable growth, maximize value for our stakeholders, and fulfill our vision to be the most trusted healthcare provider in medical excellence and patient experience globally.

Read about our strategic objectives

See page 34-35

Strategic pillars and drivers

Values



Integrity



Care for Patients



Safety



Teamwork



Effectiveness



Excellence and Quality

Read about our Group’s values

See page 04

Pillars

Strengthening the core

Drivers

- Human capital
- Cutting-edge technology
- Operational efficiency

Outcomes

Patient-centric healthcare



Expanding the reach

Drivers

- Central region
- Other major Saudi cities
- Wider GCC

Outcomes

Organic growth while considering inorganic opportunities



Broadening the service

Drivers

- Design and develop
- Operate and manage
- Digital healthcare solutions

Outcomes

Creation of new business lines



Priorities



Provide comprehensive best-in-class services



Maintain position as leading brand in the market



Accelerate the digital patient experience



Expand to new locations



Increase operational efficiency



Meet demand in growing sectors and diversify income sources










Attract and empower talent

Strategic Objectives

Our strategic focus continues to evolve to achieve our mission of developing and operating state-of-the-art medical facilities and providing innovative healthcare services to create value for people. In this way, we will continue to innovate with purpose, deliver strong financial performance, and grow our market share across Saudi Arabia and the GCC region.

Read more about our risk management

See page 64-69

Strategic priorities	Strategy	Measures	Associated risks
 Provide comprehensive, best-in-class services	Provide patient-centric integrated healthcare services and solutions under one roof through high-quality comprehensive medical care and continuous innovation, with unique service offerings by following the best medical practices, striving to continue medical excellence and implementing the latest technology in line with the Kingdom's Vision 2030.	Patients served 5.3m+	Sub-specialties 60+ <div>Risk Nos. 2, 5, 7 & 10 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>
 Maintain position as leading brand in the market	Stand out as a leading brand across the MENA region by expanding in-house capabilities, meeting the highest standards of patient safety, investing in the latest cutting-edge medical technologies, engaging highly competent healthcare practitioners and focusing on continuum of care to reinforce the Group's market position.	Number of beds 1,900+	Number of medical facilities 22 <div>Risk Nos. 4, 5, 7 & 10 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>
 Accelerate the digital patient experience	Reinforce market leadership and reputation as a trailblazer in the Kingdom for digital patient experience, building capabilities and technologies to provide better and faster care at every step of the patient journey through continuous innovation and improvement.	Digital hospitals 10	Patient interactions 500m+ <div>Risk Nos. 3 & 7 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>
 Expand to new locations	Increase our global and regional footprint through organic growth while considering inorganic opportunities. Utilize land bank to establish and operate medical facilities across the GCC. The Group aims to build on the increasing scale of its operations to achieve economies of scale.	Upcoming hospitals 8	Upcoming medical centers 5 <div>Risk Nos. 2, 3 & 9 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>
 Increase operational efficiency	Increase effectiveness of health practitioners and continue to implement a value engineering approach with technology-led operational efficiencies. This will improve performance and serve a large number of patients across the Group's facilities.	EBITDA margin 25.7%	Cash conversion cycle 7 days <div>Risk Nos. 1, 6 & 8 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>
 Meet demand in growing sectors and diversify income sources	Broaden our current medical services while exploring new business avenues through HMG Solutions and strategic partnerships with national and international companies to offer a wide range of healthcare digital solutions.	Revenue by segment: 75.8% Hospitals 20.7% Pharmacies 3.5% HMG Solutions	Innovative services: Medical Centers FLOW Medical Solutions Taswyat company <div>Risk Nos. 1 & 7 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>
 Attract and empower talent	Devise and implement multiple and flexible policies to support the needs of healthcare practitioners, invest in human capital, foster learning through cooperative training programs, and provide safe and engaging working environments to be recognized as an employer of choice and a provider of rewarding career pathways for our people.	Staff training hours 450+	Physician retention rate 90%+ <div>Risk Nos. 1 & 8 <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div><div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div></div></div>

Key Performance Indicators

We monitor our performance against key metrics and use them to demonstrate the success and gauge the progress against our strategy.

During 2022, we continued our sound growth by improving our margins and maintaining a strong balance sheet and cash flow positions.

Strategic priorities

Provide integrated healthcare services	
Maintain position as leading brand in market	
Accelerate the digital patient experience	
Expand to new locations	
Increase operational efficiency	
Meet demand in growing sectors and diversify income sources	
Attract and retain highly qualified physicians	

Financial KPIs

EBITDA margin

EBITDA margin is the reported EBITDA of the Group as a percentage of Group revenue.

26%



2022 performance

The Group maintained its EBITDA margin. It reflects the Group's ability to achieve high-cost efficiency, while continuing to expand its market share.

Link to strategy



Return on equity (ROE)

ROE is equal to a fiscal year net income divided by shareholder equity expressed as a percentage.

29%



2022 performance

The Group's ROE enhanced primarily due to increasing patient-base driven by the demand for the Group's innovative and quality healthcare services. Group's hospital in Khobar has been performing significantly well during its ramp-up phase.

Link to strategy



Debt/equity (D/E)

D/E is indicative of the relative proportion of shareholders' equity and debt used to finance the Group's assets.

59%



2022 performance

The Group's leverage ratio is healthy and comparable to the industry's average. It increased due to the growth and expansion of the business, financed partly through loans.

Link to strategy



Earnings per share (EPS) in SAR

EPS is calculated by dividing the income by the weighted average number of ordinary shares outstanding during the year.

4.72



2022 performance

The 20% increase in EPS was primarily driven by operating profit growth during the year.

Link to strategy



Dividend payout

Dividend payout ratio measures the percentage of net income distributed to shareholders as dividends.

74%



2022 performance

The Group has a history of maintaining a healthy dividend payout ratio for its shareholders.

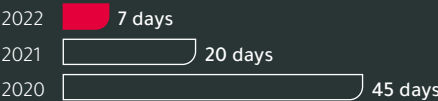
Link to strategy



Cash conversion cycle (CCC)

CCC represents the number of days taken by the Group to turn its resource inputs into cash.

7 days



2022 performance

The Group's CCC of 7 days, reduced by 65%, is shortest in the industry. Its proactive collection process, sound working capital management and strategy towards insurance clients are key to its CCC.

Link to strategy

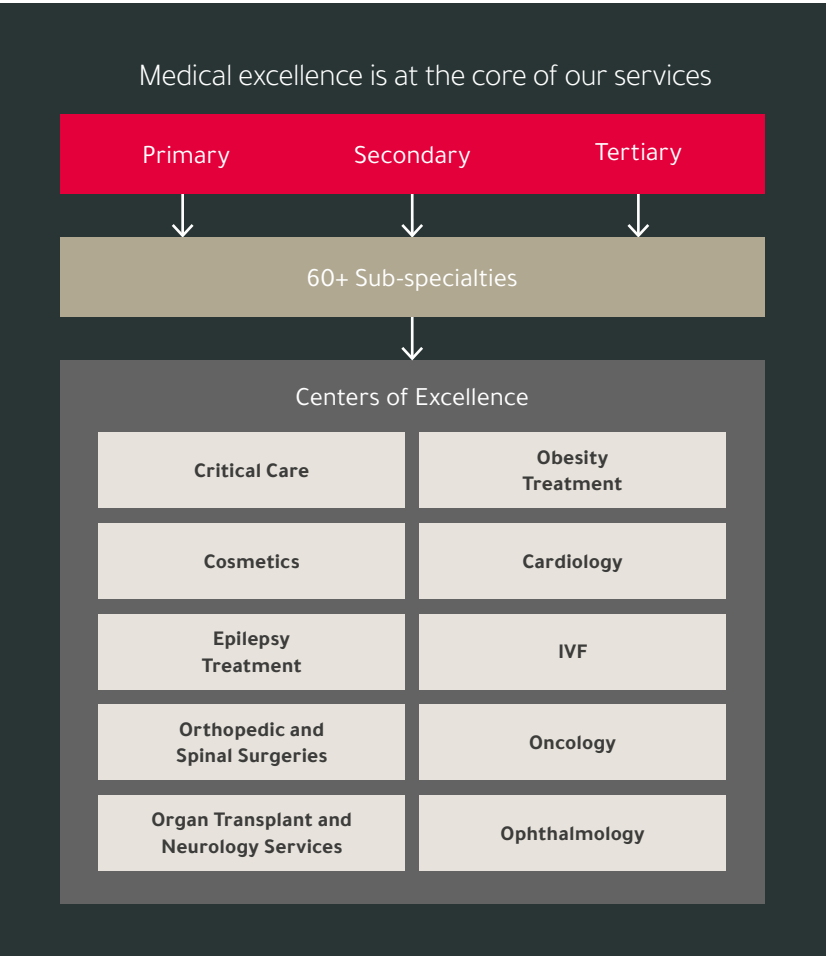


Hospitals and Healthcare Facilities

It has been an outstanding year for our hospitals and medical facilities, as we delivered on our promises of growth and innovation in 2022. From medical expertise and pioneering procedures to world-class training and historic agreements, and once again shown why we are the region’s leader in healthcare provision.

Every step of the way in 2022, we have laid new milestones and achieved global recognition for efforts and the quality of care we have provided to our patients. There has been an exponential increase in the number of patients, and we have optimized our efficiency on the delivery of their care. Our investment in digitization initiatives has paid dividends in enabling early discharge and shortening admissions, while increasing patient satisfaction and providing better value. Our expansion, care optimization, efficiency and effectiveness have made 2022 a landmark year for HMG.

As we continue to diversify our services, we now employ more than 14,000 dedicated staff, including 3,200+ physicians, providing a comprehensive range of healthcare services and solutions. We have in excess of 1,900 beds in our hospitals and medical facilities across Saudi Arabia and the UAE, where we treated in excess of five million patients in 2022. We have not only met our growth targets, both in terms of numbers and quality of care, but we have surpassed them on a monumental scale.



5.3m+	3,200+	22
Patients	Physicians	medical facilities
60+	500m+	1,900+
Subspecialties	App interactions	Beds

Operating Review (continued)

Strategic evolution

The evolution of HMG's medical services through the years has always been derived from well-defined strategic pillars. In HMG, we focus in providing services in a manner that enhances the patient experience and safety, to deliver a standardized care that aligns with international standards, to provide the services in an efficient way, and to continuously innovate and incorporate technologies to enhance care.

Patient experience

In 2022, HMG launched several initiatives to enhance the experience of our patients, carefully optimizing our services based on feedback and best practices to align with and exceed our patients' expectations. Introducing new services, which received wide acclaim from our patients. Furthermore, we launched an instant online platform connecting our patients in critical care and their beloved families with our medical teams. We are using technology to augment the experience of patients and their families every day.

Patient safety

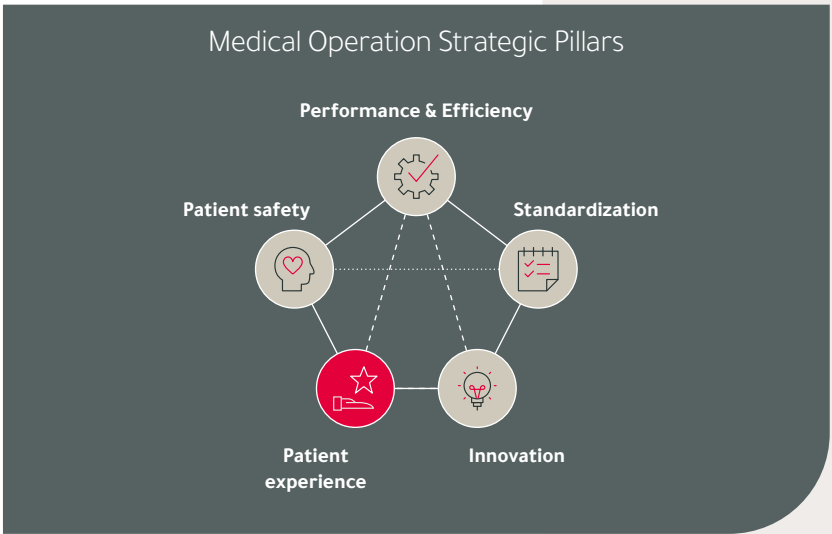
Enhancing the safety of our patients at every moment in their care journey with HMG has always been an integral part of our focus in medical services. Continuing our success as a leader in the private sector, HMG artificial heart and lung program is one of many sophisticated services that increases our confidence in the advanced quality care we provide to our patients. Our hospitals have been recognized by the Patient Safety Movement Foundation for implementing their International Patient Safety strategies to minimize preventable patient harm.

Standardization of care

We work tirelessly to ensure that all services provided by HMG are standardized by meeting widely acceptable international standards. HMG actively monitors the ongoing transformation in the healthcare sector and has started the journey of transition to Diagnostic Related Group (DRG) by implementing a program for standardizing medical services through information and analytics. The Group is also actively participating in setting the foundation for the National Value Based Healthcare (VBHC) in collaboration with Council of Health Insurance.

Performance & efficiency

We significantly reduced the admission waiting time for our patients and ensured their timely discharge from our hospitals enabling us to maximize resource utilization. Our Patient Care Technician Program is actively contributing towards our commitment to continuously enhance the efficient utilization of our nursing resources.



Innovation and technology

One of our key focus areas for 2022 was to increase the use of technology, not only in our healthcare provision but also in our interaction with patients. Ultimately, HMG is a dynamic organization, finding new care solutions with state-of-the-art medical processes and procedures by integrating and enhancing the use of technology.

As a leading healthcare provider, we remain focused on providing seamless, integrated medical experiences for our patients through procuring and implementing cutting edge innovative technology to provide optimum quality of care. We have achieved remarkable feats in 2022 by implementing some of the most advanced procedures in modern medicine, including artificial intelligence software for breast cancer screening and the TELE-EEG service that enables the neurologists to remotely interpret studies of brain electrical activity even while patients are in the comfort of their own homes.

Medical excellence through pioneering and complex treatments

In 2022, we have made great strides and proud of several breakthrough programs and procedures that are considered a landmark in our ongoing medical excellence journey.

A major advancement in neuro-services in HMG has been evident this year. As we, in HMG, believe in our team of experts, advanced neurosurgical procedures and unique epilepsy surgery programs were performed with extraordinary successes.

Building upon our success stories in providing the best cardiovascular services, we were able to raise the standards of care in 2022. Our Telecardiology Program is providing a state-of-the-art service to the patients that have suffered from heart attacks to ensure optimum and timely delivery of care. Advances in minimally invasive cardiac surgeries in HMG has demonstrated our success.

HMG has always been recognized by the provision of outstanding orthopedic services and the success story continued in 2022. Our patients benefited from unique life changing procedures performed by our highly qualified medical teams. In addition, the HMG Transplant Center successfully performed kidney transplant procedures this year.

Brain surgery at Al Khobar Hospital

An expert team of invasive brain and spine surgeons performed a craniotomy on a fully conscious patient at our Al Khobar Hospital. The 67-year-old underwent three-hour surgery, through pioneering technology and using microscopic tools to enable the surgical team to successfully locate and remove a tumor. The patient made a full recovery and was discharged a few days later.

Critical brain surgery on a baby at Al Takhassusi Hospital

Specialist surgeons at our Al Takhassusi Hospital performed critical brain surgery on a 20-day-old infant suffering from bleeding and fluid on the brain, which might cause severe disabilities in infant development if not treated. The procedure removed the excessive fluid in the brain and the baby was transferred to ICU where his condition improved significantly.

Emergency surgery on a three-year-old child at Al Qassim Hospital

Surgeons at our Al Qassim Hospital performed potentially life-saving surgery on a three-year-old child suffering from severe bleeding in the left lobe of the brain. The child was operated on immediately in a seven-hour procedure which successfully stemmed the bleeding.

Complex heart surgeries at Al Rayan Hospital

Surgeons at our Al Rayan Hospital carried out highly complex keyhole operations to treat two patients with acute coronary artery blockages. The arteries were cleared and reconnected in the surgery, which is considered one of the most sophisticated and challenging heart operations as it uses minimally invasive techniques. In traditional artery bypass graft surgery via the sternum, the surgeon makes a large cut on the chest through the breastbone.

Al Khobar Hospital restored young man's ability to walk

A pediatric orthopedic, deformities and injuries team at our Al Khobar Hospital performed complex leg surgery on a 16-year-old boy to treat a blood flow condition, which made him unable to walk. The operation was the first of its kind in Saudi Arabia's private sector, which successfully restored the flow of blood and cartilage pieces were grafted, enabling the boy to walk only a day after the operation.

Shoulder balloon implants at HMG Dubai Hospital

HMG Dubai Hospital performed the first InSpace Shoulder Balloon implantation in the UAE. The process, used for patients with irreparable tear in shoulder tendons, involves implanting a biodegradable balloon which helps with greater movement. The procedure was life-changing for the 52-year-old patient, who regained greater mobility and was relieved of the chronic pain he had been suffering.

New people, new partners, new praise

HMG continues to raise the standards of medical care across the Kingdom of Saudi Arabia and value creation for all our stakeholders. Our achievements in 2022 were both bold and comprehensive.

Strategic partnerships

HMG's subsidiaries, Cloud Solutions and Taswyat, signed a cooperation agreement with Lean Business Services to link hospitals and insurance companies through the "NPHIES" insurance platform. Through unified health data, insurers are able to access and assess medical records, reducing the cost and time of providing health insurance services and add efficiency and transparency to overall process.

In recognition of HMG as the most advanced healthcare provider in Saudi Arabia, the organization's FLOW Medical Solutions signed a Memorandum of Understanding with King Saud Medical City to provide technical and engineering consultancy services in the field of healthcare technology solutions.

Emphasizing its international prominence, HMG also signed a Memorandum of Understanding with the Ministry of Health and Direct Investment Fund of the Republic of Uzbekistan for vital collaboration in hospital management and operations, digital health and education and training. Moreover, HMG and the Mauritanian Ministry of Health signed a consulting services contract, which includes the management and follow-up stages of design, development and operation of the King Salman bin Abdulaziz Al Saud University Hospital project in Nouakchott, Mauritania, which is funded by the Saudi Fund for Development (SFD) for USD 55 million.

For the third year in a row, as well as acting as the strategic medical sponsor for the Riyadh Season, HMG provided all onsite healthcare services to the festival's visitors. This mutually beneficial partnership is part of an exclusive agreements signed this year to continue as the medical sponsor for this landmark event and others.



Operating Review (continued)

Reinforcing its commitment to innovation in rapid critical care, HMG and Dubai Corporation for Ambulances signed a partnership agreement to promote advancements in technological innovation and medical emergency services.

Awards & recognitions

HMG continues to receive national and international recognitions for our provision of world-class healthcare services, commitment to medical innovation and consistent delivery of patient satisfaction. In 2022, our outstanding best-practices and dedication to continuous medical, technical and administrative development received global acclaim.

Among the highlights was the Group winning one of the most prestigious international awards, the MENA Stevie Gold Award for Innovative Management in Health Care Industries.

In 2022, HMG won two awards at the Council of Health Insurance (CHI) Excellence Awards for ‘Best Customer Services from Healthcare Providers’ and ‘Best Insurance Transactions on NPHIES Platform’.

All of HMG’s hospitals in the Kingdom also received accreditation from the Healthcare Information and Management Systems Society and received EMRAM Stage 7 classification, the highest for electronic medical record systems in healthcare facilities.

Furthermore, HMG is the first hospital in the Kingdom to receive a license from the Nuclear and Radiological Regulatory Commission to use mobile x-rays outside the hospitals. The new service caters to elderly patients as well as patients with underlying medical issues who have difficulties in transferring to hospitals.

During the eighth International Stroke Conference, the Neurosurgery Center at our Al Olaya Medical Complex received Primary Stroke Center Certification from the American Heart Association, in cooperation with the Middle East and North Africa Stroke Organization.

In addition, the Nuclear Medicine Center at our Takhassusi Hospital received international accreditation for the seventh consecutive time from EARL European Association of Nuclear Medicine (EANM).

Our hospitals also received accreditations from the Surgical Review Corporation (SRC) Center of Excellence Program across a number of departments, including IVF, orthopedics, spine, endoscopy and urology. SRC is a leading institution that develops and administers best-in-class accreditation programs for medical professionals, surgeons, and hospitals to enhance the levels of safety, efficiency and effectiveness.

Commitment to Saudization and Alignment with Vision 2030

HMG’s philosophy of providing medical excellence and the highest standards of patient care has always aligned with Saudi Vision 2030 and always will. Our diversification of services and commitment to both adopting and pioneering new ways to extend lives plays a major part of the Vision.

Our public-private partnerships with government programs have proved highly beneficial, and we have continuous engagement and support from the Ministry of Health.

Our expansion and positive recruitment policy to hire Saudi personnel has been highly successful, with more and more roles being filled by nationals in all fields. This has resulted in four out of every ten positions across HMG being held by Saudis.

Future projects

HMG continues investment in the future and fulfillment promise to care for the people of Saudi Arabia and the wider region. The Group signed lease contracts as we plan to construct, operate and maintain new hospital on the allocated land in Tabuk and Madinah, in addition to our hospital projects in Riyadh, Jeddah and Kharj, which are progressing as per plan.

Our two new hospitals, Shamal Al Riyadh and Gharb Jeddah, are expected to open by end of 2023. We also completed construction of medical center in Digital city, expected to open in 2023, and the other four state-of-the-art medical centers in Riyadh and Qassim are on track to be completed by 2024.

The Group expanded the scope of its under construction Medical Center at Al Hamra district in Riyadh by elevating it into a hospital, in order to offer a comprehensive range of services to its patients under one roof.

Driving people and practices in 2023

In order to maintain our competitive advantage and widen the gap over other healthcare providers, we must continue to invest in our future and provide even more resources for our hospitals and medical facilities. Our commitment to that in 2023 will cover all aspects of our operations, from the expertise of our people to the optimization of our processes and the introduction of new specialties. We will also continue to enhance and refine our cutting-edge technologies implemented across our facilities.

In line with our commitment to continuously elevate patient care, we will introduce a series of programs designed to drive even greater efficiency and optimization, ensuring our patients continue to have a seamless experience from booking appointments to receiving treatment and discharge from our hospitals.

Major Accreditations



Growing portfolio of hospitals

Shamal Al Riyadh (North Riyadh) Hospital

100%	SAR 2.2bn	500	● Land
Ownership	Construction cost	Beds	● Design
2023	SAR 659.5m		● MoH License
Expected completion	Land cost		● Excavation
			● Construction



Gharb Jeddah (South West Jeddah) Hospital

50%	SAR 1.5bn	330	● Land
Ownership	Construction cost	Beds	● Design
2023	SAR 132.6m		● MoH License
Expected completion	Land cost		● Excavation
			● Construction



Maternity and Pediatric Hospital (New Takhassusi Expansion)

100%	SAR 391m	145	● Land
Ownership	Construction cost	Beds	● Design
2024	SAR 80.8m		● MoH License
Expected completion	Land cost		● Excavation
			● Construction



Al Muhammadiyah (North Jeddah) Hospital

100%	SAR 1.5bn	350	● Land
Ownership	Construction cost	Beds	● Design
2024	SAR 243.5m		● MoH License
Expected completion	Land cost		● Excavation
			● Construction



Sehat Al Kharj Hospital

100%	SAR 427.8m	141	● Land
Ownership	Construction cost	Beds	● Design
2024	SAR 30.2m		● MoH License
Expected completion	Land cost		● Excavation
			● Construction



Al Hamra Hospital

100%	SAR 470m	90	● Land
Ownership	Construction cost	Beds	● Design
2025	SAR 69m		● MoH License
Expected completion	Land cost		● Excavation
			● Construction



Pharmacies

HMG's Pharmacies continued to grow and invest in 2022, resulting in a significant rise in the number of customers, more diversified services and an outstanding increase in revenue. With a philosophy of providing the most effective care and convenience, we continue to position ourselves as a regional leader in the sector, synonymous with progress, quality and trust.



27.2%

Pharmacy revenue Increase

20.7%

Contribution to HMG revenue

Two-tiered growth

Following the Group's strategy of expansion through both scope and volume, we assessed various new avenues to harness growth and our focus on non-prescription services helped us to achieve a 27.2% increase in our revenue compared to 2021. This was not only an outstanding accomplishment in its own right, it also reflected our contribution to HMG's total revenue, which rose from 18.7% to 20.7%.

As well as exceeding expectations in our financial targets, we delivered on the goals we set in 2021 to reach a wider customer base beyond our presence in Riyadh, Khobar, Qassim and Dubai. Last year we succeeded in that, opening new branch in Takhassusi in Riyadh in addition to Dubai, bringing the number of pharmacies to 19 across Saudi Arabia and the UAE.

Performance progress

The progress of HMG Pharmacies has been making tangible progress against its KPIs, with reductions in the average waiting and service times, and improved regulatory compliance.

The primary goal of HMG Pharmacies is to provide sustained, safe, high-quality pharmacy care services to our patients and customers. We aspire to set new benchmarks and realize those ambitions in every aspect of our business. In 2022, we succeeded in substantially increasing our refill revenue, a major achievement in both organizational efficiency and patient satisfaction. This perfectly mirrors one of the Group's key strategies, to increase availability of the required medication within a specified period.

Cycle of success

Our vast range of services, and professional skills put us at the forefront of the sector in the region. From clinically reviewed prescriptions by qualified staff to dedicated home delivery teams, we encompass the entire pharmacy cycle. We have fostered excellent relations with vendors and we have a strong purchasing power and work closely with regulatory bodies, including the Saudi Food and Drug Authority, the Ministry of Health and the Council of Health Insurance.

Our pride In Saudi Vision 2030

Education featured heavily in 2022, with our Interns Training Center nurturing the next generation of regional pharmacy experts and professionals. We also took our experience to patients and the public to improve the wellbeing of the population by participating in public health activities and programs, such as Riyadh Season. In addition, we provided counselling to patients on the use of drugs, possible side effects, adverse reactions and toxicity, highlighting the importance of safety with any medication.

With regards to Saudization, in line with our contribution to Vision 2030, 35% of our pharmacists are now Saudi citizens.

2023 - A year of ambition

Building on the excellent results for HMG Pharmacies in 2022, the coming year promises to be even more progressive and impressive, including the opening of 10 new branches.

We will continue to prioritize service and experience, with our customers' and patients' time and satisfaction always front-of-mind. To that end, we plan to introduce a self-checkout system for non-prescription drugs, saving costs and adding convenience.

As each year passes, we make greater and greater strides towards our vision; we have the drive, expertise and acumen to be the most reliable and trustworthy pharmaceutical chain providing unrivalled quality services to the entire population in Saudi Arabia and beyond.

HMG Solutions

HMG Solutions continued to grow, diversify and create value for our Group during 2022, building capabilities and extending into new service areas and geographies. Complementing and supporting our hospitals, healthcare facilities and pharmacies, our portfolio of highly specialized subsidiaries - Cloud Solutions, Medical Diagnostic Laboratories, Home Healthcare, FLOW Medical Solutions and Taswyat Management Company - are driving innovation and contributing to a higher standard of healthcare in the Kingdom.

KPI's Measure Performance

25

Delivered/Completed projects

7

New clients

27

Ongoing projects

3

New cities



Cloud Solutions

As advances in healthcare provision across the world are driven by increasingly-sophisticated innovation, HMG's Cloud Solutions expanded, innovated and integrated even further, in terms of both geography and technology, for accelerating scope and impact.

With an overarching strategy of communication, connection, cooperation and collaboration, Cloud Solutions is committed to improving patients' welfare through pioneering network engineering, centralized points of contact and accessible records. And in 2022, we strengthened our role as a mainstay of HMG's technology infrastructure, while expanding our footprint of expertise through customer reach in new cities and market share.

The results were even more impressive than the ambitious goals we set ourselves: 18 completed projects for HMG, seven completed projects for non-HMG organizations, 27 ongoing projects and seven new clients, including the Ministry of Defense and Ministry of Energy. Boosting healthcare quality and patient experiences, improving operational and staff efficiencies and reducing the costs of care have reinforced our position as an integral element in HMG's digital aspirations and achievements.

The vast majority of our KPI's in 2022 were met and in many cases exceeded, with a strong emphasis on project completion and new accounts, helping us to increase brand awareness and play a more active role in the industry.

Operating Review (continued)

Innovation and Expansion

The health sector’s use of Cloud Solutions technology has grown exponentially, with services such as VIDA, the most widely used locally developed electronic health record system in the Kingdom, currently operating in 55 sites. Vida’s success maintained its place as one of our leading products, reaching an additional three hospitals in two new areas, catering to an extra 1,300 beds.

The Revenue Cycle Management process (Cyclus) is now maximizing cost-efficiency in 10 sites and Synapses Tele ICU, the integrated monitoring solution, is playing a vital role in saving lives across 10 sites. Since the implementation of Synapses, records show a significant improvement in intensive care mortality rate and a decrease in the average length of stay in ICU. Cloud Solutions’ patient-welfare technology is having a dramatic effect on the quality of healthcare and the efficiency of the institutions which employ it.

These cutting-edge technologies ensured that Cloud Solutions broke new ground in 2022, with a presence of more than 50 existing and ongoing digital projects across Saudi Arabia, three hospitals in the UAE and one hospital in Bahrain, plus significant research and development facilities in Jordan and Sri Lanka.

Boosting our key outreach strategy, Cloud Solutions has attracted support from key strategic global partners operating both domestically and in new markets, such as Google, Hewlett Packard, Red Hat, Mobily, OSOS and Lean, potentially adding even more avenues for growth and innovation.

Committed to Vision 2030

In everything we accomplish and strive to achieve, Cloud Solutions aligns itself with Saudi Vision 2030 in terms of healthcare, technology, transparency and efficiency. We are committed to strengthening compliance and the application of quality and safety standards in all health practices and seek to empower patients by providing them with personal care products to assist them in making better health choices, raise levels of health education, and allow more interaction with the health system.

Our technology integration and data communication comply with many facets of the Vision in its capacity to service business assets as well as healthcare facilities. Our investment in financial and human resource services, supply chain management, cost management and quality control are totally aligned with the goal of greater efficiency and effectiveness of private and public organizations.

Accelerating progress in 2023

The primary strategy for 2023 is to continue to expand our footprint in new technical markets and new areas. Innovation remains at the heat of what we do and we will continually assess new opportunities and improve on the products and services we currently provide.

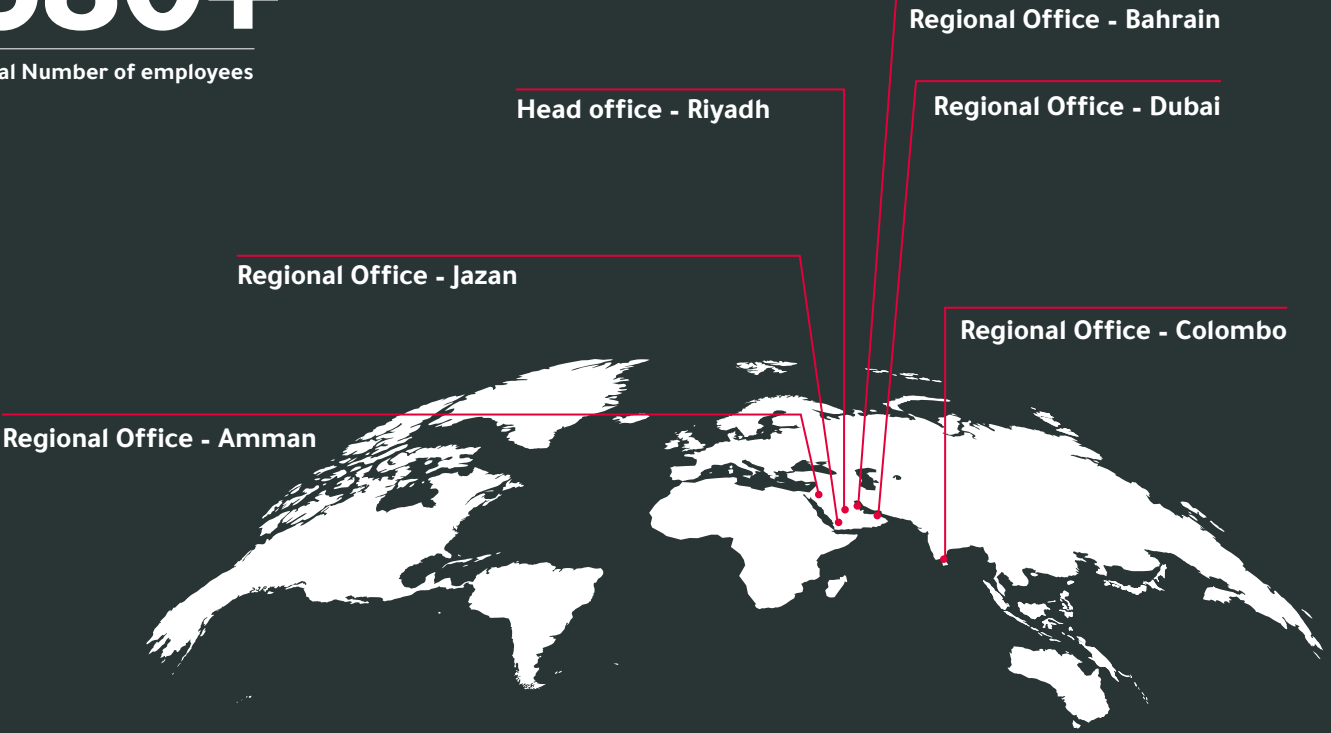
We will build and implement enterprise resource planning software to help our customers manage their day-to-day business activities from accounting and procurement to risk management and compliance. This will run alongside the design and introduction of our assets management system, to drive even greater efficiency.

As we progress in our efforts to set new benchmarks in healthcare technology, we are proud to say that we have made significant advances in hospital and healthcare facilities and ultimately increased the wellbeing and safety of the patients they care for.

Team Presence

580+

Total Number of employees



Healthcare Digital Transformation Added Value

→ Enhanced patient engagement	→ Access to real-time healthcare information
→ Efficient healthcare analysis	→ Increase the efficiency and decrease on cost
→ Improved care to patients	→ Remote patient monitoring
→ Timely assistance	→ Patients out-reach and live care expansion
→ Eliminate human errors	→ Better communication with doctors

We also help clients achieve global accreditations, such as HIMSS Stage 7, JCIA, ACP, ISO and AABB accreditation

Medical Diagnostic Laboratories



HMG's Medical Diagnostic Laboratories business, MD Lab, continued to set new benchmarks in volumes, services, expertise and facilities throughout 2022. Highly-valued external accreditations and a comprehensive range of internal training courses ensured that MD Lab, now in its eighth year of operation, remains a pioneer in the Kingdom's leading clinical laboratories.

With a focus on screening, examining and testing in specialized fields from proteins and cytogenetics to metabolomics and genomics, MD Lab and clinical labs at HMG realized its 2021 prediction of expansion and efficiency, reaching an increase of 11% compared to last year.

11%

Increase YOY of samples collected

8.1/10

Staff satisfaction
4% increase YOY

8.7/10

Client satisfaction
3% increase YOY

60+

Unique tests were fully implemented in-house

Equally as impressive, MD Lab was the first laboratory in Saudi Arabia to obtain the CAP reaccreditation with zero citations, a remarkable result which found no deficiencies in its operations. It is also accredited by the Association for the Advancement of Blood & Biotherapies (AABB).

The progress achieved during the year is further reflected in yet another milestone achievement, as internal and external stakeholder satisfaction rose by 4% and 3% respectively, to 8.1 and 8.7 out of 10, compared to last year.

Helping to bolster those figures, MD Lab's cutting-edge medical technology and expertise means that it conducts many of the tests without the need to send samples outside the Kingdom. This results in a considerable benefit in terms of saving time for patients and cost for HMG.

9

Dedicated workshops

3

Major scientific master classes

3

Centers of excellence

In line with HMG's ongoing investment in technology, MD Lab placed a greater emphasis on automation and digitization with total lab connectivity, enhancement of mobile apps, paperless institution and online purchasing. The results, once again, helped both patients' experiences and enhanced the laboratory's efficiency.

New training courses and education initiatives played a major part in the progress of lab personnel across 2022, including nine dedicated workshops to eliminate waste and enhance processes. In addition, more than 70 short courses were conducted with three major scientific master classes in quality management, hematology and blood transfusion and genomics and genetic diseases.

Combined with the launch of three centers of excellence in digital pathology, genomics and metabolomics, MD Lab is looking to enhance its unrivalled services with an even higher caliber of personnel and achieve even greater growth in 2023.

Home Healthcare Company

HMG's Home Healthcare Company (HHC), which is JCI-accredited, continued to build momentum in 2022, not only increasing the number of patients it served but also launching new initiatives to provide a wider range of services for people in their own homes.

Staffed by teams of high-caliber, highly-experienced physicians and specialists, the Company introduced portable radiology and ultrasound technology to immediately assess and monitor injuries and conditions, enhancing patient welfare and saving both time and hospital resources.

Working with a growing number of Rapid Response Teams (RRT), the introduction of mobile X-ray devices helped HHC medics to establish the nature and severity of injuries with full body images, including limbs, spine and chest. Home based hemodialysis is another unique service provided by experienced nephrologist and nursing team.

The new portable ultrasound technology, was both medically efficient and reassuring for the patients, who were observed from the comfort of their own home rather than attending hospital for routine screening.

Saudi Arabia's increasingly elderly population is driving the need for more mobile facilities and consequently, easier access to their benefits. To address this, HHC partnered with the HMG app in order for patients to select the Company's relevant services. A number of dedicated teams were also established to respond to clients immediately.



Through innovative technology, a broader scope of capabilities and a greater contribution to the welfare of patients in their own environment, HHC continues its contribution to the health of the community and its effectiveness to HMG's facilities. In 2022, a growing number of hospital, out-patient and rapid response referrals were based on home visits.

The Home Healthcare Company has already established itself as a lifeline to many of the Kingdom's casualties and convalescents who have severe and ongoing needs, including those in need of palliative care, the chronically ill and sufferers of mental health issues. Last year, however, HHC's outstanding efforts built upon that legacy even further and helped thousands more to benefit from their services.

FLOW Medical Solutions

FLOW Medical Solutions, HMG's pioneering technical subsidiary, made great strides in its role as one of the leading providers of Engineering Solutions and technical services in the Middle East through a series of sound strategies, new services and solution-driven innovation.

During 2022, FLOW focused on providing innovative solutions to optimize healthcare technology utilization and building future-proof facilities, in line with HMG's ongoing philosophy of implementing the most advanced healthcare technology to improve patients' welfare and enhance their overall experience.

As medical technology inevitably advances at a rapid pace, it poses a huge challenge to understand the complexity in procuring and managing medical technology requiring deep understanding of healthcare processes, technology and technical excellence. FLOW comprehends the need to embrace transformation in the healthcare industry and has the in-depth expertise to anticipate and unlock the potential of medical technology and to help provide the best clinical outcomes and patient experience while keeping focus on its strategic objectives.

As a reflection of that, FLOW formed new alliances in 2022, becoming regional business and technical partner of IK Medical GmbH to provide modular

hospital solutions. It also signed a Memorandum of Understanding with King Saud Medical City to provide technical and engineering consulting services in Healthcare Technology Management for Ministry of Health Central Cluster 1.

FLOW's achievements in 2022 reflect its strategic commitment, launching and localizing new lines of specialized advanced services, including VSCAN Air, a portable handheld ultrasound device, which provides fast and easy access to diagnostic imaging.

FLOW celebrated the winning of ISO 14001:2015 for Environmental Management System and ISO 45001:2018 for Occupational Health & Safety Management Systems Certificates this year, a significant milestone in the organization's success journey after winning ISO 9001:2015 certificate for its quality management system & ISO 13485:2016 certification for Medical Devices and Quality Management Systems in 2021.

These successes were a result of the great efforts that dedicated teams put into developing and updating the organization's internal processes to meet one of the world's most popular standards for environment management. These include all aspects of quality management and customer satisfaction, as well as detailed and rigorously enforced health, safety and environmental protocols across the organization.

40,000+

Total managed equipment volume

SAR 1.2B+

Total managed value

Geographical presence

3

Countries

9

Cities



Taswyat Management Company

HMG's subsidiary, Taswyat Management Company, provides end-to-end healthcare Revenue Cycle Management (RCM) services spanning consultancy, operational and IT solutions.

Taswyat utilizes smart technology to manage the complete RCM workflow, from insurance (credit) contracting, pricing and service mapping, through patient appointment scheduling, registration, approval, diagnosis coding and invoicing all the way to collection and settlement.

Powered by its technological assets and extensive team of professional and licensed clinicians from multiple disciplines, Taswyat also provides claim review, processing and settlement, as well as operational, medical and financial data analysis to support process efficiency across the Group.

During 2022, Taswyat extended its offering to support the diverse needs of public hospitals in the Kingdom, which will drive new revenue to the company and contribute to growth moving forward.

NPHIES Implementation:

A key milestone for Taswyat during 2022 was the vital role it played in the implementation of NPHIES, a National Platform for Health and Insurance Exchange

Services. As a member of Council of Cooperative Health Insurance (CHI) Committee, Taswyat applied its expertise and added value by performing gap analysis and integrating the current pricing structure with the new CHI billing system.

By achieving 100% eligibility integration and 97% pre-authorization integration, the company enhanced the patient journey and enabled automation of many manual processes to significantly reduce patient waiting time and enhance staff efficiency. Claims integration also reached 100%, resulting in paperless claims handling that reduced turnaround time of claims submission to 14 days, tightened the collection cycle to 36 days which is well below market average, and enabled a fully monitored final reconciliation cycle.

Taswyat's outstanding performance during the year was recognized by CHI through two notable awards: "Distinctive Healthcare Provider in NPHIES Platform Transaction for 2022 Award" and "Best Healthcare Provider Customer Services for 2022 Award".

2022 highlights

Finalized NPHIES onboarding and compliance

Reduced claims submission to 14 days

Enhanced AR management to average collection of 36 days

Field Medicine

HMG continued to reinforce its leadership in the healthcare sector by introducing field medicine services to provide urgent yet high-quality care, delivered by a specialized team of medical practitioners applying the latest technologies for enhanced outcomes and patient experience.

Our dedicated medical team of doctors and Emergency Medical Services (EMS) professionals are empowered with knowledge and training to handle a wide range of medical conditions and provide life-saving interventions under challenging conditions.

We provide specialized emergency and pre-hospital care services by benchmarking against international standards and keeping our patients at the center of everything we do.

We embarked on this field medicine services journey back in 2019, with the ability to execute multiple events at the same time by supporting national and international events across the Kingdom.

During 2022, we provided field medicine services at more than 30 mega events in six cities, treating around 35,000 patients with only 20 patients transferred to hospitals.

Our highly qualified medical team, cutting-edge technology, and strong management and governance enabled us to provide services ranging from basic first aid to more complex medical procedures, including wound care, triage, diagnostics with various types of blood test in less than five minutes, x-rays and ultrasounds, tele-consultations with emergency consultants, and evacuation of patients to hospital, when required.



In addition to establishing well-equipped clinics, we assigned fleet of fully equipped ambulances, RRT cars and golf carts, which collectively provided more than 30,000 hours of service during 2022 in key locations and large-scale events across Saudi Arabia.

Based on the high-quality of care and consistent services provided, we have been selected as the exclusive strategic medical sponsor of National Events Center (NEC) to provide integrated urgent care services to the visitors, participants and organizers of the wide range of events.

30+	35,000+
Events Covered	Patients Treated
800+	3,200+
Procedures Performed	Prescriptions Issued

Attracting and retaining top talent

Our people are the greatest drivers of our success, innovation and expansion. Their contributions and commitment over the years have helped to make us one of the largest private healthcare providers in the Middle East and it is our investment in every employee which continues to widen the gap between ourselves and our competitors. In 2022, we provided more opportunities than ever to improve their learning, broaden their skills to realize their potential.



Over the last year, HMG's strong workforce of more than 14,000 maintained focus and delivered exceptional services and a more diverse portfolio, reinforcing the Group's position as an employer of choice in private healthcare sector in the Kingdom. Our team of over 3,200 highly skilled physicians lie at the heart of our continued ability to expand and deliver unrivalled patient care across 22 medical facilities.

As a Group at the forefront of healthcare provision, the success of our people is ultimately determined by the quality of care and the effectiveness of our services to the patients we serve. To ensure that we achieve their greatest satisfaction, our HR strategies employ a continuous program of training and education, reinforcing our greatest strengths and addressing our challenges. With systematic and pragmatic strategies of integrity, safety, patient-centered care, excellence, teamwork and efficiency, we have implemented new initiatives and witnessed highly positive results throughout the year.

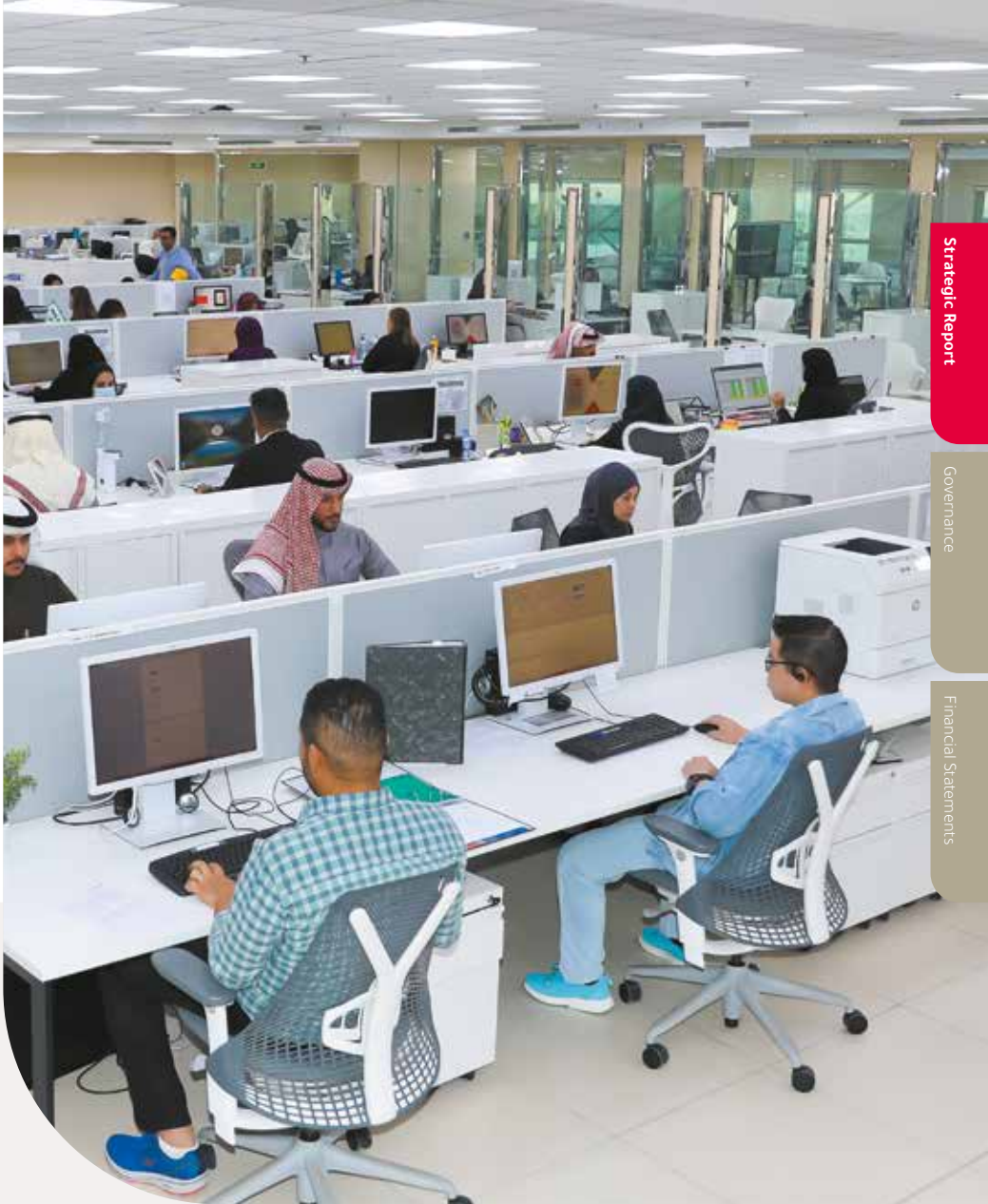
Thanks to our people, who have a sense of duty, a devotion to care and a belief in the culture of learning that we made such giant strides forwards in 2022.

Our people strategy

Our fundamental objective in 2022 was to maximize our employees' prospect for personal growth and increase their contributions to HMG success through tailored training, empowerment and responsibility. This will reinforce HMG position being an employer of choice, a center of excellence for healthcare and an ethical, safe and respectful workplace, which we reinforced and enhanced throughout the year.

We emphasized the importance of building interpersonal relationships, promoting team work and collaboration. As always, employee satisfaction, the level of engagement and staff wellbeing are all vital to increasing motivation, productivity and commitment.

The overarching vision of our HR strategy is to achieve the transition from being a 'service provider' to an innovative 'strategic business partner' that is recognized as a preferred employer within our sector. HMG's main objective in this regard is to build a living organization that celebrates success, continues to learn and resiliently overcomes challenges. Central enablers of this approach include our ability to maintain an agile and competitive organizational structure, including through digitalization; promote the power of the HMG brand whilst strengthening our talent sourcing channels; achieve productivity by expanding internal expertise; and create an inclusive culture that rewards professionalism, performance, commitment and innovation.



By leveraging our experience and scale, HMG also seeks to leverage potential talent by delivering multiple programs to develop skills, competencies and knowledge. Notable successes achieved in the pursuit of this vision in 2022 include HR process improvements, enhanced online services, an expanding rewards and remuneration program, and further training and professional development.

A strong culture built on our values

A unified belief in the Group's core values and the culture which provides an opportunity for every member of the workforce to flourish is at the heart of our organization. The combined desire to grow as an individual as well as a group is evident in action as well as attitude, and the respect for each other and dedication to healthcare is obvious. We have an ethical, ambitious and dynamic workforce whose ultimate goal is to grow with HMG.

HR Initiatives in 2022

HMG maintained focus on empowering, educating, training and engaging its employees through a wide range of market-leading programs, scholarships and eLearning platforms. These initiatives have been designed and developed internally by partnering with well-known academic and training providers.

In 2022, we launched two programs under **Himmah**: the Himmah Engineering program, the first of its kind in the region, and New Leaders Program, the largest of its kind in the Saudi private healthcare sector. These programs aim to support career progression and further strengthen our staff's professional capabilities. Through greater knowledge and skill development, we help them to grow into greater responsibilities and ensure readiness of successors for critical positions to support business continuity, operational stability and the rapid growth of HMG.

Our People (continued)

Regardless of position, we take pride that every employee has the chance to advance their careers with HMG.

In terms of building a talent base with expertise and experience, hiring new talent is crucial. This not only fills primary gaps and gives room for expansion; it also has the trickle-down effect of passing on new knowledge and providing opportunities for training. To this end, we provide an all-in-one hiring platform and video interviewing software that meet hiring needs and powered with AI and cutting-edge technology for swift hiring of employees. This will automate the entire recruitment process, supporting our ambition to hire an additional 10,000 employees over the next three years.

As we strive to build on our previous HR successes, inspire and innovate new ways to work, we not only introduce, but refine our tools and practices. In continuing our enhancement of **Mohemm**, the comprehensive online platform developed by Cloud Solutions to streamline HR services and support talent management. We also launched a digital onboarding and e-learning platform for all staff, supporting HMG's commitment to continued professional development and remain connected to employees remotely.

HMG also has more than 120 agreements with restaurants, cafes, boutiques, schools and other partners to offer discounts to HMG staff and their families, as well as periodic temporary benefits.

Recruitment, retention and education
Our new recruits and existing employees are constantly encouraged to participate in a variety of courses and training programs to increase their contribution to HMG, as well as further their knowledge and enhance their career and prospects of promotion within the organization.

In 2022, HMG launched the largest scholarship in the Kingdom's private healthcare sector for physicians. The program will help our physicians develop their capabilities and raise quality of the healthcare system in the Kingdom while strengthening the research and innovation system and raising its global competitiveness.

We signed an agreement with the Ronald Reagan Institute of Emergency Medicine at George Washington University to advance the careers of emergency medicine physicians, building capacities in research, education and leadership.

We celebrated the graduation ceremony of the first batch and started to accept application for upcoming batch from HMG and across the Kingdom.

The future of medical excellence at HMG lies in training and educating new specialists and upskilling those who are already the mainstay of our care and treatment. In 2023, we will forge agreements with more world-class hospitals and globally renowned universities to further our ambitions.



Staff

14,000+

Number of HMG employees

90%+

Physician retention rate

Physician qualifications

39%

Western (including North America and the UK)

42%

Other

19%

Saudi Arabia

36%

Percentage of Saudi nationals in workforce

450+

Training hours in 2022

75+

Nationalities

2,000+

Employees trained in 2022

Prioritizing individual development

HMG is dedicated to serving the interests of our employees by advancing their professional development through various training and leadership programs.

Our Training Center also provides courses to cultivate and promote project management and soft skills. The HMG Training Center implemented more than 20 training courses for more than 2,000 employees in 2022, delivering more than 450 training hours over the year.

Committed to Saudization

Through a series of targeted training programs and workshops, we increased our efforts to establish HMG as a Saudi-centric organization in alignment with the goals of Vision 2030, in particular the upskilling of young Saudi nationals.

To this end, 2022 was an excellent year for our Saudization program, where we achieved the Saudi employment rate of our workforce to 36%.

Future progression

Next year, HMG will assess, redesign and ultimately transform the performance management framework to hone productivity and reinforce the organization with safe and healthy working environment and performance and results-driven culture. This will identify any need for improvement and increase our

employees' collaboration and communication through planning, monitoring, reviewing and rewarding. New KPIs and Service Level Agreements will be launched for Corporate HR, whereby clear performance targets will be defined and further strategies drawn up for customer, internal and external stakeholders.

We will maintain our commitment to training for our staff through e-Learning platforms, providing them with even greater opportunities to broaden their skills-base and open the doors to more senior positions.

As one of the most recognized healthcare providers in the region, it is essential that we continue to promote HMG as a trusted, caring leader and we are working on an internal communications strategy to enhance the HMG brand, both within the organization as well as with external customers and associates.

The culmination of all our programs and initiatives will reinforce HMG's position as an employer of choice for our industry in the Kingdom, providing a healthy working environment and attractive opportunities for all our people to develop and thrive.



MOHEMM: Connecting, supporting and engaging our talent

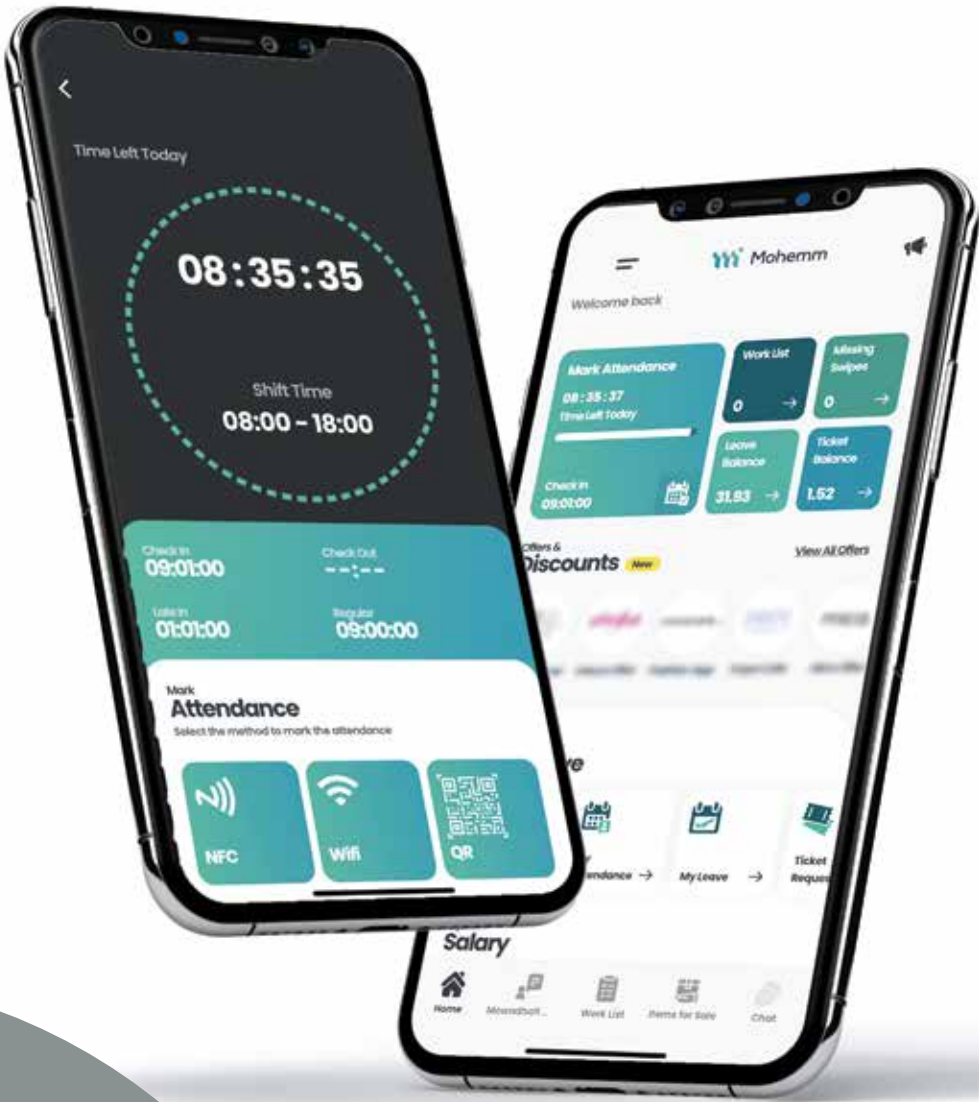
HMG continues to drive innovation to reinforce its reputation as an employer of choice for top talent in the healthcare sector. Our market-first, MOHEMM application gives all employees access to a wide range of self-services and supply chain services, anywhere and anytime.

Accessible both on the web and through a dedicated mobile app, MOHEMM provides 120 services to enhance their personal and professional lives. Ultimately, it empowers our employees and enhances their quality of life, which leads to happier, more engaged people providing care and services across our Group. MOHEMM app was among our products recently presented at GITEX 2022, as a Saudi-made product under the supervision of the Saudi Exports Development Authority.

During 2022, we upgraded Mohemm to the latest Flutter technology, successfully launched the desktop version and launched the Huawei version of the mobile app. 20 new services were added to both the mobile and desktop versions, adding increased capabilities for all users during the year.

-  Attendance service
-  Salary and payslip
-  Team members' information








-  Tickets request and Leave services
-  PR/PO/MR requests







Automation and process re-engineering of HR services through the MOHEMM app resulted in downsizing of HR operational staff by more than 30%. Moreover, it resulted in enhanced employee experience through:

- 24/7 accessibility to HR services from any location
- Easy process and faster service
- Paperless environment
- Better tracking and follow-up mechanism
- Shorter approver cycle
- Digital employee and business card
- Access to exclusive offers and discounts

With over 14,000 HMG employees across multiple facilities carrying out over 180 million transactions per year, the success of MOHEMM so far has been astounding. It has delivered exceptional impact for our company, employees and patients, including:

-  Streamlining of HR
-  Reduction in cost
-  Improved employee productivity
-  More rapid response
-  Increased employee satisfaction
-  Simplified decision making with enhanced reports
-  The gateway to exceptional employee services

MOHEMM will continue to evolve over the years ahead based on user feedback to be-come the go-to application for all our employees to access a comprehensive range of professional and lifestyle benefits every day. Planned upcoming additions include:

-  Chat solutions
-  Weekly brain marathon
-  Recruitment portals and archiving management systems
-  Door access

Committed to Sound Risk Management

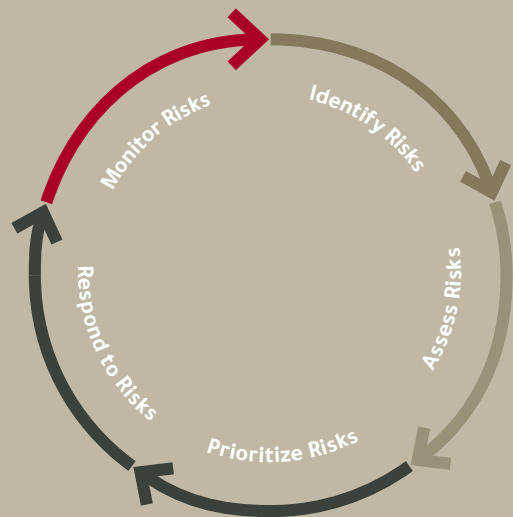
In a rapidly evolving economic, technological and regulatory healthcare landscape in the Kingdom and around the world, an effective risk management framework and culture are critical to overcoming challenges and staying ahead of the curve.

HMG’s risk management framework is deeply embedded across different levels of the Group. Through its sound systems and processes, HMG is well positioned to minimize risks and overcome challenges posed by macroeconomic changes, while supporting its patient-centric care, patient safety and ensuring regulatory compliance.

The Group has devised strategies and plans to improve its processes and mitigate the impact of identified principal risks. The responsibility of establishing risk management processes and systems of internal control to address those risks lies with the Board of Directors. The Board strongly believes that implementing efficient and effective risk management benefits the Group and its stakeholders by helping it to achieve strategic and operational objectives while increasing HMG’s value and sustainability.

This responsibility is handled by the Board by delegating it to its sub-committees, namely:

- Audit Committee
- Patient Safety and Quality of Care Committee
- Executive Committee.



Risk Management Methodology

Enterprise risk management at HMG allows the Group to proactively and systematically safeguard patient safety, market share, Group assets, brand value and accreditations. HMG has therefore established an integrated and effective risk management framework, through which significant risks are periodically.

- Identified and assessed - to determine each risk’s relevance and potential to hinder progress towards the Group’s strategic and business objectives.
- Prioritized - to optimize resources and help the Board and Management make well-informed decisions.
- Responded to - to enable risk acceptance based on the Group’s risk appetite or to take necessary actions to avoid, mitigate or reduce the severity of the risk.

Three Lines of Defense

HMG’s well-established three lines of defense risk governance model creates transparency and accountability through clear segregation of roles and responsibilities and reporting to respective Board Committees, as follows:

Operational Management

It is responsible for establishing sound business practices and standard operating procedures (SOPs) to create employee accountability and perform day-to-day risk management activities and implementation of risk mitigation strategies in the regular course of business. The Patient Safety and Quality of Care Committee established by the Board is responsible for overseeing the Operational Management and adopted clinical practices.

Senior Management

It includes corporate oversight to monitor and mitigate a wide array of risk including strategic, financial, operational, and compliance. General Counsel and other related Senior Management oversee compliance of regulatory requirements and other support functions including IT security, financial controls, quality assurance, business strategy and human resource to ensure Group objectives are achieved while aligning with risk appetite and Group policies. The Executive Committee of the Board is responsible for supervising the Senior Management team of the Group.

Internal and External Audit

It provides independent assurance on the effectiveness of the first and second lines of defense to the Board via the Audit Committee, which is composed of Independent and Non-Executive members.

Principal Risks and Mitigation

Risk score and heat map
The likelihood and severity of each of our 10 principal risks is depicted in the following risk heat map:

		Consequence				
		Low	Medium	High	Critical	
Likelihood		Insignificant	Minor	Moderate	Major	Extreme
	5 - Almost certain					
	4 - Likely					
	3 - Possible			8.	1. 10.	
	2 - Unlikely			2. 4. 9.	3. 5. 6.	
	1 - Rare				7.	

Committed to Sound Risk Management (continued)

Principal Risks	Implications	Mitigants/Controls
1. Compliance risks Category: Regulatory Compliance		
<ul style="list-style-type: none">Regulations by MoH, SHC and SFDA may become more stringentRegulators may increase the percentage of Saudi employees (Saudization)Regulators may tighten up healthcare reforms by reducing the cost of healthcare, widening the access to quality healthcare, and increasing the monitoring of quality standardsLaws and regulations may restrict public physicians from providing services to private healthcare institutions outside the official working hoursFailure to understand, implement and monitor the internationally recognized clinical guidelines and quality standardsNon-compliance or business implications of regulatory changes in Zakat and VAT lawsFailure to implement National Platform for Health and Insurance Exchange Services (NPHIES) at Group facilitiesChanges in CHI regulations including unified policy benefits	<ul style="list-style-type: none">Changes in existing regulations or introduction of new ones may adversely affect the business operations, revenue and profitabilityNon-compliance may result in losses, fines, restrictions, or damage to reputationSuspension of visa applications, transfer of sponsorship of non-Saudi employees	<ul style="list-style-type: none">Strategic liaising with regulatorsBoard-level and Board Committees oversightWide range of continuing medical education (CME) programs for medical professionalsDedicated licensing team to ensure renewal of medical license on timely basisLegal and compliance functionsMonitoring and investigating all incidents and reporting them in line with the Group's whistleblowing policyImplementing a yearly mandatory Compliance and Ethics training course for all employeesLiaison with Council of Health Insurance (CHI) and successful implementation of the NPHIES portal at Group facilitiesThe Group will continue to be proactive, adapt and mitigate any changes in the government regulations on best effort basis. However, certain changes by the regulator cannot be mitigated
2. Economic and Business Environment risks Category: Strategic and Business Environment		
<ul style="list-style-type: none">Potential slowdown in the general economy and geopolitical headwindsReduction in healthcare spending from GovernmentChanges of the relative positioning between healthcare service providers and insurance companiesInability to renew or extend existing entity leasesIncrease in prices of utilities and related services	<ul style="list-style-type: none">Detrimental effect on client baseLoss of business due to slowdown of economic activityLower revenue due to reduced pricesDisruption of business continuity of certain entities in case of expired leasesLower profitability	<ul style="list-style-type: none">Proactive monitoring and negotiation by the Group's Revenue Cycle department with insurance companies and MoHFocus on quality and continuum of care to reinforce the Group's market positionProactive and continuous efforts to monitor and renew near-expiring leases well ahead of time while securing alternative sitesFocus on continuous improvement in operational efficiency and cost optimization

Principal Risks	Implications	Mitigants/Controls
3. Competition risks Category: Strategic and Business Environment		
<ul style="list-style-type: none">Increase in the market competition due to emerging new hospitals and privatization of government hospitals in the regionInability to maintain HMG's competitive advantage in terms of physician quality and patient experienceInsurance companies may start providing healthcare services	<ul style="list-style-type: none">Potential drop in market shareLack of business growth opportunitiesLower profit margin	<ul style="list-style-type: none">High quality integrated healthcare with focus on innovation and cost effectiveness in delivery of servicesA dedicated patient relations department continuously monitoring patient care in each hospital on an ongoing basisA dedicated command center facility for robust and timely patient careInvesting in monitoring medical and technological advancementsCustomer relationship management through dedicated departments like Media and Public Relations
4. Operational and Business Projects risks Category: Operations and Project Management		
<ul style="list-style-type: none">Inability of the Group to maintain its reputation or infringement of intellectual propertyInadaptability to evolving regulatory and market environmentUnfavorable conditions affecting successful completion of projectsBreakdown or inefficient utilization of medical technological equipmentInformation system failureFacility disruption including risk of interrupted electricity or water supplyFire and associated threatsDisposal and management of bio-hazards wasteLack of integration of ESG metrics into business and reporting practices	<ul style="list-style-type: none">Disrupted patient experienceReputational damage and loss of competitive advantageFinancial loss in the event expected cash flows are not realizedSubstandard quality of service	<ul style="list-style-type: none">Effective monitoring and oversight of operations with experienced and dedicated project management teamRegistering all trademarks on which it relies for its business in the Kingdom, the GCC and other countriesComprehensive insurance to deal with financial impact of potential disastersComprehensive agreements with contractors for maintenance of medical technological equipment, and disposal and management of bio-hazards wasteIn-house capacity for data backup and information system recoveryExtensive firefighting and detection systemsFormulating a framework to ensure integration of ESG metrics into our business and reporting practices
5. Clinical and Patient Safety risks Category: Clinical		
<ul style="list-style-type: none">Provision of services in a way that may put patients at risk of harm and result in undesirable clinical outcomes including:<ul style="list-style-type: none">Procedures performed without following the correct medical protocols and non-compliance and lack of uniformity in application of clinical pathways (CPWs)Surgical and procedural adverse eventsSpread of multi-drug-resistant organismsFailure of infections control function	<ul style="list-style-type: none">Suboptimal quality of patient carePatient dissatisfactionLoss of brand equity and reputationDisruptive operationsLegal consequences	<ul style="list-style-type: none">Patient Safety and Quality of Care Committee oversees the overall quality, safety, and control of healthcare facilitiesComprehensive infection control strategiesGroup-wide clinical risk registerEstablished accreditation and clinical governance processesQuality management processes to ensure CPW uniformityStakeholder engagement and disclosure strategiesPersonal hygiene programComplaints monitoring and trackingCredentialing and privileging medical teamFrequent testing and regular maintenance of biomedical equipment

Committed to Sound Risk Management (continued)

Principal Risks	Implications	Mitigants/Controls
6. Information Systems Security risks Category: Information Technology		
<ul style="list-style-type: none">• Network intrusion, security breaches, unauthorized access to the organization's data and systems• Inability of business resumption and loss of critical information in the event of any catastrophic negative event due to absence of business continuity and disaster recovery plan• Increased pressure on data privacy• Inability to continuously stay abreast with new information systems security threats	<ul style="list-style-type: none">• Unavailability of systems or system failure• Manipulation or lack of data confidentiality• Adverse impact on patient care• Financial loss	<ul style="list-style-type: none">• Implementing ISO 27001 standards for the information security aspects, and the function being fully complied with and accredited• Conducting a vulnerability assessment and penetration testing, and appropriate controls being implemented• Adequate encryption of patient information in place• Implemented disaster recovery sites and in-house data centers; Management working towards enhancing the function as per the international standards• Comprehensive information systems identity access management change and physical access controls• Implementing multi-layered information security• Implementing a yearly mandatory Information Security training course for all employees
7. Innovation and Digitalization risks Category: Information Technology		
<ul style="list-style-type: none">• Failure to transform traditional healthcare services to adhere to new clinical and healthcare technology, and/or usage of obsolete technologies• Failure to compete in the digital health arena	<ul style="list-style-type: none">• Loss of patients• Loss of competitive advantage• Loss of market share	<ul style="list-style-type: none">• Benchmarking and monitoring technological advances globally• Our subsidiary, Cloud Solutions, develops and implements infrastructure, applications and systems for the Group as well as other healthcare facilities to provide latest digital solutions• Competent clinical engineering team under FLOW Medical Solutions to maintain high technological standards and continuous investment in medical equipment• Systematic training of staff for competent use of existing and new technology
8. Human Capital risks Category: People		
<ul style="list-style-type: none">• Inability to attract, engage and retain qualified personnel• Inadequacy or lack of continuous development of key personnel• Inadequate succession planning for key positions• Employee negligence, conflict of interest, fraudulent activities, or misappropriation• Concentration risk due to hiring of nurses from certain countries	<ul style="list-style-type: none">• Adverse impact on healthcare quality culminating in dissatisfied patient experience• Ineffective service delivery• Lack of smooth operations leading to detrimental effect on the Group's reputation and brand image	<ul style="list-style-type: none">• Effective sourcing strategies, highly qualified and dedicated recruitment team, employee career paths, attractive and competitive salary packages, accommodation facilities and good working environment, aiding attraction and retention of employees• Dedicated medical education function to focus on and impart extensive training and skills development program and foreign recruitment program• Develop succession plan for the key executive positions and monitoring on a periodic basis• Conduct a future leaders' program• Mandatory compliance forms to be submitted by employees, to include those concerning conflicts of interest, gifts and hospitality, and non-disclosure agreements• Perform periodic resource assessment in terms of concentration, allocation and growth by nationalities

Principal Risks	Implications	Mitigants/Controls
9. Financing, Credit, and Liquidity risks Category: Financial and Reporting		
<ul style="list-style-type: none">• Unavailability of capital to finance strategic expansion opportunities• Inability to pay the outstanding balance owing to banks and/or other lending institutions• Failure to recover outstanding amounts due from insurance companies, Government and other institutions	<ul style="list-style-type: none">• Bad debts• Adverse effect on day-to-day operations• Unhealthy financial position• Disruptive cash flows	<ul style="list-style-type: none">• Long-term planning of capital requirements and cash flow forecasting• Proactive and strategic partnerships with financial institutions (governmental and non-governmental) relating to financing facilities• Strong follow-up mechanism with our Revenue Cycle Management company (Taswyat) for recovery of claims• Efficient and effective cash management policy
10. Pandemics and Infectious Diseases risks Category: Strategic and Business Environment		
<ul style="list-style-type: none">• Disruption of clinical, operational, and business caused by a pandemic or infectious disease• Non-compliance with MoH guidelines regarding protocols to be followed during pandemic• Trust deficit in patients visiting healthcare facilities during and post pandemic• Shortage of healthcare supplies and equipment• Medical staff at high risk due to direct exposure• Limited availability of beds and isolation rooms	<ul style="list-style-type: none">• Penalties by regulator and impact on brand image• Impact on GP percentage due to high cost of providing medical services• Decline in patient count• Shortage of available medical staff, which may hinder patient care	<ul style="list-style-type: none">• Investing in implementation of state-of-the-art medical technologies to support remote work, video consultations, online pharmacy, and other patient-centric healthcare services• Comprehensive infection control strategies• Vigilant material planning, robust database of primary and secondary suppliers, monitoring market situation• Patients to be prioritized based on complexity of the case and availability of beds• Active involvement in government vaccination campaign to achieve desired level of herd immunity in the Kingdom



HMG's commitment to ESG and corporate sustainability continues to expand each year, ensuring that we leverage our resources and maximize our potential for positive impact across our operations, in line with our strategic objectives and the goals of Saudi Vision 2030. During 2022, we launched a wide range of high-profile initiatives to minimize our environmental footprint, enhance medical knowledge and capabilities in the Kingdom, and create meaningful, long-term value for our people, patients and communities.

We believe that our long-term business objectives can only be efficiently and effectively delivered through full integration of corporate sustainability in our strategy and operations. We therefore work to progressively embed ESG best practices throughout our operations, launching initiatives and working with our internal and external stakeholders to deliver on our purpose, progress our strategy and create stakeholder value.

Central to our ESG approach are robust governance, transparency and accountability at every level of our business. We adhere to a carefully selected set of international standards, best sector practices and ESG frameworks, which guide us in management of ESG opportunities and support us in mitigating risks to solidify our position as a progressive, sustainability-focused organization and leader in human development in the region's healthcare sector.

The HMG ESG Roadmap

The Group's ESG Roadmap was launched in late 2020 to provide a strategic framework for the integration of relevant ESG metrics into every aspect of our business and reporting practices. The process began with a comprehensive benchmarking exercise, which measured HMG against our international peers to help identify our focus areas for advancing our ESG ambitions. Next, we conducted stakeholder mapping and materiality assessment, which helped us set priorities for the business through the identification and evaluation of ESG and wider sustainability topics. The material issues helped us clarify risks and opportunities from the perspective of business and ESG, and develop measures for response and value creation.

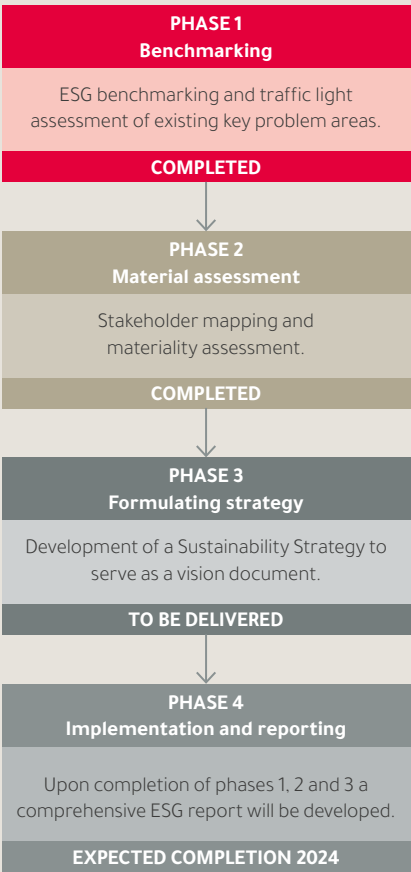
The Materiality Assessment Phase provided input for development of the HMG Sustainability Strategy by identifying material topics and achieve the following three key objectives:

- Determine environmental, social and governance areas of importance for both the Company and its external environment;
- Provide the basis for Sustainability Strategy to serve as a Vision document and galvanise HMG's sustainability ambition for further integration into HMG's business strategy; and
- Prioritise the corporate efforts by focusing resources towards activities that lead to greater value creation for the company as well as its stakeholders.

As we move forward on our ESG journey, we will monitor our progress on ESG themes and support the Group's commitment in global health. It will also form the basis for the Group's first dedicated ESG Report, outlining our commitments and targets going forward.

ESG Roadmap

HMG is currently undertaking a four-phase exercise to start integrating ESG into business practices and to measure and report on its ESG performance.



Corporate Sustainability (continued)

Going green in 2022

In alignment with the Kingdom's ambitions to safeguard the environment for the people of today and future generations, HMG is devoted to support the Kingdom's aim to reduce carbon emissions, accelerate the energy transition, achieve sustainability goals and drive a new wave of green investment.

Building on our long-term focus to minimize the impact of our operations on natural environment, as a responsible corporate citizen and the leading healthcare provider in the region, HMG launched 'Go Green' environmental protection initiative this year. Through this impact-focused initiative, we are taking action to responsibly manage the short and long-term impacts of our operations, including the use of natural resources, the production and consumption of energy, waste and water.

Developing the Kingdom's medical practitioners

HMG plays key role in the Kingdom's efforts to develop national human resources in the healthcare sector, with an extensive program of internal and external training, university partnerships and engagements with government initiatives.

The HMG postgraduate and undergraduate training programs - the former of which includes the first ever ICU residency program in the Kingdom's private sector - are delivered in conjunction with partner universities from around the Kingdom and abroad, while our residency and fellowship program, which are accredited by the Saudi Commission for Health Specialties (SCFHS), provide aspiring medical professionals with invaluable learning opportunities at the front line of the healthcare industry.

During 2022, HMG launched the largest scholarship program for physicians in the Kingdom's private sector. The program aims to develop and provide opportunities for Saudi physicians to pursue their postgraduate studies in prestigious institutes abroad. This initiative will contribute in raising the quality of healthcare in the Kingdom as well as strengthening the research and innovation in line with the Kingdom's Vision 2030.

We successfully organized the examination for the Irish Fellowship Program, Membership of the Royal College of Physicians of Ireland (MRCPI), in the field of Internal Medicine at HMG's Al Rayan Hospital for the second time. The MRCPI is an internationally recognized

benchmark of excellence, valued by healthcare employers worldwide, and HMG is the first private healthcare provider to organize such an exam.

As part of the continuous cooperation between HMG and the globally recognized Royal College of Physicians of Ireland, a delegation from the college visited HMG's Al Rayan Hospital to explore ways to enhance and expand cooperation between the two parties. The two parties agreed to set up Obstetrics and Gynecology examinations next year, as an extension of the agreement to administer the internal medicine examinations offered over the past two years. In addition, we received 43 new trainees from the Saudi Commission for Health Specialties.

Following the agreement with the Ronald Reagan Institute of Emergency Medicine at George Washington University, which aims to advance the careers of emergency medicine physicians, building capacities in research, education and leadership. HMG celebrated the graduation of the first batch and started to accept new applicant from HMG and throughout the Kingdom. HMG is the first private healthcare provider to organize such program.

Postgraduate Training programs in 2022

23

Programs accredited by SCFHS in Riyadh and Khobar

190+

Current trainees (43 new trainees in 2022)

300+

Participants enrolled across 5 SCFHS-Accredited Diplomas

100%

Pass rate for trainees



Energy
To reduce energy consumption



Water
To reduce water consumption



Recycling
To increase recycling of waste water rather than sending it to landfill



Medical waste
To decrease the consumption of medical waste



Transportation
To increase the usage of public transports



Corporate Sustainability (continued)

Continuous medical education

The Group is dedicated to create an enabling environment conducive to research, innovation, scientific creativity and development in the Kingdom in line with the objective of Vision 2030.

Throughout the year, HMG delivered a wide and highly anticipated calendar of events to support the advancement of the nation's medical community. Experts shared their knowledge through panel discussions, workshops, seminars and various courses. The conferences created an opportunity for the participants to learn the latest scientific development, advance their skills and exchange experiences.

Major conferences held in 2022

- MENA's largest International Obesity Surgeries and Diseases Conference
- International Diabetes Conference
- 6th International Critical Care Conference
- International Emergency Medicine Conference in Dubai
- 2nd International Emergency Medicine Conference
- 4th International Ob-Gyn Conference
- International Anesthesia Conference
- International Conference on Advances in Breast Radiology from Early Detection to Treatment

Promoting medical education

In 2022, HMG conducted various workshops, seminars and courses in order to cultivate and promote awareness and health education. These includes:

- Diagnostic Hysteroscopy Workshop
- Basic Principles of Laparoscopic Surgery Workshop
- Your Journey After Recovery, Seminar on cancer patients' recovery journey
- Anesthesia Symposium and Workshop
- Laboratory Workflow Assessment Workshop
- Masterclass on Obstetrics Adverse Events, Learning about the Legal Aid Workshop
- Wound Care Workshop
- Internal Medicine Symposium
- 23rd Intensive Pediatric Course
- Fundamental Critical Care Support Course
- Triage Course
- Conscious Sedation Course
- Hypertension Course
- Heteroscopy Course
- Electrocardiography Course



Continuous Medical Education in 2022

270+

Programs

9,680+

Participants

470

Hours

495+

Speakers

40

International speakers

Dr. Sulaiman Al Habib Medical Journal (Peer- Reviewed)

4

Issues

100+

Articles published

20+

Research papers published

The HMG Research Center

The HMG Research Center contributes to global medical knowledge with a focus on research that is critical to the people, patients and communities of Kingdom. It is licensed by the National Committee of Bio and Medical Ethics and governed by the Institutional Review Board (IRB), which ensures the highest international ethical standards. The Center publishes the Dr. Sulaiman Al Habib Medical Journal, representing the first peer-reviewed medical journal in the region's private healthcare sector.

During 2022, recognizing the importance of the publication, The World Health Organization (WHO) selected the HMG Journal as a source for one of the key projects shedding light on scientific researchers and their work in a global context. Further recognition of the prominence and quality of the research published by HMG, one of our scientific studies, related to the HIGH TRIP Trial, was published by one of the world's most respected scientific journals, Nature.

In addition, the second edition of Dr. Sulaiman Al-Habib Journal Award for Research Excellence was launched. With a prize valued at SAR 1.5 million, it aims

to support scientific production and preparation of an efficient environment for research, innovation and scientific creativity, in line with Saudi Vision 2030, providing unprecedented opportunities for the development of research in the healthcare sector.

The award was announced for different categories including Original Research, Review Articles, Residents & Fellows research papers and Undergraduate research. The criteria for research submissions for the award have been prepared and reviewed by independent experts in the field of research to ensure that the highest standards are applied in the selection of award recipients. There was a strong demand for presenting research projects from different regions of the world, which indicates the position of the journal in the research community and their confidence in the capabilities of Dr. Sulaiman Al Habib Medical Journal.

Finally, Dr. Sulaiman Al Habib Academy celebrated the graduation of 330 students enrolled in its residency and diploma programs. During the event, HMG honored the winners of its Research Excellence Awards, under the patronage of His Royal Highness Prince Faisal bin Bandar bin Abdulaziz, Governor of Riyadh Region.



Corporate Sustainability (continued)

University Training Program

During 2022, our Undergraduate Training Program continued to expand in scope and impact. We have added new partners who work with us to deliver the program, raising the total number of government and private university partners to overall 20 to deliver exceptional program for more than 2,180 enrolled undergraduates and interns. The new university partnerships entered into this year were with Prince Mohammed bin Salman College of Management and Entrepreneurship, Qassim University and University of Sharjah in the UAE.

The partnership with Prince Mohammed bin Salman College of Business and Entrepreneurship is mainly to collaborate on executive education and leadership development programs, as well as degree programs. The aim is to promote education and training across a number of areas including postgraduate education, research and innovation, professional practices in health and executive leadership, and entrepreneurial leadership skills. HMG has also partnered with the University of Sharjah to train medicine, pharmacy, and health science students. Similarly, the partnership with Qassim University will enable Saudi youth to gain experiences in the work field by promoting research and innovation, professional development and further education, and the exchange of scientific, medical, and academic experiences.

The Group will continue to support national talents through training and employment opportunities in order to improve the health care services in line with the Saudi Vision 2030.

Cardiopulmonary resuscitation center

HMG's CPR centers are accredited by the American Heart Association (AHA). In 2022, we conducted more than 890 cardiopulmonary resuscitation (CPR) courses through our CPR center for over 4,800 participants. This brings the total number of individuals trained in CPR to more than 60,000 through over 9,600 courses, including first aid, BLS, ACLS, PALS, and NRP since the launch of the program.

Advancing health and wellness in the Kingdom

HMG remains committed to supporting the health and wellbeing of the people of Saudi Arabia and the wider GCC region by improving the patient experience and serving the health needs of its communities via multiple public health schemes. We provided over SAR 15 million of medical services for critical cases, surgeries, treatments and medication to patients in need.

In 2022, HMG celebrated a broad range of campaigns and events to benefit our many stakeholders, including:

- International Premature Baby Day
- Osteoporosis Awareness Day
- International Breast Cancer Day
- Worldwide Pressure Ulcer Prevention Day
- World Pharmacists Day celebrations and certificates distribution
- Diabetes Forum at the University of California
- Event to support the health of Saudi women, under the slogan 'Developing her health is our priority' in cooperation with the Saudi Association for Women's Health

2,180+

Undergraduates and interns enrolled

20

Government and private university partners

Serving the community

HMG is dedicated to building bridges with the people and communities it serves across Saudi Arabia and beyond.

We were proud to solidify our partnership with the Saudi Government this year, as the Strategic Medical Sponsor of Riyadh Season for the third consecutive year. In addition, an MoU was signed with the National Events Center to pave the way for a greater mandate in the future, which will see HMG provide healthcare services for Saudi Seasons festivals and events held under the slogan 'Above Imagination' in line with Vision 2030 objectives. HMG will establish and equip several integrated and advanced medical centers to offer emergency medical care and rapid intervention to the festival visitors in addition to launching several awareness campaigns.

HMG also became the Official Sponsor of World Touring Car Cup (WTCR) and King Abdulaziz Camel Festival in 2022.

The Group equipped a high-level integrated medical center to serve the visitors of these events. The Group also provide an integrated medical coverage under the supervision of highly qualified medical practitioners.

During this year, we also organized a breast cancer awareness campaign for Qiddiya employees, celebrated the graduation of the second batch of the "Dental Assistant" program, and participated in the International Conference on Health Promotion in Educational Communities at Princess Nourah Bint Abdul Rahman University.

Following the agreement signed between HMG and the General Authority of Civil Aviation, HMG provided medical examination services for aviation employees in our hospitals. The initiative aims to enhance the Group's capabilities in aviation medicine, increase the number of qualified aviation doctors, and improve the performance and efficiency of the aviation sector to serve the Kingdom's Vision 2030.

HMG hosted the annual Critical Care Medicine Summit in Dubai. The conference included 44 expert speakers, 33 lectures and panel discussions, and provided 12 accredited hours of Continuous Medical Education.

Our Dubai hospital provided a range of complementary health and wellness services to public and private sector organizations in Dubai, including PwC, IQVIA, OTIS, Chalhoub Group, Deyyar Group, Armada Distribution Company and the Emirates Immigration office.

SAR 15m+

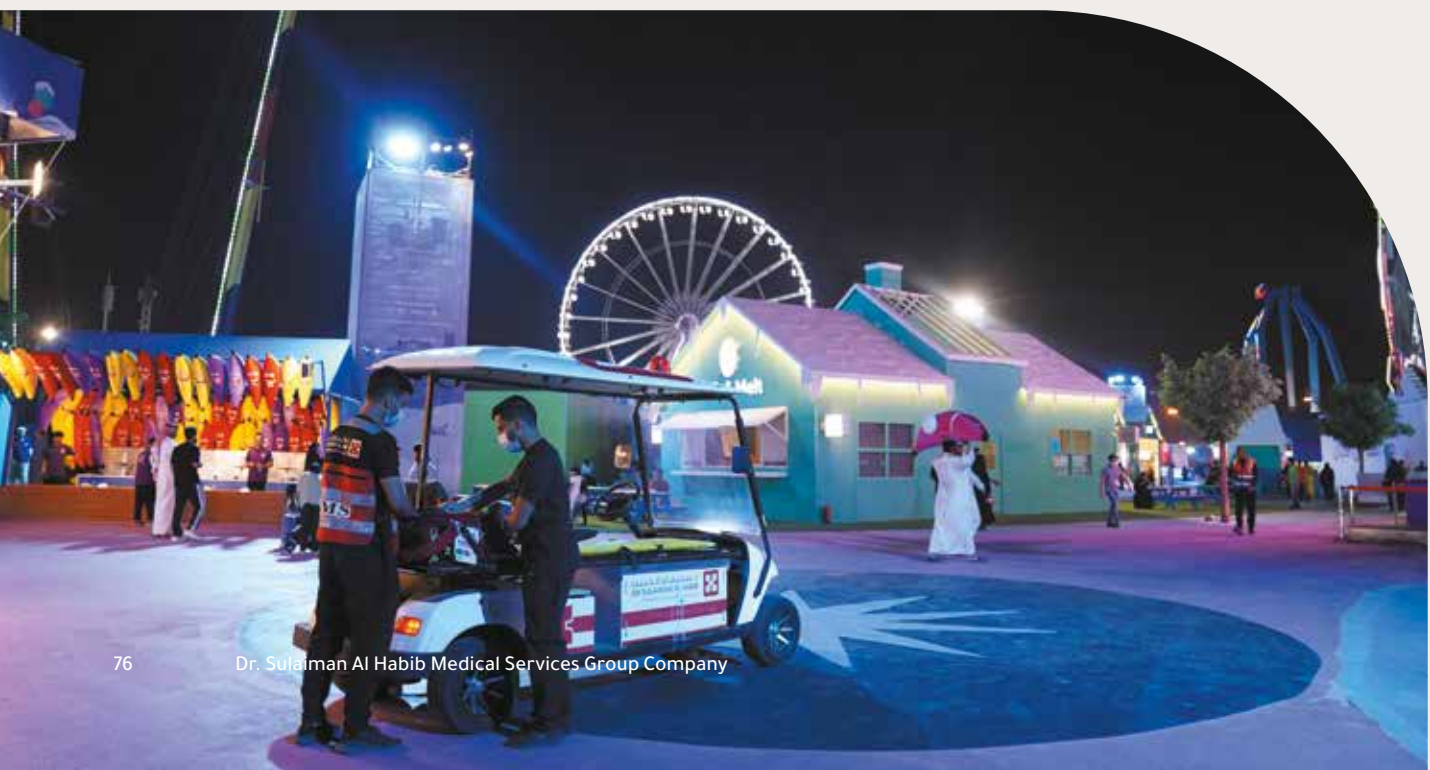
For Medical Services

Accelerating ESG impact in 2023

In the year ahead, we are planning to build upon our outstanding success of 'Go Green' program, in order to achieve even greater environmental savings and impact by reinforcing our efforts in minimizing water, energy and waste, while expanding the scope of the program to other important areas.

The Group will continue to deliver a full program of public health awareness campaigns and events to educate and empower communities in combatting prevalent health risks, while also building capabilities through training and events for medical practitioners across our footprint.

Overall, we plan to build on our successes across medical education and public health through our ongoing and new initiatives, in support of our strategic ambitions and the broader sector and health goals of the Kingdom of Saudi Arabia.



Reducing medical waste consumption

- Continuous education and training for medical waste proper disposal

Increase waste recycling

- Trash color segregations
- Projects under construction
- (Food waste, OR blue wrap)

Accreditation

- LEED O+M
- ISO 50001 energy management
- True water certification



Energy consumption reduction

- Energy efficiency systems
- Energy conservation
- Renewable energy systems

Public transport

- Areas for electrical cars, and bicycles
- Access to public transport Riyadh metro and buses

Reducing of water consumption

- High efficiency faucets
- Gray water treatment
- Condensations and deep water utilization





Committed to Robust Governance

Governance

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Governance

1. Introduction

1.1 Corporate Governance

HMG's ("The Company's" or "The Group's") governance framework has been developed to comply with the Global Corporate Governance standards, practices and the local regulations issued by the Saudi Capital Market Authority (CMA). Effective and transparent sound corporate governance supports the effective delivery of HMG's strategy, ensuring the business is run sustainably, to the highest ethical standards and with a focus on value creation. The foundation of HMG's corporate governance framework depends on a set of pillars that insure clarity and discipline of good governance and these pillars are: regulations and policies that promote transparency, accountability, competence, the Company's values, organizational structure design, and authority matrix, with the transparent and effective separation of company management and supervision between HMG's Board and its four (4) Committees.

Governance Framework Policies

The Company applies the Corporate Governance Regulations issued by the CMA, and the Company's Board has set the Group's governance principles, policies, and charters for the Board's Committees. All of these documents are subject to periodic review by the Board and its Committees on an ongoing basis when needed, based on any amendments to regulations, global regulations or best practices; to ensure that the Group complies with relevant practices and regulations, and to protect the rights of our shareholders and stakeholders to achieve fairness, and transparency in the market and work environment, keeping pace with the economic development of Saudi Arabia. At the same time, it promotes the growth and sustainability of the business.

HMG has a track record of following a framework that balances financial performance with ethical business practices toward all stakeholders. The Group has responded to opportunities and challenges with the goal of keeping its position as the most trusted healthcare provider in medical excellence and patient experience in the region. We are committed to the well-being of our communities and have adopted initiatives that bring together a range of sustainability programs.

Further, in line with the Company objective to set adequate procedures, controls and systems that would enable the Company to achieve good governance that ensures control and accountability in relation to the activities of the Company and its employees in a manner commensurate with the risks involved in these activities, and in implementation and in compliance with the Corporate Governance Regulations issued by the CMA and other related laws and regulations, in addition to the principles of international governance and best practices, the Company has adopted and approved the following, policies and regulations:

- Audit Committee Charter
- Nomination and Remuneration Committee Charter
- Remuneration Policy for the Board, Committees, and Executive Management
- Policies, Standards and Procedures for Board Membership
- Patient Safety and Quality of Care Committee Charter
- Executive Committee Charter
- Board of Directors Charter
- Conflict of Interest Policy
- Internal Audit Operational Manual
- Related Parties Transactions Manual
- Transparency and Disclosure Policy
- Investor Relations Manual
- Shareholders' Manual
- Code of Conduct
- Social Responsibility Policy
- Competing Business Standards

In line with the existing and newly developed financial, economic and investment legislation in Saudi Arabia, the Board has formed three (3) committees to assist it in performing its duties, in addition to the Audit Committee formed by the General Assembly of the Company. The following are the formed committees in the Group:

- Audit Committee
- Executive Committee
- Nomination and Remuneration Committee
- Patient Safety and Quality of Care Committee

1.2 Compliance Program

High standards of trust and integrity between the Group and its clients are a top priority and important pillars upon which the Group builds its reputation amongst its clients and stakeholders. The protection of this reputation in all activities carried out by the Group must be firmly rooted in the minds of the Group's personnel. This requires them to have a high level of trust, integrity and professionalism while carrying out the tasks assigned to them, and their behavior must be committed to the letter and spirit of the laws, regulations and instructions governing the Group's activity.

The Compliance Program is a practice driven to enhance the application of good governance that was implemented in the Group. Compliance carries out an independent function of identifying and assessing the risks associated with the Group's work and activities, and raising the level of the culture of compliance with the regulations, instructions, and behavioral and ethical rules in the Group by providing advice, guidance, recommendations, monitoring and preparing reports related to compliance, to enable an effective response to any potential risks to the Group as a result of any failure to comply with the applicable laws, regulations, Codes of Conduct, medical standards, and sound standards and practices within a predetermined time frame, and submitting these reports to the competent department in the Group to deal with such risks in a timely manner.

In order to protect our employees, our clients and our business, we must take every reasonable measure to ensure that we all operate in accordance with laws and ethical standards and to comply with, and in application of best practices, the Group's employees are required to submit electronically, an annual conflict of interest form. Further, the Group's employees, clients, or any third party can report anonymously any unethical or unlawful incidents or activities via an electronic form, and they are investigated in a manner that ensures the confidentiality of the reporter in accordance with the approved whistleblowing policy. At the Group, the current and new employees are required to familiarize themselves with the Codes of Conduct and related information technology policies and review them annually, and the Group trains its employees annually on compliance and ethics and information security, where the rules of the Code of Conduct, the whistleblowing policy, and information technology security are duly explained to ensure their application.

1.3 Corporate Governance Statement

The Board adopted the Transparency and Disclosure Policy and procedures, which includes procedures which grant the shareholders the right to inquire, request information and receive answers to their inquiries provided they do not harm the interests of the Company. Further, the Board confirms that during the year 2022, the Board did not receive any suggestions or comments about the Company or its performance from shareholders.

In line with best practice in corporate governance, and as a general rule, the Group committed to facilitate the shareholders to exercise all their statutory rights related to shares in full, by providing suggestions or comments about the Group and its performance, as well as answering shareholders' questions and inquiries during the Group's General Assembly Meetings, or through Investor Relations Department in the Group. Further, the Board informs, reviews and discuss with all its members any proposals that it receives from the shareholders.

Governance (continued)

1. Introduction (continued)

1.4 Implementation of Provisions of Corporate Governance Regulations

The Company implemented all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except the provisions listed below:

Article/paragraph number	Article/paragraph stipulates the following	Reason for not being implemented
Article 39: The Assessment Paragraph no. (e)	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three (3) years.	Guiding article: Internal performance assessment is conducted on an annual basis and the Company is currently evaluating and considering the selection of a competent external body to assess the performance of the Board in line with best practice.
Article 67: Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the 'Risk Management Committee.' The Chairman and the majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Guiding article: the Board considers that there is no need for a Risk Management Committee, as its scope is covered by other committees such as the Audit Committee and the Patient Safety and Quality of Care Committee.
Article 68: Competencies of the Risk Management Committee	Competencies of the Risk Management Committee.	Guiding article: Not applicable, as the Company has not established a Risk Management Committee.
Article 69: Meetings of the Risk Management Committee	The Risk Management Committee shall convene periodically at least once every six (6) months, and as may be necessary.	Guiding article: Not applicable, as the Company has not established a Risk Management Committee.
Article 82: Employee Incentives Paragraphs no. (2) and (3)	<p>The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following:</p> <p>Para. 2. establishing a scheme for granting the Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program; and</p> <p>Para. 3 establishing social organizations for the benefit of the Company's employees.</p>	Guiding paragraphs: the Company is currently evaluating and considering the implementation of these paragraphs.
Article 84: Social Responsibility	The Ordinary General Assembly, based on the Board recommendations, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Guiding article: there is a policy for Social Responsibility in the Company, which is approved by the Company's Board of Directors.
Article 85: Social Initiatives	<p>The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include:</p> <ol style="list-style-type: none">establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;disclosing the objectives of the Company's social responsibility to its employees, and raising their awareness and knowledge of social responsibility;disclosing plans for achieving social responsibility in the periodic reports on the activities of the Company; andestablishing awareness programs for the community to familiarize people with the Company's social responsibility.	The company has many initiatives and programs in the field of social initiatives, and also discloses those programs and initiatives in the relevant reports; the Company has not established key performance indicators that measure its social initiatives and instead compares itself with other companies that engage in similar activities.

Article 90: Paragraph no (4/b)	Para. 4) a description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately: b)_five Senior Executives who have received the highest remuneration from the Company, provided that the Chief Executive Officer and chief financial officer are among them.	Partially implemented by the Company: the Company disclosed the remunerations granted to senior executives in total in accordance with the statutory requirements contained in sub-paragraph (4/b) of paragraph (A) of article no. (90) of Corporate Governance Regulations, without disclosing it in detail; to protect the interest of the Company from the damage that may be inflicted in case of disclosing in detail, which could create an atmosphere of competition and job instability, which will be reflected on the Company's performance and consequently on the shareholders.
Article 92: Formation of a Corporate Governance Committee	If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (91) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Guiding article: the Board considers that there is no need for an independent committee for Corporate Governance, as its scope is covered by other committees and departments.

2. HMG and its Subsidiaries

The Group has been conducting its business for more than 25 years and is one of the largest providers of private healthcare services in the Kingdom and the region. The Group's principal activities are setting up, managing and operating medical facilities, pharmacies, and medical diagnostic and radiological laboratories. The Group currently conducts its business through the operation and management of eight (8) healthcare facilities, namely: (1) Olaya Medical Complex, which consists of (a) Olaya Medical Complex, (b) Bone, Joint and Spine Hospital, (c) Al Mustaqbal Hospital, and (d) IVF Center; (2) Dubai Hospital and Medical Center, (3) Suwaidi Hospital, (4) Qassim Hospital, (5) Khobar Hospital, (6) Al Rayan Hospital, (7) Takhassusi Hospital, and (8) Medical Center in the Diplomatic Quarter (Al Safarat District).

The Group also provides management and operating services to third parties where it operates and manages the UMC in Bahrain. The Group also owns the Middle East Pharmacies Company through which the Group manages and operates pharmacies within the Group's healthcare facilities in the Kingdom and owns Pharma Choice, through which it operates and manages the Group's pharmacy in Dubai.

In addition, the Group also carries out other business in areas such as home healthcare, establishing and operating Medical Diagnostic laboratories (MD Lab), maintenance of facilities, providing information technology systems, and operating intensive care rooms for healthcare facilities owned by others, whether from the government or private sector.

2.1 Main Scope of Business Segmentation for HMG, its Subsidiaries, and its Contribution to the Results

2.1.1 Healthcare facilities

The Group operates and manages eight (8) healthcare facilities in the Kingdom of Saudi Arabia (the Kingdom) and the Emirate of Dubai, with a capacity of 1,913 beds and multiple outpatient clinics as of 31 December 2022. The Group also provides management and operation services to others, as it operates and manages the UMC affiliated with King Abdullah Medical City in the Kingdom of Bahrain.

2.1.2 Pharmaceutical facilities

The Group carries out pharmaceutical businesses by operating and managing (19) pharmacies in its healthcare facilities in the Kingdom and Dubai, providing diverse medical and consumable products that include all kinds of medicines and medical and cosmetic supplies to cover patients' needs.

2.1.3 Solutions sector

The Group provides several other healthcare and support services to the Group and to others through the operation and management of the Medical Diagnostic Laboratory Company and the Home Healthcare Company, where it operates home healthcare services, and operated intensive care departments in six (6) healthcare facilities of the MoH in five (5) cities in the Kingdom, specifically in Jeddah, Al Madinah Al Munawwarah, Buraidah, Al Kharj and Qatif until October 2022. In addition, it provides health information technology systems services through its subsidiary Hulool Al Sahabah for IT & Communication Company, which provides modern health technology systems to serve clients, improve patient experience, and increase operational efficiency. Further, the Group has established new healthcare and support services to the Group and to others through the revenue cycle management services by its subsidiary Taswyat Management Company, Tele-medicine services solutions to enhance the quality of care and patient experience by its subsidiary Rawabet Medical Company, and medical equipment maintenance services by its subsidiary FLOW Medical Company.

Governance (continued)

2. HMG and its Subsidiaries (continued)

2.1 Main Scope of Business Segmentation for HMG, its Subsidiaries, and its Contribution to the Results (continued)

The effect of the main activities on the Company’s business, and their contribution to the results are as follows:

	Name of Activity	Activity Revenue, in Saudi Arabian Riyals (SAR) (2022) (The numbers are rounded to the nearest million Riyals)	Percentage
Activity (1)	Healthcare Facilities	6,298	75.8%
Activity (2)	Pharmaceutical Facilities	1,724	20.7%
Activity (3)	Solutions Sector	289	3.5%
Gross		8,311	100%

2.2 Subsidiary Companies

The Company owns shares and/or stakes in several other companies, and the following table shows the details and percentages of the Company’s ownership in those companies.

No.	Subsidiary company name	Capital	Company's ownership percentage	Main scope of business	Country of operation	Country of incorporation
1	Cloud Solutions International Private Limited Company	LKR 5,000,000	100 (completely owned by Hulool Al Sahabah for IT & Communication Company)	Information Technology services	Sri Lanka	Sri Lanka
2	Hulool Al Sahabah for IT and Communication Company	SAR 10,000,000	100	Information Technology services	Saudi Arabia	Saudi Arabia
3	Dr. Sulaiman Al Habib Hospital FZ - LLC Company	AED 500,000	100	Private healthcare facility	United Arab Emirates	United Arab Emirates
4	Home Healthcare Company	SAR 500,000	100	Home healthcare	Saudi Arabia	Saudi Arabia
5	Sehat Al Olaya Medical Complex Company	SAR 500,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
6	Gharb Jeddah Hospital Company	SAR 179,424,000	50	Private healthcare facility	Saudi Arabia	Saudi Arabia
7	Al Mokhtabarat Diagnostic Medical Company	SAR 500,000	100	Diagnostic laboratory	Saudi Arabia	Saudi Arabia
8	Asharq Al Awsat Pharmacies Company	SAR 100,000,000	100	Managing and operating Pharmacies	Saudi Arabia	Saudi Arabia
9	Al Muhammadiyah Hospital for Healthcare Company	SAR 243,498,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
10	Pharmachoice Pharmacy	AED 100,000	100 (completely owned by Dr. Sulaiman Al Habib Hospital FZ - LLC)	Managing and operating pharmacies	United Arab Emirates	United Arab Emirates
11	Buraidah Al Takhassusi Hospital for Healthcare Company	SAR 3,704,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
12	Al Wosta Medical Limited Company	SAR 85,120,000	50	Private healthcare facility	Saudi Arabia	Saudi Arabia

No.	Subsidiary company name	Capital	Company's ownership percentage	Main scope of business	Country of operation	Country of incorporation
13	Al Rayan Hospital for Healthcare Company	SAR 31,500,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
14	Shamal Al Riyadh for Healthcare Company	SAR 580,986,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
15	Sehat Al Suwaidi Medical Company	SAR 50,000,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
16	Al Gharb Al Takhassusi for Healthcare Company	SAR 75,000,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
17	Sehat Al Sharq Medical Limited Company	SAR 130,382,000	50	Private healthcare facility	Saudi Arabia	Saudi Arabia
18	Intensive Care Company for Healthcare	SAR 500,000	100	Providing management and operation services for Critical Care facilities	Saudi Arabia	Saudi Arabia
19	Al Marakez Al Awwalyah for Health Care Company	SAR 500,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
20	Rawabet Medical Company	SAR 500,000	100	Providing tele-medicine services	Saudi Arabia	Saudi Arabia
21	Taswyat Management Company	SAR 3,000,000	100	Providing revenue cycle management services	Saudi Arabia	Saudi Arabia
22	FLOW Medical Company	SAR 500,000	100	Medical equipment maintenance	Saudi Arabia	Saudi Arabia
23	Sehat AlKharj for Healthcare Company	SAR 30,737,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
24	Bawabat Al Gharb for Healthcare Company	SAR 500,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
25	Bawabat Al Shamal for Healthcare Company	SAR 500,000	100	Private healthcare facility	Saudi Arabia	Saudi Arabia
26	Medi Life Limited Company	AED 1,000	100 (completely owned by Dr. Sulaiman Al Habib Hospital FZ - LLC)	Special purpose entity	United Arab Emirates	United Arab Emirates
27	Alpha Care Limited Company	AED 1,000	100 (completely owned by Dr. Sulaiman Al Habib Hospital FZ - LLC)	Special purpose entity	United Arab Emirates	United Arab Emirates

2.3 Associate companies

The Company owns shares and/or stakes in several associate companies, and the following table shows the details and percentages of the Company’s ownership in those companies.

No.	Associate company name	Capital (SAR)	Company's ownership percentage	Main scope of business	Country of operation	Country of Incorporation
1	Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company	20,000,000	50	Managing and operating dental clinics	Saudi Arabia	Saudi Arabia
2	Serco Saudi Services LLC Company	500,000	40	Ancillary maintenance, support and operation services	Saudi Arabia	Saudi Arabia
3	Tamkeen Human Resources Company	100,000,000	25	Employment services and professional solutions	Saudi Arabia	Saudi Arabia

Governance (continued)

2. HMG and Its Subsidiaries (continued)

2.3 Associate Companies (continued)

Below are the share details for each subsidiary or associate Company. There are no debt instruments issued by the subsidiary companies or associates.

No.	Associate/subsidiary Company name	Shares/ordinary shares
1	Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company	20,000 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
2	Serco Saudi Services LLC Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
3	Cloud Solutions International Private Limited Company	500,000 shares, each valued at 10 Sri Lankan Rupees (LKR 10)
4	Hulool Al Sahabah for IT and Communication Company	10,000 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
5	Dr. Sulaiman Al Habib Hospital FZ - LLC Company	500 shares, each valued at one thousand Emirati Dirham (AED 1,000)
6	Home Healthcare Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
7	Sehat Al Olaya Medical Complex Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
8	Gharb Jeddah Hospital Company	179,424 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
9	Al Mokhtabarat Diagnostic Medical Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
10	Asharq Al Awsat Pharmacies Company	100,000 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
11	Al Muhammadiyah Hospital for Healthcare Company	243,498 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
12	Pharmachoice Pharmacy	100 shares, each valued at one thousand Emirati Dirham (AED 1,000)
13	Buraidah Al Takhassusi Hospital for Healthcare Company	3,704 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
14	Al Wosta Medical Limited Company	85,120 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
15	Al Rayan Hospital for Healthcare Company	31,500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
16	Shamal Al Riyadh for Healthcare Company	580,986 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
17	Sehat Al Suwaidi Medical Company	50,000 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
18	Al Gharb Al Takhassusi for Healthcare Company	75,000 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
19	Sehat Al Sharq Medical Limited Company	130,382 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
20	Intensive Care Company for Healthcare	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
21	Al Marakez Al Awwalyah for Health Care Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
22	Rawabet Medical Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
23	Taswyat Management Company	3000 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
24	FLOW Medical Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
25	Sehat AlKharj for Healthcare Company	30,737 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
26	Bawabat Al Gharb for Healthcare Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
27	Bawabat Al Shamal for Healthcare Company	500 shares, each valued at one thousand Saudi Riyals (SAR 1,000)
28	Medi Life Limited Company	1000 shares, each valued at one Emirati Dirham (AED 1.00)
29	Alpha Care Limited Company	1000 shares, each valued at one Emirati Dirham (AED 1.00)
30	Tamkeen Human Resources Company	10,000,000 shares, each valued at ten Saudi Riyals (SAR 10)

3. Board of Directors, Committees, and Executive Management

3.1 Board of Directors

3.1.1 Composition of the Board of Directors and classification of its members

The Company is managed by a Board of Directors consisting of nine (9) members to be appointed by the Shareholder’s Ordinary General Assembly for a term not exceeding three (3) years in accordance with article (18) of the Company’s By-Law and in accordance with article (17) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

The Company’s Ordinary General Assembly held on Wednesday, 4 Jumada Al-Ula 1443 AH (corresponding to 8 December 2021) approved the election of the members of the Board of Directors from among the candidates for the current term, which started from 10 December 2021, for a term of three (3) years, and ending on 9 December 2024, as follows:

	Member Name	Nature of membership	Membership Type
1	Dr. Sulaiman Abdulaziz Al Habib	Chairman	Non-Executive
2	Mr. Mazen Abdulrazzaq Al Romaih	Vice Chairman	Independent
3	Mr. Obaid Abdullah Al Rasheed	Member	Independent
4	Eng. Saleh Mohammed Al Habib	Member	Non-Executive
5	Mr. Nasser Mohammed Al Huqbani	Member	Non-Executive*
6	Mr. Faisal Abdullah Al Nassar	Member	Executive
7	Mr. Hesham Sulaiman Al Habib	Member	Executive
8	Dr. Abdulrahman Sulaiman Al Turaigi	Member	Independent
9	Mr. Rasheed Abdulrahman Al Rasheed	Member	Independent


* Mr. Nasser Al Huqbani was executive board member until 31 October 2022


Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.1 Board of Directors (continued)

3.1.2 Experience and academic qualifications of the Board Members

<p>Dr. Sulaiman Abdulaziz Al Habib Group Founder and Chairman of the Board of Directors</p> <p>Membership type Non-Executive</p> <p>Date of appointment (Current term) 10 December 2021</p>	
<p>Professional experience and skills</p>	<p>Dr. Sulaiman Al Habib is the Chairman of the Board and the founder of the Group and currently serves in the following capacities:</p> <ul style="list-style-type: none"> • Member of the Board of Trustees of the National Museum since July 2020. • Chairman of the Board of Managers at Namara Investment Company since 2007; and • Member of the Board of Managers at Mohammad A. Al Habib & Partners Co. for Real Estate Investment since 2006. <p>Dr. Sulaiman Al Habib has also previously served in the following capacities:</p> <ul style="list-style-type: none"> • Chairman of the Board of Managers at the International Healthcare Company from 2008 to 2019; • Head of the Medical Committee of Riyadh Chamber of Commerce from 2004 to 2008; • Head of the Department of Pediatrics at the Security Forces Hospital in Riyadh from 1988 to 1991; • Part-time Consultant at the Ministry of Health in the Kingdom of Saudi Arabia from 1985 to 1989; and • Chief Medical Officer at King Khalid University Hospital in Riyadh from 1986 to 1988.
<p>Qualifications</p>	<p>Dr. Sulaiman Al Habib earned a Bachelor's degree in Medicine and Surgery from the College of Medicine at King Saud University in Riyadh in 1977. He has a fellowship in Pediatrics from the British Royal College of Physicians in 1984.</p>
<p>Committee membership</p>	<p>Not applicable</p>


<p>Mr. Mazen Abdulrazzaq Al Rumaih Vice Chairman Membership type Independent</p> <p>Date of appointment (Current term) 10 December 2021</p>	
<p>Professional experience and skills</p>	<p>Mr. Mazen Al Rumaih is the Vice Chairman of the Group and currently serves in the following capacities:</p> <ul style="list-style-type: none"> • Member of the investment committee of the Event Investment Fund since 2022; • Member of the Board of the Saudi Arabian Airlines Public Corporation since 2020. • Chief Executive Officer (CEO) of Future Generation Company since 2014; • Chairman of the Board and Chairman of the Executive Committee of the Saudi Fransi Bank since 2019; • Member of the Board of Directors of the Saudi Tourism Authority since 2020; • Member of the Board of the Local Content & Government Procurement Authority since 2019; and • Member of the Board of the Real Estate Development Fund since 2019. <p>Mr. Mazen Al Rumaih has also previously served in the following capacities:</p> <ul style="list-style-type: none"> • Chairman of the Board of Saudi Fransi Capital from 2016 to 2019; • Member of the Board of Al Yamamah Steel Company from 2014 to 2015; • Member of the Board of the Capital Market Authority (CMA) from 2009 to 2014; • Chief Executive Officer (CEO) of Samba Capital & Investment Management Company from 2008 to 2009; and • Director General of Corporate Finance Department at the Capital Market Authority (CMA) from 2004 to 2007.
<p>Qualifications</p>	<p>Mr. Mazen Al Rumaih earned a Bachelor's degree in Accounting and Financial Management from Buckingham University in Britain in 1994.</p>
<p>Committee membership</p>	<p>Chairman of the Executive Committee</p>

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.1 Board of Directors (continued)


3.1.2 Experience and academic qualifications of the Board Members (continued)


<p>Mr. Obaid Abdullah Al Rasheed Board Member Membership type Independent</p>	
<p>Date of appointment (Current term) 10 December 2021</p>	
<p>Professional experience and skills</p>	<p>Mr. Obaid Al Rasheed is a member of the Board of the Group and currently serves in the following capacities:</p> <ul style="list-style-type: none"> • Chief Executive Officer (CEO) of the Arab National Bank since February 2021; • Member of the Board of Directors of the Arab National Bank since 2021; • Member of the Board of Directors in ANB Capital Company since 2022; • Vice Chairman of the Board of Directors and Member of the Executive Committee at the Saudi Chemical Company since 2013; and • Vice Chairman of the Board of Directors and Member of the Nominations Committee of the Saudi Home Loans Company since 2010. <p>Mr. Obaid Al Rasheed has also served in the following capacities:</p> <ul style="list-style-type: none"> • Head of Retail and Private Banking Services and the Deputy Chief Executive Officer (CEO) of the Arab National Bank from 2011 to February 2021; • Chairman of the Board of Directors of Al-Arabi Heavy Equipment Lease Company from 2010 to January 2021; • Member of the Board of Directors of the Saudi Airlines Company for Aviation Engineering and Industry from 2014 to 2016; • Member of the Board of Malath Cooperative Company from 2010 to 2017; and • Member of the Board of Tabuk Cement Company from 2005 to 2013.
<p>Qualifications</p>	<p>Mr. Obaid Al Rasheed earned a Bachelor's degree in Business Administration from San Jose State University, California, USA in 1983.</p>
<p>Committee membership</p>	<p>Chairman of the Nomination and Remuneration Committee</p>

<p>Eng. Saleh Mohammed Al Habib Board Member Membership type Non-Executive</p>	
<p>Date of appointment (Current term) 10 December 2021</p>	
Professional experience and skills	<p>Eng. Saleh Al Habib is a member of the Board of the Group and currently serves in the following capacities:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Gheras United Company since 2021; General Director of Al Jawhara Al Kubra Company since 2018; General Director of Jawaher Al Gharbia Real Estate Development and Investment Company since 2018; Deputy Chairman of the Board of Directors since 2021 and Chairman of the Executive Committee of Andalus Property since 2018; Board Member of Al-Hayat Real Estate since 2018; Member of the Board of Managers of Almasa Al Khadraa Real Estate Development and Investment Company since 2018; Member of the Board of Managers of Manafaa Al Andalus Company since 2017; Chairman of the Board of Managers of Awal Energy Solutions Company since 2017; Member of the Board of Managers of Jawharat Al Bahr Investment Company since 2017; Chairman of the Board of Managers of Qawaed Modern Technology for Information Technology Company since 2017; Chairman of the Board of Managers of Ebdaa Taiba Real Estate Development Company since 2017; Member of the Board of Managers of Gharb Jeddah Hospital since 2017; Chairman of the Board of Managers of Asala Elmarkz Company since 2016; Chairman of the Board of Managers of Araqa Elmarkz Company since 2016; General Director of Al-Nakheel Housing Company since 2015; General Director of Maalem Investment Holding Company since 2014; <ul style="list-style-type: none"> Member of the Board of Managers of Sorouh Almarakiz Company since 2014; Board Member and Managing Director of Mohammed Abdulaziz Al Habib and Sons Holding Company and General Manager of all subsidiaries owned by Mohammed Abdulaziz Al Habib and Sons Holding Company since 2013; Chairman of the Board of Hamat Holding Company since 2019; Member of the Board of Managers of Hamat Property Company since 2009, and Managing Director since 2010; Member of the Board of Managers of Advanced Markets Company since 2009; Member of the Board of Managers of Global Healthcare Company since 2007; Member of the Board of Managers and Chief Executive Officer of Mohammad A. Al-Habib & Partner Real Estate Company since 2006; and Member of the Board of Managers of Burooj International Company since 2005. <p>Eng. Saleh Al Habib has also served in the following capacities:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Nitaq Capital Company from 2021 to September 2022; Member of the Board of Directors of Andalus Property from 2018 to 2021; Member of the Board of Managers of Qawaem for Real Estate Development Company from 2004 to 2018; and Member of the Board of Directors of Hamat Holding Company from 2013 to 2022.
Qualifications	<p>Eng. Saleh Al Habib earned a Bachelor's degree in Architecture from King Saud University in Riyadh in 2000.</p>
Committee membership	<p>Member of the Nomination and Remuneration Committee, and Member of the Executive Committee</p>

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)
3.1 Board of Directors (continued)
3.1.2 Experience and academic qualifications of the Board Members (continued)

	<div><div><div><div><div>Mr. Nasser Mohammed Al Huqbani</div><div>Board Member</div><div>Membership type</div><div>Non-Executive</div><div>Date of appointment (Current term)</div><div>10 December 2021</div></div></div><div></div></div></div>	
Professional experience and skills	<div><div><div>Mr. Nasser Al Huqbani is a member of the Board of the Group and currently serves in the following capacities:</div><div><div><div><div>Member of the Executive Committee of the National Health Committee of the Council of Saudi Chambers since 2020;</div><div>Member of the Health Insurance Strategic National Committee since 2020;</div><div>Member of the Saudi-Russian Joint Economic Committee since 2019;</div><div>Member of the Advisory Board of the First Health Cluster in Riyadh since 2018;</div><div>Member of the Board of Trustees of the Saudi Commission for Health Specialties since 2017;</div><div>Member of the Board of the Saudi Patient Safety Center since 2017; and</div><div>Member of the American College of Healthcare Executives (ACHE), an independent global organization based in the United States of America since 2010.</div></div></div><div><div>Mr. Nasser Al Huqbani has also previously served in the following capacities:</div><div><div><div>President and Chief Executive Officer (CEO) of the Group from 2000 to October 2022;</div><div>Chairman of the Board of Managers of Sehat Al Olaya Medical Complex Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Asharq Alawsat Pharmacies Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Cloud Solutions International Private Limited Company from 2017 to October 2022;</div><div>Chairman of the Board of Managers of Buraidah Al Takhassusi Hospital for Healthcare Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Al Rayan Hospital for Healthcare Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Home Healthcare Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Al Gharb Al Takhassusi Hospital for Healthcare Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Al Mokhtabarat Diagnostic Medical Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Sehat Al Suwaidi Medical Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Intensive Care Company for Healthcare from 2017 to October 2022;</div></div></div><div><div>Chairman of the Board of Managers of Sehat Al Sharq Medical Limited Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Al Wosta Medical Limited Company from 2016 to October 2022;</div><div>Chairman of the Board of Managers of Gharb Jeddah Hospital Company from 2017 to October 2022;</div><div>Chairman of the Board of Managers of FLOW Medical Company from 2021 to October 2022;</div><div>Member of the Board of Managers of Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company from 2018 to October 2022;</div><div>Manager of Al Muhammadiyah Hospital for Healthcare Company from 2018 to October 2022;</div><div>General Manager of Pharmachoice Pharmacy from 2018 to October 2022;</div><div>Manager of Dr. Sulaiman Al Habib Hospital FZ-LLC from 2016 to October 2022;</div><div>General Manager of Shamal Al Riyadh for Healthcare Company from 2018 to October 2022;</div><div>Manager of Al Marakez Al Awwalyah for Health Care Company from 2020 to October 2022;</div><div>Manager of Rawabet Medical Company from 2020 to October 2022;</div><div>Manager of Taswyat Management Company from 2020 to October 2022;</div><div>General Manager at Sehat Al Kharj for Healthcare Company from 2021 to October 2022;</div><div>Member of the Board of Managers of Saudi Serco Services Company from 2014 to October 2022;</div><div>Chairman of the Board of Managers of Hulool Al Sahabah for IT & Communication Company from 2013 to October 2022;</div><div>Chairman of the Board of Managers of Al Afia Pharmacies for Medicines Company from 2016 to 2021;</div><div>Chairman of the Board of Managers of Antab Al Riyadh for Operation and Maintenance Company from 2016 to 2021;</div><div>Chairman of the Board of Managers of Al Rayan for Maintenance and Operation Company from 2016 to 2021;</div><div>Chairman of the Board of Managers of Bone, Joint and Spine Hospital Company from 2016 to 2020;</div><div>Chairman of the Board of Managers of Al Mustaqbal for Hospitals Development Company from 2016 to 2020;</div><div>Director of the Division of User Support of the Institute of Public Administration from 1994 to 2000; and</div><div>Lecturer in the Institute of Public Administration from 1992 to 1994.</div></div></div></div></div></div>	
Qualifications	<div>Mr. Nasser Al Huqbani earned a Master's degree in Office Management from the Institute of Public Administration in Riyadh in 1994 and a Bachelor's degree in Administrative Sciences and Public Administration from King Saud University in Riyadh in 1992.</div>	
Committee membership	<div>Member of the Executive Committee</div>	


	<div><div><div><div><div>Mr. Faisal Abdullah Al Nassar</div><div>Board Member, Group Chief Financial Officer (CFO) and Acting Group Chief Executive Officer</div><div>Membership type</div><div>Executive</div><div>Date of appointment (Current term)</div><div>10 December 2021</div></div></div><div></div></div></div>	
Professional experience and skills	<div><div><div>Mr. Faisal Al Nassar is a member of the Board of Directors. Mr. Faisal has been appointed as the Group's Acting Chief Executive Officer since November 2022. Further, Mr. Faisal currently serves in the following capacities:</div><div><div><div>HMG's Chief Financial Officer (CFO) since 2011.</div><div>Chairman of the Board of Managers of Al Marakez Al Awwalyah for Health Care Company since 2022;</div><div>Chairman of the Board of Directors of Cloud Solutions International Private Limited Company since 2022;</div><div>Manager of Rawabet Medical Company since 2020;</div><div>Chairman of the Board of Managers of Taswyat Management Company since 2022;</div><div>Manager of Pharmachoice Pharmacy since 2018;</div><div>Manager of Dr. Sulaiman Al Habib Hospital FZ-LLC since 2016;</div><div>Chairman of the Board of Managers of Sehat Al Olaya Medical Complex Company since 2022;</div><div>Chairman of the Board of Managers of Asharq Alawsat Pharmacies Company since 2022;</div><div>Chairman of the Board of Managers of Buraidah Al Takhassusi Hospital for Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Al Rayan Hospital for Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Home Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Al Gharb Al Takhassusi Hospital for Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Al Mokhtabarat Diagnostic Medical Company since 2022;</div><div>Chairman of the Board of Managers of Sehat Al Suwaidi Medical Company since 2022;</div><div>Chairman of the Board of Managers of Intensive Care Company for Healthcare since 2022;</div><div>Chairman of the Board of Managers of Sehat Al Sharq Medical Limited Company since 2022;</div><div>Chairman of the Board of Managers of Al Wosta Medical Limited Company since 2022;</div><div>Chairman of the Board of Managers of Gharb Jeddah Hospital Company since 2022;</div><div>Chairman of the Board of Managers of FLOW Medical Company since 2022;</div><div>Member of the Board of Managers of Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company since 2018;</div><div>Member of the Board of Managers of Saudi Serco Services Company since 2014;</div></div></div><div><div>Chairman of the Board of Managers of Hulool Al Sahabah for IT & Communication Company since 2022;</div><div>Manager of Al Muhammadiyah Hospital for Healthcare Company since 2018;</div><div>Manager of Shamal Al Riyadh for Healthcare Company since 2018;</div><div>Manager of Sehat Al Kharj for Healthcare Company since 2022;</div><div>Manager of Bawabat Al Shamal for Healthcare Company since 2022;</div><div>Manager of Bawabat Al Gharb for Healthcare Company since 2022;</div><div>Director of Medi Life Limited Company since 2022;</div><div>Director of Alpha Care Limited Company since 2022;</div><div>Chairman of the Board of Directors for the branch of Dr. Sulaiman Al Habib Medical Services Group Holding Company-Branch of Foreign Company since 2022;</div><div>Member of the Board of Directors and Audit Committee Member at Tamkeen Human Resources Company since 2022;</div><div>Board Member and Head of Audit Committee in the Saudi Jordanian Investment Fund since 2022;</div><div>Member of the Board of Managers and Chairman of the Investment Committee of Al Ramz Real Estate Company since 2021;</div><div>Member of the Board of Directors of Wethaq Capital Platform Company since 2021; and</div><div>Member of the Board of Managers of Travezy Investments Pvt Ltd since 2014.</div></div><div><div>Mr. Faisal Al Nassar has also previously served in the following capacities:</div><div><div><div>Member of the Board of Managers of Al Afia Pharmacies for Medicines Company from 2016 to 2021;</div><div>Member of the Board of Managers of Antab Al Riyadh for Operation and Maintenance Company from 2016 to 2021;</div><div>Member of the Board of Managers of Al Rayan for Maintenance and Operation Company from 2016 to 2021;</div><div>Member of the Board of Managers of Bone, Joint and Spine Hospital Company from 2016 to 2020;</div><div>Member of the Board of Managers of Al Mustaqbal for Hospitals Development Company from 2016 to 2020;</div><div>CFO and Member of the Board and Executive Committee at Roiaa Investment Company (previously ACWA Holding) from 2006 to 2011; and</div><div>Senior Manager of Corporate and Investment Banking Group at Samba Financial Group from 1999 to 2006.</div></div></div></div></div></div>	
Qualifications	<div>Mr. Faisal Al Nassar earned a Bachelor's degree in Accounting and Information Systems from the College of Industrial Management at King Fahd University of Petroleum and Minerals in Dhahran in 2001.</div>	
Committee membership	<div>Member of the Executive Committee</div>	


Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.1 Board of Directors (continued)

3.1.2 Experience and academic qualifications of the Board Members (continued)

	<p>Mr. Hesham Sulaiman Al Habib Board Member and Chief Business Development and Strategy</p> <p>Membership type Executive</p> <p>Date of appointment (Current term) 10 December 2021</p>	
Professional experience and skills	<p>Mr. Hesham Al Habib is a member of the Board. Mr. Hesham Al Habib currently serves in the following capacities as well:</p> <ul style="list-style-type: none"> • HMG's Chief Business Development and Strategy since 2022. • Member of the Board of Managers of Al Marakez Al Awwalyah for Health Care Company since 2022; • Manager of Rawabet Medical Company since 2022; • Member of the Board of Managers of Taswyat Management Company since 2022; • Manager of Pharmachoice Pharmacy since 2022; • Manager of Dr. Sulaiman Al Habib Hospital FZ-LLC since 2022; • Member of the Board of Managers of Sehat Al Olaya Medical Complex Company since 2022; • Member of the Board of Managers of Asharq Alawsat Pharmacies Company since 2022; • Member of the Board of Managers of Buraidah Al Takhassusi Hospital for Healthcare Company since 2022; • Member of the Board of Managers of Al Rayan Hospital for Healthcare Company since 2022; • Member of the Board of Managers of Home Healthcare Company since 2022; • Member of the Board of Managers of Al Gharb Al Takhassusi Hospital for Healthcare Company since 2022; • Member of the Board of Managers of Al Mokhtabarat Diagnostic Medical Company since 2022; • Member of the Board of Managers of Sehat Al Suwaidi Medical Company since 2022; • Member of the Board of Managers of Intensive Care Company for Healthcare since 2022; • Member of the Board of Managers of Sehat Al Sharq Medical Limited Company since 2022; • Member of the Board of Managers of Al Wosta Medical Limited Company since 2022; • Member of the Board of Managers of Gharb Jeddah Hospital Company since 2022; • Member of the Board of Managers of FLOW Medical Company since 2022; • Member of the Board of Managers of Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company since 2022; • Member of the Board of Managers of Saudi Serco Services Company since 2014; • Member of the Board of Managers of Hulool Al Sahabah for IT & Communication Company since 2022; 	<ul style="list-style-type: none"> • Manager of Al Muhammadiyah Hospital for Healthcare Company since 2022; • Manager of Shamal Al Riyadh for Healthcare Company since 2022; • Manager of Sehat Al Kharj for Healthcare Company since 2022; • Manager of Bawabat Al Shamal for Healthcare Company since 2022; • Manager of Bawabat Al Gharb for Healthcare Company since 2022; • Director of Medi Life Limited Company since 2022; • Director of Alpha Care Limited Company since 2022; • Member of the Board of Directors for the branch of Dr. Sulaiman Al Habib Medical Services Group Holding Company-Branch of Foreign Company since 2022; • Member of the Board of Directors of Tamkeen Human Resources Company since 2022; • Board Member and Member of Nomination and Remuneration Committee of the Kingdom Holding Company since 2018; • Member of the Board of Managers of Namara Limited Company since 2016; • Member of the Board of Managers of Namara Investment Company since 2014; • Member of the Board of Hamat Holding Company since 2012; • Member of the Board of Managers of Qimam Al Tabadul for Investment Company since 2020; • Member of the Board of Managers of Thabat Al Amal Company since 2014; • Member of the Board of Managers of Jawaher Al Mustaqbal Real Estate company since 2019; • Member of the Board of Managers of Al Masa Al Zarqa Real Estate company since 2019; • Member of the Board of Managers of Manazel Al Wosta Real Estate Company since 2020; and • Member of the Board of Managers of Soroh Al Marakez Co since 2016. <p>Mr. Hesham Al Habib has previously served in the following capacities:</p> <ul style="list-style-type: none"> • Member of the Board of Directors of Mohammad Abdulaziz Al Habib and Sulaiman Abdulaziz Al Habib for Energy Company from 2019 to 2022; • Vice President for Business Development in the Group from 2014 to February 2022; and • Director of Business Development in the Group from 2009 to 2014.
Qualifications	Mr. Hesham Al Habib earned a Bachelor's degree in Financial Management from the American University of Sharjah, UAE in 2009.	
Committee membership	Member of the Executive Committee	


	<p>Dr. Abdulrahman Sulaiman Al Turaigi Board Member Membership type Independent</p> <p>Date of appointment (Current term) 10 December 2021</p> 
Professional experience and skills	<p>Dr. Abdulrahman Al Turaigi is a member of the Board of the Group. Dr. Abdulrahman Al Turaigi currently serves in the following capacities as well:</p> <ul style="list-style-type: none"> Member of the Remunerations Committee at El-Ajou Group since 2022; Member of the Remunerations Committee at the Cultural Development Fund since 2021; Member of the Remunerations Committee at SACO company since 2021; Chairman of Audit Committee of First Milling Company since 2021; Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee, Member of the Governance, Risk and Compliance Committee, and Member of the Executive Committee at Saudi Investment Recycling Company SIRC since 2018; Member of the Nominations and Remuneration Committee at the Arabian Agriculture Services Company (ARASCO), since 2018; Member of the Audit Committee in King Abdullah University of Science and Technology since 2017; Board Member and Member of the Audit and Risk Committee in the Agriculture Development Fund since 2015; and Member of the Audit and Risk Committee at Almarai Company since 2013. <p>Dr. Abdulrahman Al Turaigi has previously served in the following capacities:</p> <ul style="list-style-type: none"> Advisor to the Minister of Environment, Water & Agriculture in the Kingdom from 2015 to 2020; CEO of the Presidency of Meteorology and Environment (PME) from 2019 to 2020; Board Member at Almarai Company from 2017 to 2019; Chairman of the Audit Committee at Almarai Company from 2014 to 2019; <ul style="list-style-type: none"> Board Member, the Chairman of the Audit Committee and Risk Committee and member of the Nomination and Remuneration Committee in Arabian Shield Cooperative Insurance from 2013 to 2018; Secretary-General of the Board of Directors at Almarai Company from 2004 to 2018; Member of the Audit Committee of the Arab Agricultural Services Company (ARASCO) from 2015 to 2018; Member of the Audit Committee of the Saudi Electricity Company from 2015 to 2018; Chairman of the Board of Directors of the Gulf Industrial Development Company from 2012 to 2018; Member of the Board of Directors and a member of the Audit Committee of Al Hassan Ghazi Ibrahim Shaker Company from 2013 to 2016; Assistant to the CEO at Almarai Company in New Projects from 2009 to 2010; General Manager of the Support Services Department in Almarai Company from 2007 to 2010; General Director of Human Resources department at Almarai Company from 2004 to 2007; Director of HR, Sales and Marketing Department at Almarai Company from 2001 to 2003; Director of HR, Operation Department at Almarai Company from 1999 to 2001; Head of Production Engineering Department at the Technical College in Riyadh, at the Technical and Vocational Training Corporation from 1997 to 1999; Vice President of the Arab Students Association in Missouri University of Science and Technology, USA from 1993 to 1996; Consultant at Small Enterprise Center of Business Management Department at the University of Missouri, USA, from 1994 to 1995; and Associate Professor in the Technical College of the Technical and Vocational Training Corporation, from 1986 to 1988.
Qualifications	<p>Dr. Abdulrahman Al Turaigi earned a Ph.D. in Engineering Management from the University of Missouri, USA in 1997, a Bachelor's degree in Engineering Management from the University of Missouri, USA, in 1994, a Master's degree in Industrial Systems Engineering from the University of Michigan, USA, in 1990 and a Bachelor's degree in Industrial Systems Engineering from King Saud University, KSA, in 1986. Dr. Abdulrahman Al Turaigi is a Certified Auditor in ISO 9000 Quality Management Systems since 2000.</p>
Committee membership	<p>Chairman of the Audit Committee</p>

Governance (continued)


3. Board of Directors, Committees, and Executive Management (continued)

3.1 Board of Directors (continued)

3.1.2 Experience and academic qualifications of the Board Members (continued)

<p>Mr. Rasheed Abdulrahman Al Rasheed Board Member Membership type Independent</p> <p>Date of appointment (Current term) 10 December 2021</p>		
Professional experience and skills	<p>Mr. Rasheed Al Rasheed is a member of the Board of Directors of the Group, and he currently serves in the following capacities as well:</p> <ul style="list-style-type: none"> Member of the Board of ALHassan Ghazi Ibrahim Shaker Company since 2022; Member of the Audit Committee of the International Company for Water and Power Projects since 2022; Vice Chairman of the Board of Directors of Saudi District Cooling Company since 2021; Chairman of the Board of Directors of Al Ramz Real Estate Company since 2020; Member of the Board, member of the Executive Committee, member of the Audit Committee and member of the Nomination and Remuneration Committee of SAL Saudi Logistics Services since 2019; Member of the Board of Tarabot Investment & Development Company since 2012, and Managing Director since 2014; Member of the Board, Chairman of the Executive Committee, member of the Audit Committee and member of the Nomination and Remuneration Committee of Saudi Airlines Cargo Company since 2012; Member of the Board and member of the Executive Committee of Vision International Investment Company (Formerly Arabian Company for Water and Power Development) since 2007; Member of the Board of Himmah Capital Limited since 2022; Member of the Board of Managers and Chairman of the Risk and Audit Committee of Jazan Gas Projects Company since 2015; Member of the Board of Managers of Tarabot Air Cargo Services Company since 2014; Member of the Board of Managers of ALAthat Company since 2014; Member of the Board of Managers of Saudi Integrated Company for Waste Treatment since 2013; and Chairman of the Board of Managers of Zelan Arabia Company since 2007. <p>Mr. Rasheed Al Rasheed has previously served in the following capacities:</p> <ul style="list-style-type: none"> Chairman of the Board of Managers at Network Coverage Company for Communication in Riyadh from 2020 to June 2021; Chairman of the board of managers at Dhahran Valley Cooling Company in AlKhubar from 2019 to Aug 2021; Member of the Board of Managers at Integrated Towers Company for Communication in Riyadh from 2019 to Aug 2022; 	<ul style="list-style-type: none"> Chairman of the Board of Managers at Saudi Riyadh Cooling Company in Riyadh from 2015 to August 2021; Chairman of the Board of Managers at Riyadh Water Production Company in Riyadh from 2015 to 2020; Member of the Board of Managers at Global Ports & Railways Company in Riyadh from 2014 to 2019; Member of the Board of Managers at Central District Cooling Company in Makkah Al Mukarramah from 2011 to October 2021; Board Member at Saudi District Cooling Company in Al Khobar from 2008 to August 2021; and Managing Director from 2011 to August 2021; Chairman of the Board of Managers at Saudi Tabreed Operations & Maintenance Company in Al Khobar from 2009 to Aug 2021; Member of the Board of Managers at Welspun Middle East Pipes Company in Dammam from 2008 to 2014; Member of the Board of Managers at Arabian Japanese Membrane Company in Riyadh from 2008 to 2014; Board Member at International Company for Water and power Projects in Riyadh from 2008 to 2022; President & CEO at Arabian Company for Water and Power Development Company (Formerly ACWA Holding) from 2007 to 2014; Member of the Board of Managers at Shuaibah Water and Electricity Company in Jeddah from 2006 to 2009; Board Member at Abdullah Abunayyan Group from 2006 to 2009; Member of the Board of Managers at Shuqaiq Water and Electricity Company in Jazan from 2006 to 2009; Member of the Board of Managers at Rabigh Water and Electricity Company in Jeddah from 2006 to 2009; Member of the Board of Managers at Arabian Company for Water and Power Projects from 2004 to 2011; Group Vice President & Chief Financial Officer at Abdullah Abunayyan Group from 2000 to 2007; Senior Management Information Advisor at AL Rashed Certified Public Accountants from 1998 to 2000; Senior Management Consultant at AL Rashed Certified Public Accountants from 1996 to 1997; Management Consultant at AL Rashed Certified Public Accountants from 1993 to 1995; Computer Programmer and Systems Analyst at Royal Saudi Air Force (BDM International) from 1992 to 1993; and Computer Programmer at Saudi Telecom Company (STC) from 1988 to 1992
Qualifications	Mr. Rasheed Al Rasheed earned a Higher Diploma in Management Information Technology Systems from King Saud University, KSA in 1988.	
Committee membership	Member of the Audit Committee	


3.2 Non-Board Committee Members


<p>Mr. Sulaiman Nasser Al Qahtani</p> <p>Date of appointment (Current term) 10 December 2021</p> 		
Professional experience and skills	<p>Mr. Sulaiman Al Qahtani is a member of HMG Audit Committee since December 2021, and currently serves in the following capacities:</p> <ul style="list-style-type: none"> • Member of the Board, Chairman of the Audit Committee, and Chairman of the Nominations and Remuneration Committee of the Saudi Company for the Production of Clay Pipes since October 2020; • Member of the Audit Committee at the Saudi Arabian Airlines Public Corporation since October 2020; • Member of the Board at Maharah Human Resources Company since 2017; • Member of the Board at Al Hilal Saudi Club since 2018; • Member of the Board of Directors and Chairman of the Audit Committee at Riyadh Development Company since 2022; and • Member of the Audit Committee at AlMarai Company since 2010. 	<p>Mr. Sulaiman Al Qahtani has previously served in the following capacities:</p> <ul style="list-style-type: none"> • Member of the Audit Committee at the Saudi Research and Marketing Group from 2018 to 2020; • Member of the Board and Chairman of the Audit Committee at Maalem Financing Company from 2016 to 2020; • Member of the Audit Committee at Bank Albilad from 2010 to 2019; • Member of the Audit Committee at Bupa Arabia for Cooperative Insurance from 2018 to 2021; • Member of the Board, and Chief Executive Officer (CEO) at the House of National Consulting Company (HNC) from 2008 to 2020; • Member of the Nomination and Remuneration Committee and the Risk Committee at the Arabian Shield Cooperative Insurance Company from 2016 to 2017; • Member of the Board at the Arabian Shield Cooperative Insurance Company from 2014 to 2017; • Chairman of the Audit Committee at Arab Shield Cooperative Insurance Company from 2014 to 2016; • Member of the Board of Directors and Chairman of the Audit Committee of Al-Jazirah Home Appliances Company from 2012 to 2013; • Director of Consulting at Al-Hamid and Al-Nimer Consulting Company from 2006 to 2008; • Trainer in the financial programs sector at the Institute of Public Administration from 1998 to 2006; and • Assistant trainer at the Institute of Public Administration from 1994 to 1995.
Qualifications	<p>Mr. Sulaiman Al Qahtani earned a Master's degree in Professional Accounting from California State University, USA in 1998 and a Bachelor's degree in Accounting from King Saud University, Riyadh in 1994.</p>	
Committee membership	<p>Member of the Audit Committee</p>	

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.2 Non-Board Committee Members (continued)


	<div><div><div>Prof. Abdullah Sulaiman Al Herbish</div><div><div>Date of appointment (Current term)</div><div>10 December 2021</div></div></div><div></div></div>
Professional experience and skills	<p>Prof. Abdullah Al Herbish is a Member of the Patient Safety and Quality of Care Committee at the Group since December 2021, and a Senior Vice President for Physician Affairs at the Group since February 2022; he is also a Diabetologist with extensive experience in private and public healthcare. Prof. Abdullah Al Herbish currently serves in the following capacities as well:</p> <ul style="list-style-type: none">Chairman of the Academic Council in the Group since 2020;Examiner for the Pediatric Endocrinology Fellowship in the Saudi Commission for Health Specialties since 2010;Member of the Clinical Excellence Committee in the Directorate of Health Affairs in Riyadh since 2021; andMember in the Advisory Boards for several medical companies since 2006. <p>Prof. Abdullah Al Herbish joined the Group in 1995 as a part-time medical practitioner and started to work with the Group as a full-time medical practitioner from 2009, in addition to being the Chairman of the Board of Medical Directors of the Group from 2008 to 2021.</p> <p>Prof. Abdullah Al Herbish served as Professor and consultant at the Department of Pediatrics, Faculty of Medicine, King Saud University from 1982 to 2009. He also served as a Chairman of the Clinical Studies at the Food and Drug Authority from 2019 to 2021, in addition to membership of many committees.</p>
Qualifications	<p>Prof. Abdullah Al Herbish earned the Canadian Fellowship in Pediatric Endocrinology and Diabetes from the Royal Canadian College of Physicians and Surgeons, University of Toronto, Toronto, Canada, in 1989. He also earned the American Board in Pediatric Endocrinology and Diabetes from the American Board Association, USA, 1989, and the Canadian Fellowship in pediatrics from the Royal Canadian College of Physicians and Surgeons, University of Calgary, Calgary, Canada, 1988, in addition to the American Board in pediatrics from the American Board Association, Seattle, USA, 1988.</p>
Committee membership	<p>Member of the Patient Safety and Quality of Care Committee</p>


	<div><div><div>Prof. Mahmoud Shaheen Al Ahwal</div><div><div>Date of appointment (Current term)</div><div>10 December 2021</div></div></div><div></div></div>
Professional experience and skills	<p>Prof. Mahmoud Al Ahwal is the Chairman of the Patient Safety and Quality of Care Committee at the Group since December 2021. Prof. Mahmoud Al Ahwal currently serves in the following capacities:</p> <ul style="list-style-type: none">Professor and Consultant in Internal Medicine and Medical Oncology at Bakhsh Hospitals group since 1996;Chairman of Mortality and Morbidity Committee at Bakhsh Hospitals group since October 2021;Chairman of Board of Trustees for Dr Soliman Fakeeh Award for Medical Research & Innovation in Sept 2021;Consultant in the field of Oncology for GAGA since September 2021.The Editor of the Saudi Journal of Internal Medicine, a journal of King Abdulaziz University operating in the field of scientific research since 2010;Chairman of the Board for Health Empowerment committee since October 2022;Member of the Gulf Federation for Cancer Control, a regional organization operating in the field of development and support of cancer control programs in the Arabian Gulf region since 2007;Local Editor for the Gulf Journal of Oncology, a reference journal in the US National Register operating in the field of scientific research since 2007.Professor/Consultant of Medical Oncology at the Faculty of Medicine, King Abdulaziz University since 2006; andMember and Founder of Al-Eman Association for the Care of Cancer Patients, a charitable association operating in the field of supporting and caring for cancer patients in need since 2004. <p>Prof. Mahmoud Al Ahwal has previously served in the following capacities:</p> <ul style="list-style-type: none">Dean of the Faculty of Medicine at King Abdulaziz University from 2009 to 2021;Supervisor of the Vaccine Center at King Abdulaziz University during 2021;Chairman of the Saudi Medical Colleges Deans' Committee at King Abdulaziz University from 2010 to 2021;Chairman of the Health Personnel Allowances Committee, King Abdulaziz University from 2015 to 2021;
Qualifications	<p>Prof. Mahmoud Al Ahwal earned a Bachelor's degree in Medicine and Surgery from King Abdulaziz University Jeddah, Saudi Arabia 1983, and the American Board in Internal Diseases in 1990. Prof. Mahmoud Al Ahwal also earned the Canadian Fellowship in Internal Diseases from University of Alberta, Canada, in 1991, and the Canadian Fellowship in Cancer Diseases from University of Alberta, Canada, in 1994.</p>
Committee membership	<p>Chairman of the Patient Safety and Quality of Care Committee</p>

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.2 Non-Board Committee Members (continued)


	<div><div><div>Dr. Abdulelah Mohammed Rabe Al Hawsawi</div><div><div>Date of appointment (Current term)</div><div>10 December 2021</div></div></div><div></div></div>
Professional experience and skills	<p>Dr. Abdulelah Al Hawsawi is a member of the Patient Safety and Quality of Care Committee at the Group since December 2021. He is an accomplished and resourceful Patient Safety Leader with many years of experience in the healthcare systems. Dr. Abdulelah Al Hawsawi currently serves in the following capacities as well:</p> <ul style="list-style-type: none">• CEO, Novo Genomics since 2022;• Board Member of Joint Commission Resources (JCR) since 2022; and• Executive Committee Member of the Global Sepsis Alliance (GSA) since 2020. <p>Dr. Abdulelah Al Hawsawi has previously served in the following capacities:</p> <ul style="list-style-type: none">• Former Advisor at the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI) from 2020 to 2021;• Former Director General of the Saudi Patient Safety Center from 2017 to October 2020;• Consultant HBP Surgeon and Assistant Professor at King Abdulaziz University from 2012 to 2019;• Assistant Director General for Technical Affairs at the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI) from 2012 to 2016;• Program Director at King Abdulaziz University from 2012 to 2015;• Assistant Professor of Surgery at King Abdulaziz University from 2001 to 2019;• General Surgery Resident from 2002 to 2004 and Intern from 2001 to 2002 at King Abdulaziz University Hospital;• Transplant and HBP Surgery Fellow, Dalhousie University, New York from 2009 to 2011;• Chair of the Organizing Committee of the 4th Global Ministerial Summit on Patient Safety held in KSA in Jeddah, in 2019; and• Dr. Abdulelah Al Hawsawi has also published many scientific papers, articles, books and chapters in international journals.
Qualifications	<p>Dr. Abdulelah Al Hawsawi earned a Bachelor's degree in Medicine and Surgery from King Abdulaziz University in 2001, and Fellowship from Canadian Board in 2009 and American Board in 2010. Dr. Abdulelah Al Hawsawi is also a Certified Surgeon for hepatobiliary organs since 2011. He holds Dual Certified Boards (American - Canadian) of general surgery with sub-specialty in Transplant and Hepatobiliary Surgery.</p>
Committee membership	<p>Member of the Patient Safety and Quality of Care Committee</p>


	<div><div><div>Mr. Ahmed Saleh Al Sudais</div><div><div>Date of appointment (Current term)</div><div>10 December 2021</div></div></div><div></div></div>
Professional experience and skills	<p>Mr. Ahmed Al Sudais is a member of the Nomination and Remuneration Committee at the Group since December 2021. Mr. Ahmed Al Sudais currently serves in the following capacities as well:</p> <ul style="list-style-type: none">• Head of the Human Resources Group at Al-Rajhi Bank since 2019;• Member of the Board and Member of the Nomination and Remuneration Committee at Institute Management since 2022;• Member of the Nominations Committee in the Events Fund since 2021;• Member of the Nominations Committee in the Central Jeddah Development Company since 2020;• Member of the Nominations and Remunerations Committee at the Saudi Payments Company since 2020;• Member of the Nominations Committee at the National Development Fund (Saudi Arabia) since 2020;• Member of the Nominations Committee at the Tourism Development Fund since 2020;• Member of the Nominations Committee at the General Authority for Statistics since 2020;• Member of the Nominations Committee at Tabadul Company since 2019;• Member of the Nomination and Remuneration Committee at Masik Holding Company since 2018; and• Member of the Remuneration Committee at Thakher Investment and Real Estate Development Company Ltd since 2018. <p>Mr. Ahmed Al Sudais has previously served in the following capacities:</p> <ul style="list-style-type: none">• Member of the Nominations and Remuneration Committee at the Saudi Ground Services Company from 2018 to 2021;• Member of the Nomination and Remuneration Committee at Mashroat National Program from 2018 to 2021;• Board Member and Member of the Remuneration Committee at Abdullatif Alissa Group from 2018 to 2021;• Vice President of Human Capital at ACWA Power Company from 2017 to 2019;• Member of the Nomination and Remuneration Committee at HSBC Holding from 2016 to 2019;• Board Member of Al Amad Company from 2017 to 2019;• Member of the Board and Chairman of the Nomination and Remuneration Committee at Al Yusr Company from 2018 to 2019;• General Director of Human Resources at the Saudi British Bank from 2012 to 2017;• Head of Branches and Sales Department at Saudi British Bank from 2011 to 2012;• Chief Operating Officer of National Air Services Company (NAS) from 2009 to 2011;• Deputy Managing Director of Saudi Research and Publishing Company from 2006 to 2009;• Senior Manager of the Branch Network of Saudi British Bank from 2005 to 2006;• Regional Manager of Human Resources at Saudi British Bank from 2004 to 2005;• Branch Manager of Saudi British Bank from 1997 to 2000;• Privilege Officer at the Saudi British Bank for the year 1997;• Program of new managers development for banking qualification at the Saudi British Bank from 1996 to 1997; and• Director of Communication at Colsa International from 1992 to 1996.
Qualifications	<p>Mr. Ahmed Al Sudais earned a Bachelor's degree in Accounting from King Abdulaziz University in Jeddah in the year 1992.</p>
Committee membership	<p>Member of the Nomination and Remuneration Committee</p>

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.3 Executive Management



	<div><div>Mr. Faisal Abdullah Al Nassar</div><div><div>Positions</div><div>Group Chief Financial Officer (CFO); and Acting Group Chief Executive Officer.</div></div><div></div></div>	
Professional experience and skills	<div><div><div>Mr. Faisal Al Nassar is a member of the Board of Directors since December 2021, and the Group's Chief Financial Officer (CFO) since 2011. Mr. Faisal was appointed as the Group's Acting Chief Executive Officer (CEO) since November 2022. Further, Mr. Faisal currently serves in the following capacities as well:</div><div><div><div><div><div>Chairman of the Board of Managers of Al Marakez Al Awwalyah for Health Care Company since 2022;</div><div>Chairman of the Board of Directors of Cloud Solutions International Private Limited Company since 2022;</div><div>Manager of Rawabet Medical Company since 2020;</div><div>Chairman of the Board of Managers of Taswyat Management Company since 2022;</div><div>Manager of Pharmachoice Pharmacy since 2018;</div><div>Manager of Dr. Sulaiman Al Habib Hospital FZ-LLC since 2016;</div><div>Chairman of the Board of Managers of Sehat Al Olaya Medical Complex Company since 2022;</div><div>Chairman of the Board of Managers of Asharq Alawsat Pharmacies Company since 2022;</div><div>Chairman of the Board of Managers of Buraidah Al Takhassusi Hospital for Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Al Rayan Hospital for Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Home Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Al Gharb Al Takhassusi Hospital for Healthcare Company since 2022;</div><div>Chairman of the Board of Managers of Al Mokhtabarat Diagnostic Medical Company since 2022;</div><div>Chairman of the Board of Managers of Sehat Al Suwaidi Medical Company since 2022;</div><div>Chairman of the Board of Managers of Intensive Care Company for Healthcare since 2022;</div><div>Chairman of the Board of Managers of Sehat Al Sharq Medical Limited Company since 2022;</div><div>Chairman of the Board of Managers of Al Wosta Medical Limited Company since 2022;</div><div>Chairman of the Board of Managers of Gharb Jeddah Hospital Company since 2022;</div><div>Chairman of the Board of Managers of FLOW Medical Company since 2022;</div><div>Member of the Board of Managers of Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company since 2018;</div><div>Member of the Board of Managers of Saudi Serco Services Company since 2014;</div></div><div><div>Chairman of the Board of Managers of Hulool Al Sahabah for IT & Communication Company since 2022;</div><div>Manager of Al Muhammadiyah Hospital for Healthcare Company since 2018;</div><div>Manager of Shamal Al Riyadh for Healthcare Company since 2018;</div><div>Manager of Sehat Al Kharj for Healthcare Company since 2022;</div><div>Manager of Bawabat Al Shamal for Healthcare Company since 2022;</div><div>Manager of Bawabat Al Gharb for Healthcare Company since 2022;</div><div>Director of Medi Life Limited Company since 2022;</div><div>Director of Alpha Care Limited Company since 2022;</div><div>Chairman of the Board of Directors for the branch of Dr. Sulaiman Al Habib Medical Services Group Holding Company-Branch of Foreign Company since 2022;</div><div>Member of the Board of Directors and Audit Committee Member at Tamkeen Human Resources Company since 2022;</div><div>Board Member and Head of Audit Committee in the Saudi Jordanian Investment Fund since 2022;</div><div>Member of the Board of Managers and Chairman of the Investment Committee of Al Ramz Real Estate Company since 2021;</div><div>Member of the Board of Directors of Wethaq Capital Platform Company since 2021; and</div><div>Member of the Board of Managers of Travezy Investments Pvt Ltd since 2014.</div></div></div><div>Mr. Faisal Al Nassar has also previously served in the following capacities:</div><div><div>Member of the Board of Managers of Al Afia Pharmacies for Medicines Company from 2016 to 2021;</div><div>Member of the Board of Managers of Antab Al Riyadh for Operation and Maintenance Company from 2016 to 2021;</div><div>Member of the Board of Managers of Al Rayan for Maintenance and Operation Company from 2016 to 2021;</div><div>Member of the Board of Managers of Bone, Joint and Spine Hospital Company from 2016 to 2020;</div><div>Member of the Board of Managers of Al Mustaqbal for Hospitals Development Company from 2016 to 2020;</div><div>CFO and Member of the Board and Executive Committee at Roiaa Investment Company (previously ACWA Holding) from 2006 to 2011; and</div><div>Senior Manager of Corporate and Investment Banking Group at Samba Financial Group from 1999 to 2006.</div></div></div></div></div></div>	
Qualifications	<div>Mr. Faisal Al Nassar earned a Bachelor's degree in Accounting and Information Systems from the College of Industrial Management at King Fahd University of Petroleum and Minerals in Dhahran in 2001.</div>	



	<div><div>Mr. Hesham Sulaiman Al Habib</div><div><div>Position</div><div>Chief Business Development and Strategy</div></div><div></div></div>	
Professional experience and skills	<div><div><div>Mr. Hesham Al Habib is a member of the Board since December 2021, and the Group's Chief Business Development and Strategy since February 2022.</div><div>Mr. Hesham Al Habib currently serves in the following capacities as well:</div><div><div><div>Member of the Board of Managers of Al Marakez Al Awwalyah for Health Care Company since 2022;</div><div>Manager of Rawabet Medical Company since 2022;</div><div>Member of the Board of Managers of Taswyat Management Company since 2022;</div><div>Manager of Pharmachoice Pharmacy since 2022;</div><div>Manager of Dr. Sulaiman Al Habib Hospital FZ-LLC since 2022;</div><div>Member of the Board of Managers of Sehat Al Olaya Medical Complex Company since 2022;</div><div>Member of the Board of Managers of Asharq Alawsat Pharmacies Company since 2022;</div><div>Member of the Board of Managers of Buraidah Al Takhassusi Hospital for Healthcare Company since 2022;</div><div>Member of the Board of Managers of Al Rayan Hospital for Healthcare Company since 2022;</div><div>Member of the Board of Managers of Home Healthcare Company since 2022;</div><div>Member of the Board of Managers of Al Gharb Al Takhassusi Hospital for Healthcare Company since 2022;</div><div>Member of the Board of Managers of Al Mokhtabarat Diagnostic Medical Company since 2022;</div><div>Member of the Board of Managers of Sehat Al Suwaidi Medical Company since 2022;</div><div>Member of the Board of Managers of Intensive Care Company for Healthcare since 2022;</div><div>Member of the Board of Managers of Sehat Al Sharq Medical Limited Company since 2022;</div><div>Member of the Board of Managers of Al Wosta Medical Limited Company since 2022;</div><div>Member of the Board of Managers of Gharb Jeddah Hospital Company since 2022;</div><div>Member of the Board of Managers of FLOW Medical Company since 2022;</div><div>Member of the Board of Managers of Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company since 2022;</div><div>Member of the Board of Managers of Saudi Serco Services Company since 2014;</div><div>Member of the Board of Managers of Hulool Al Sahabah for IT & Communication Company since 2022;</div><div>Manager of Al Muhammadiyah Hospital for Healthcare Company since 2022;</div></div><div><div>Manager of Shamal Al Riyadh for Healthcare Company since 2022;</div><div>Manager of Sehat Al Kharj for Healthcare Company since 2022;</div><div>Manager of Bawabat Al Shamal for Healthcare Company since 2022;</div><div>Manager of Bawabat Al Gharb for Healthcare Company since 2022;</div><div>Director of Medi Life Limited Company since 2022;</div><div>Director of Alpha Care Limited Company since 2022;</div><div>Member of the Board of Directors for the branch of Dr. Sulaiman Al Habib Medical Services Group Holding Company-Branch of Foreign Company since 2022;</div><div>Member of the Board of Directors of Tamkeen Human Resources Company since 2022;</div><div>Board Member and Member of Nomination and Remuneration Committee of the Kingdom Holding Company since 2018;</div><div>Member of the Board of Managers of Namara Limited Company since 2016;</div><div>Member of the Board of Managers of Namara Investment Company since 2014;</div><div>Member of the Board of Hamat Holding Company since 2012;</div><div>Member of the Board of Managers of Qimam Al Tabadul for Investment Company since 2020;</div><div>Member of the Board of Managers of Thabat Al Amal Company since 2014;</div><div>Member of the Board of Managers of Jawaher Al Mustaqbal Real Estate company since 2019;</div><div>Member of the Board of Managers of Al Masa Al Zarqa Real Estate company since 2019;</div><div>Member of the Board of Managers of Manazel Al Wosta Real Estate Company since 2020; and</div><div>Member of the Board of Managers of Soroh Al Marakez Co since 2016.</div></div></div><div>Mr. Hesham Al Habib has previously served in the following capacities:</div><div><div>Member of the Board of Directors of Mohammad Abdulaziz Al Habib and Sulaiman Abdulaziz Al Habib for Energy Company from 2019 to 2022;</div><div>Vice President for Business development in the Group from 2014 to February 2022; and</div><div>Director of Business Development in the Group from 2009 to 2014.</div></div></div></div>	
Qualifications	<div>Mr. Hesham Al Habib earned a Bachelor's degree in Financial Management from the American University of Sharjah, UAE in 2009.</div>	

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.3 Executive Management (continued)


	<div><div><div>Mr. Saud Abdulaziz Al Arifi</div><div><div>Positions</div><div>The Group General Counsel; and Secretary of the Board of Directors.</div></div></div><div></div></div>
Professional experience and skills	<div><div>Mr. Saud Al Arifi serves as the Group General Counsel since 2016, and Secretary of the Board of Directors since December 2021. Mr. Saud Alarifi has served in a number of senior roles in the legal sector at several renowned institutions, including:</div><div><div><div><div>•</div><div>Counsel at Clyde & Co LLP, Dubai, United Arab Emirates from 2009 to 2015;</div></div><div><div>•</div><div>Legal Advisor at DLA Piper Middle East LLP, Dubai, United Arab Emirates from 2007 to 2009; and</div></div><div><div>•</div><div>Legal Researcher at the Saudi Arabian Monetary Authority (SAMA), from 2001 to 2002, and from early 2003 to the end of 2003.</div></div></div></div></div>
Qualifications	<div><div>Mr. Saud Al Arifi earned a Bachelor’s degree in Islamic Call and Media awarded by Mohammed Bin Saud Islamic University, Riyadh, in 1998, and a Master’s Degree in Securities and Financial Regulations, Georgetown University, Washington, in 2007. Mr. Saud also earned a Master’s degree in Law, Duke University, Durham in 2004, and Career Master’s degree in Law Studies, Institute of Public Administration, Riyadh in 2001.</div></div>
	<div><div><div>Prof. Abdullah Sulaiman Al Herbish</div><div><div>Positions</div><div>Senior Vice President for Physician Affairs; and Consultant Pediatric Endocrinologist and Diabetologist.</div></div></div><div></div></div>
Professional experience and skills	<div><div>Prof. Abdullah Al Herbish is a Member of the Patient Safety and Quality of Care Committee at the Group since December 2021, and a Senior Vice President for Physician Affairs at the Group since February 2022, he is also a Diabetologist with extensive experience in private and public healthcare. Prof. Abdullah Al Herbish currently serves in the following capacities as well:</div><div><div><div><div>•</div><div>Chairman of the Academic Council in the Group since 2020;</div></div><div><div>•</div><div>Examiner for the Pediatric Endocrinology Fellowship in the Saudi Commission for Health Specialties since 2010;</div></div><div><div>•</div><div>Member of the Clinical Excellence Committee in the Directorate of Health Affairs in Riyadh since 2021; and</div></div><div><div>•</div><div>In addition to being a Member in the Advisory Boards for several medical companies since 2006.</div></div></div><div><div>Prof. Abdullah Al Herbish joined the Group in 1995 as a part time medical practitioner and started to work with the Group as a full-time medical practitioner from 2009, in addition to being the Chairman of the Board of Medical Directors of the Group from 2008 to 2021.</div><div><div>Prof. Abdullah Al Herbish served as Professor and consultant at the Department of Pediatrics, Faculty of Medicine, King Saud University from 1982 to 2009, he also served as a Chairman of the Clinical Studies at the Food and Drug Authority from 2019 to 2021, in addition to the memberships in many committees.</div></div></div></div></div>
Qualifications	<div><div>Prof. Abdullah Al Herbish earned the Canadian Fellowship in Pediatric Endocrinology and Diabetes from the Royal Canadian College of Physicians and Surgeons, University of Toronto, Toronto, Canada, in 1989; moreover, Prof. Abdullah Al Herbish earned American Board certification in Pediatric Endocrinology and Diabetes from the American Board Association, USA, 1989, and the Canadian Fellowship in Pediatrics from the Royal Canadian College of Physicians and Surgeons, University of Calgary, Calgary, Canada, 1988, in addition to the American Board certification in Pediatrics from the American Board Association, Seattle, USA, 1988.</div></div>


	<div><div><div>Prof. Sulaiman Abdul Aziz Al Majed</div><div><div>Positions</div><div>Senior Vice President for Medical Affairs; Consultant of Internal and Chest Diseases; and Supervisor of diagnostic radiology, laboratory and nursing.</div></div></div><div></div></div>
Professional experience and skills	<div><div>Prof. Sulaiman Al Majed has over 40 years of experience in the healthcare sector. He served in various roles including:</div><div><div><div><div>•</div><div>Acting Medical Director of Sehat Al Suwaidi Medical Company during 2021</div></div><div><div>•</div><div>Professor and Consultant in the College of Medicine at King Saud University from 1988 to 2007;</div></div><div><div>•</div><div>Head of Department of Chest in the College of Medicine at King Saud University from 1992 to 2007; and</div></div><div><div>•</div><div>Head of the Department of Training and Recognition in Medical Specialties of Internal Medicine at the Faculty of Medicine, King Saud University from 1998 to 2006.</div></div></div></div></div>
Qualifications	<div><div>Prof. Sulaiman Al Majed earned a Bachelor’s degree in Medicine from King Saud University in 1980 in addition to:</div><div><div><div><div>•</div><div>Canadian Fellowship in Internal Diseases and Chest Diseases, University of British Columbia in Vancouver, Canada in 1986;</div></div><div><div>•</div><div>Canadian Fellowship in Chest Diseases University of British Columbia in Vancouver, Canada in 1987;</div></div><div><div>•</div><div>Fellowship in American Board certification for Internal Medicine in 1987;</div></div><div><div>•</div><div>Fellowship in American Board certification for Chest Diseases in 1988;</div></div><div><div>•</div><div>Associate Professor at King Saud University in 1992; and</div></div><div><div>•</div><div>Professor at King Saud University in 1996.</div></div></div></div></div>
	<div><div><div>Mr. Riyadh Muhammad Bajodah</div><div><div>Positions</div><div>Acting Vice President for Digital Business; and Chief Executive Officer (CEO) and member of the Board of Managers of Taswyat Management Company (Subsidiary Company).</div></div></div><div></div></div>
Professional experience and skills	<div><div>Mr. Riyadh Bajodah has extensive experience in senior positions throughout his career for over than 22 years of professional experience in Information Technology and Security Solutions companies. Mr. Riyadh currently serves in the following capacities in the Group:</div><div><div><div><div>•</div><div>Vice President for Digital Business (Acting) since November 2022; and</div></div><div><div>•</div><div>Chief Executive Officer (CEO) and Member of the Board of Managers of Taswyat Administrative Company (subsidiary of the Group) since 2020.</div></div></div><div><div>Mr. Riyadh Bajodah has previously served in several senior positions throughout his career, including:</div><div><div><div><div>•</div><div>Chief Executive Officer (CEO) of Waseel ASP Ltd from 2009 to 2020;</div></div><div><div>•</div><div>Chief Operating Officer of Waseel ASP Ltd from 2002 to 2009; and</div></div><div><div>•</div><div>Central Region Manager of Batterjee Security Products (AMB Group) from 2001 to 2022.</div></div></div></div></div></div></div>
Qualifications	<div><div>Mr. Riyadh Bajodah earned a Bachelor’s degree in B.A., Management Information Systems (MIS) from King Fahad University for Petroleum & Minerals in Dhahran in 1999.</div></div>


Governance (continued)


3. Board of Directors, Committees, and Executive Management (continued)

3.3 Executive Management (continued)

	<p>Prof. Awad Abdullah Al Omari</p> <p>Positions Chief Medical Officer and Academic Affairs; and Chief Executive Officer (CEO) and member of the Board of Managers of Intensive Care Company for Healthcare (Subsidiary Company).</p>	
Professional experience and skills	<p>Prof. Awad Al Omari is the Chief Medical Officer and Academic Affairs at the Group since March 2022. Prof. Awad also currently serves in the following capacities as well:</p> <ul style="list-style-type: none">• Board member in Saudi Federation of Sports Medicine, Saudi Arabia, since July 2022;• Board member in the supervising committee for Medical College in Imam Mohammed Ibn Saud Islamic University, Saudi Arabia, since January 2022.• Professor of Medicine at Al Faisal University, Saudi Arabia, Riyadh, since 2021;• President of Saudi Critical Care Society, Saudi Arabia, Riyadh, since 2020; and• Chief Executive Officer of Intensive Care Company for Healthcare (Subsidiary Company) since 2019. <p>Prof. Awad Al Omari has previously served in the following capacities:</p> <ul style="list-style-type: none">• Associate Vice President for Physicians Affairs at Dr. Sulaiman AlHabib Medical Services Group Company from June 2019 to March 2022;• Associate Vice President for Academic Affairs at the Group from November 2017 to March 2022;• Associate Professor of Medicine at Al Faisal University, Saudi Arabia, Riyadh, from 2016 to 2020;• Assistant Professor of Medicine at Al Faisal University, Saudi Arabia, Riyadh, from 2012 to 2016;• Critical Care Training Program Director at Security Forces Hospital, Saudi Arabia, Riyadh, from November 2014 to November 2016;• Medical Director for Critical Care areas at the Group from November 2014 to March 2022; and• Head of Infection Control Departments at the Group from November 2014 to March 2022.	
Qualifications	<p>Prof. Awad Al Omari earned the Saudi Board in internal Medicine, from Saudi Commission for Health Specialties, in January 2009, in addition to the Canadian Board Fellowship in Infectious Diseases, University of Ottawa, in June 2012, and the Canadian Board Fellowship in Intensive Care, University of Ottawa, in June 2012.</p>	

	<p>Dr. Riyad Saleh Al Atiqi</p> <p>Position General Director of Pharmaceutical Facilities and member of the Board of Managers of Asharq Alawsat Pharmacies Company.</p>	
Professional experience and skills	<p>Dr. Riyad Al Atiqi is the General Director of Pharmaceutical Facilities at the Group, and member of the Board of Managers of Asharq Alawsat Pharmacies Company. Furthermore, Dr. Riyad previously held several positions in the pharmaceutical sector including:</p> <ul style="list-style-type: none">• Manager of the Central Region Branch of the Saudi International Trading Company from 1997 to 2008; and• Regulatory Relations Officer, Swiss Novartis, Scientific Office Branch from 1992 to 1997.	
Qualifications	<p>Dr. Riyad Al Atiqi earned a Bachelor's degree in Pharmaceutical Sciences from King Saud University in 1991, and a Master's degree in Business Administration from King Saud University in 1996, Riyadh. Dr. Riyad Al Atiqi also holds a Diploma in International Finance, awarded by the Paris Business School in 2017.</p>	



<p>Eng. Abdulelah Abdulrahman Al Mayman</p> <p>Position Chief Executive Officer (CEO) and member of the Board of Managers of Hulool Al Sahabah for IT & Communication Company</p>		
Professional experience and skills	<p>Eng. Abdulelah Al Mayman has more than 20 years of professional experience, and is currently the Chief Executive Officer (CEO) of Hulool Al Sahabah for IT & Communication Company (Subsidiary company).</p> <p>Eng. Abdulelah Al Mayman previously served in several senior positions throughout his career, including:</p> <ul style="list-style-type: none"> • Vice President for Information Technology in the Group from 2012 to 2018; • Executive Director for Business Specifications, Samba Financial Group from 2011 to 2012; • Executive Director for Banking Applications, Alinma Bank from 2007 to 2011; • Head of American Express Systems, the Saudi Investment Bank from 2006 to 2007; • General Supervisor of the main banking systems, the Saudi Investment Bank from 2002 to 2006; and • Programmer at the Saudi Investment Bank from 2000 to 2002. 	
Qualifications	Eng. Abdulelah Al Mayman earned a Bachelor's degree in Computer Engineering from King Saud University, Riyadh, in 2000.	

<p>Mr. Mustapha El Omari Alaoui</p> <p>Position Vice President for Supply Chain</p>		
Professional experience and skills	<p>Mr. Mustapha Alaoui held several senior positions throughout his career, including:</p> <ul style="list-style-type: none"> • General Manager of Biscuiterie Moderne Zine from 2017 to 2019; • Director of the Department of Supply and Logistics Development for Mondelez International from 2013 to 2017; • Director of the Department of Supply, Logistics and Procurement, Bimo, Casablanca from 2010 to 2012; • Regional Supply and Logistics Manager, Procter & Gamble (P & G Int.) from 2007 to 2009; and • Supply and Logistics Manager, Procter & Gamble (P & G Int.) from 2000 to 2006. 	
Qualifications	Mr. Mustapha Alaoui is a State Engineer and a graduate of Mohammadia School of Engineers, Kingdom of Morocco in 2000.	

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.3 Executive Management (continued)

	<div><div><div>Dr. Abdulwahab Abdullah Al Abdulwahab</div><div><div>Position</div><div>Chief Operating Officer (COO)</div></div><div></div></div></div>
Professional experience and skills	<div><div><div>Dr. Abdulwahab Al Abdulwahab has over 25 years of experience in the healthcare industry sector and is currently the Group Chief Operation Officer (COO). He currently serves in the following capacities as well:</div><div><div><ul style="list-style-type: none">Member of the Board of Managers of Home Healthcare Company since 2016;Member of the Board of Managers of Al Mokhtabarat Diagnostic Medical Company since 2016; andMember of the Board of Managers of Sehat Al Suwaidi Medical Company since 2016.</div></div><div><div><div>Dr. Abdulwahab has previously served in the following capacities:</div><div><div><ul style="list-style-type: none">General Manager of the Group's hospital in Rayan from 2017 to 2019;General Manager of Home Healthcare Company, at the Group from 2013 to 2019;General Manager of UMC at King Abdullah Medical City, Bahrain, a center affiliated to Arabian Gulf University from 2012 to 2019;General Manager of private projects (obesity center units, physical therapy divisions and skin and plastic surgery centers) at the Group from 2010 to 2019;Consultant of the General Directorate of Medical Services at the Ministry of Defense from 2009 to 2010;Consultant of the General Directorate at Prince Sultan Medical Military City from 2008 to 2009;Administrative Manager of the Department of Family from 2006 to 2008, and Manager of Human Resources from 2005 to 2006, and Planning Development Officer, Human Resources department from 2002 to 2004 at Prince Sultan Medical Military City; andManager of rehabilitation division at Ministry of Health from 1996 to 1997.</div></div></div></div></div></div>
Qualifications	<div><div><div>Dr. Abdulwahab Al Abdulwahab earned a Bachelor's degree in Applied Medical Sciences from King Saud University in 1995, and has been awarded a Master's degree in 2000, and a Ph.D. in Healthcare Management in 2002, both awarded by the University of Wales, UK.</div></div></div>
	<div><div><div>Mr. Vimal Subramanian</div><div><div>Positions</div><div>Chief Internal Auditor; and Audit Committee Secretary.</div></div><div></div></div></div>
Professional experience and skills	<div><div><div>Mr. Vimal Subramanian is the Chief Internal Auditor and the Secretary of the Audit Committee at the Group since 2016. Mr. Vimal Subramanian has vast experience in the risk consulting and internal audit domain over the past 20 years.</div><div><div><div>Previously, Mr. Vimal Subramanian has worked with various renowned consulting firms, including:</div><div><div><ul style="list-style-type: none">Assistant Manager of Risk Consulting at KPMG Saudi Arabia from 2014 to 2015;Manager of Internal Audit at RSM international from 2011 to 2014;Senior Consultant in Protiviti from 2010 to 2011;Assistant Manager at Astral Consulting Limited from 2007 to 2010; andProfessional Consultant at Astral Consulting Limited from 2002 to 2007.</div></div></div></div></div></div>
Qualifications	<div><div><div>Mr. Vimal Subramanian earned a Bachelor's degree in Commerce - Accounting, from the University of Anamalai, India in 2002, and a Master's degree in Business Administration - Finance, from Bharathiar University in 2014. He is also a Certified Internal Auditor (CIA), the Institute of Internal Auditors, USA, in 2009, and a Certified Fraud Examiner (CFE), the Association of Certified Fraud Examiners, USA, in 2010.</div><div><div><div>Mr. Vimal Subramanian also holds Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors, USA, 2011 and Certified Information Systems Auditor (CISA), the Association of Information Systems Audit and Control Association, USA, 2014.</div></div></div></div></div>

3.4 Board of Directors Formation and Function

The Board has adopted performance standards to evaluate its actions, members and committees' members. In the interest of the Board to ensure continuity of development and raise the efficiency of its performance, it has set standards and procedures to evaluate the performance of the Board, its members and committees' members. The Board has also established a procedure to evaluate its work periodically.

3.4.1 Names of companies inside and outside of KSA in which a Board Member holds a managerial position or membership

Member Name	Board Membership in Companies Inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Dr. Sulaiman Abdulaziz Al Habib	Board of Trustees of the National Museum	Inside the Kingdom	Current	Governmental Entity
	Namara Investment Company	Inside the Kingdom	Current	Limited Liability Company
	Mohammad A. Al Habib & Partner Co. For Real Estate Investment	Inside the Kingdom	Current	Limited Liability Company
	International Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
Mr. Mazen Abdulrazzaq Al Romaih	Banque Saudi Fransi	Inside the Kingdom	Current	Listed Joint Stock Company
	Future Generation Company	Inside the Kingdom	Current	Limited Liability Company
	Ministry of Tourism of Saudi Arabia	Inside the Kingdom	Current	Governmental Entity
	Local Content & Government Procurement Authority	Inside the Kingdom	Current	Governmental Entity
	Real Estate Development Fund	Inside the Kingdom	Current	Governmental Entity
	Saudi Arabian Airlines Public Corporation	Inside the Kingdom	Current	Governmental Entity
	Al Yamamah Steel Company	Inside the Kingdom	Previous	Listed Joint Stock Company
	Samba Capital & Investment Management Company	Inside the Kingdom	Previous	Closed Joint Stock Company
	Saudi Fransi Capital	Inside the Kingdom	Previous	Closed Joint Stock Company
	Capital Market Authority (CMA)	Inside the Kingdom	Previous	Governmental Entity

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)
3.4 Board of Directors Formation and Function (continued)
3.4.1 Names of companies inside and outside of KSA in which a Board Member holds a managerial position or membership (continued)

Member Name	Board Membership in Companies inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Eng. Saleh Mohammed Al Habib	Al Jawhara Al Kubra Company	Inside the Kingdom	Current	Limited Liability Company
	Jawaher Al Gharbia Real Estate Development and Investment Company	Inside the Kingdom	Current	Limited Liability Company
	Gheras United Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Andalus Property	Inside the Kingdom	Current	Listed Joint Stock Company
	Al Hayat Real Estate	Inside the Kingdom	Current	Closed Joint Stock Company
	Almasa Al Khadraa Real Estate Development and Investment Company	Inside the Kingdom	Current	Limited Liability Company
	Manafaa Al Andalus Company	Inside the Kingdom	Current	Limited Liability Company
	Awal Energy Solutions Company	Inside the Kingdom	Current	Limited Liability Company
	Jawharat Al Bahr Investment Company	Inside the Kingdom	Current	Limited Liability Company
	Qawaed Modern Technology for Information Technology Company	Inside the Kingdom	Current	Limited Liability Company
	Ebdaa Taiba Real Estate Development Company	Inside the Kingdom	Current	Limited Liability Company
	Gharb Jeddah Hospital	Inside the Kingdom	Current	Limited Liability Company
	Asala Elmarkz Company	Inside the Kingdom	Current	Limited Liability Company
	Araqa Elmarkz Company	Inside the Kingdom	Current	Limited Liability Company
	Al Nakheel Housing Company	Inside the Kingdom	Current	Limited Liability Company
	Maalem Investment Holding Company	Inside the Kingdom	Current	Limited Liability Company
	Sorouh Almarakiz Company	Inside the Kingdom	Current	Limited Liability Company
	Mohammed Abdulaziz Al Habib and Sons Holding Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Hamat Holding Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Hamat Property Company	Inside the Kingdom	Current	Limited Liability Company
	Advanced Markets Company	Inside the Kingdom	Current	Limited Liability Company
	Global Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Mohammad A. Al-Habib & Partner Real Estate Company	Inside the Kingdom	Current	Limited Liability Company
	Burooj International Company	Inside the Kingdom	Current	Limited Liability Company
	Nitaq Capital Company	Inside the Kingdom	Previous	Closed Joint Stock Company
	Qawaem for Real Estate Development Company	Inside the Kingdom	Previous	Limited Liability Company

Member Name	Board Membership in Companies inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Mr. Hesham Sulaiman Al Habib	Kingdom Holding Company	Inside the Kingdom	Current	Listed Joint Stock Company
	Namara Limited Company	Inside the Kingdom	Current	Limited Liability Company
	Manazel Al Wosta Real Estate Company	Inside the Kingdom	Current	Limited Liability Company
	Al Masa Al Zarqa Real Estate Company	Inside the Kingdom	Current	Limited Liability Company
	Qimam Al Tabadul for Investment Company	Inside the Kingdom	Current	Limited Liability Company
	Thabat Al Amal Company	Inside the Kingdom	Current	Limited Liability Company
	Jawaher Al Mustaqbal Real Estate Company	Inside the Kingdom	Current	Limited Liability Company
	Namara Investment Company	Inside the Kingdom	Current	Limited Liability Company
	Saudi Serco Services Company	Inside the Kingdom	Current	Limited Liability Company
	Hamat Holding Co.	Inside the Kingdom	Current	Closed Joint Stock Company
	Al Marakez Al Awwalyah for Health Care Company	Inside the Kingdom	Current	Limited Liability Company
	Rawabet Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Taswyat Management Company	Inside the Kingdom	Current	Limited Liability Company
	Pharmachoice Pharmacy	United Arab Emirates	Current	Limited Liability Company
	Dr. Sulaiman Al Habib Hospital FZ-LLC	United Arab Emirates	Current	Limited Liability Company
	Sehat Al Olaya Medical Complex Company	Inside the Kingdom	Current	Limited Liability Company
	Asharq Alawsat Pharmacies Company	Inside the Kingdom	Current	Limited Liability Company
	Buraidah Al Takhassusi Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Al Rayan Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Home Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Al Gharb Al Takhassusi Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)
3.4 Board of Directors Formation and Function (continued)
3.4.1 Names of companies inside and outside of KSA in which a Board Member holds a managerial position or membership (continued)

Member Name	Board Membership in Companies Inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Mr. Hesham Sulaiman Al Habib (continued)	Al Mokhtabarat Diagnostic Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Suwaidi Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Intensive Care Company for Healthcare	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Sharq Medical Limited Company	Inside the Kingdom	Current	Limited Liability Company
	Al Wosta Medical Limited Company	Inside the Kingdom	Current	Limited Liability Company
	Gharb Jeddah Hospital Company	Inside the Kingdom	Current	Limited Liability Company
	FLOW Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company	Inside the Kingdom	Current	Limited Liability Company
	Hulool Al Sahabah for IT & Communication Company	Inside the Kingdom	Current	Limited Liability Company
	Al Muhammadiyah Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Shamal Al Riyadh for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Kharj for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Bawabat Al Shamal for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Bawabat Al Gharb for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Medi Life Limited Company	United Arab Emirates	Current	Offshore Company with Limited Liability
	Alpha Care Limited Company	United Arab Emirates	Current	Offshore Company with Limited Liability
	Dr. Sulaiman Al Habib Medical Services Group Holding Company-Branch of Foreign Company	Kingdom of Bahrain	Current	Branch of a Foreign Company
	Tamkeen Human Resources Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Mohammad Abdulaziz Al Habib and Sulaiman Abdulaziz Al Habib for Energy Company	Inside the Kingdom	Previous	Closed Joint Stock Company
Dr. Abdulrahman Sulaiman Al Turaigi	Saudi Investment Recycling Company-SIRC	Inside the Kingdom	Current	Private Company owned by a Governmental Entity
	Agriculture Development Fund	Inside the Kingdom	Current	Governmental Credit Institution
	Presidency of Meteorology and Environment (PME)	Inside the Kingdom	Previous	Governmental Entity
	AlMarai company	Inside the Kingdom	Previous	Listed Joint Stock Company
	Arabian Shield Cooperative Insurance	United Arab Emirates	Previous	Listed Joint Stock Company
	Gulf Industrial Development Company	Inside the Kingdom	Previous	Closed Joint Stock Company
	Al Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Previous	Listed Joint Stock Company

Member Name	Board Membership in Companies inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Mr. Nasser Mohammed Al Huqbani	Saudi Commission for Health Specialties	Inside the Kingdom	Current	Governmental Entity
	Saudi Patient Safety Center	Inside the Kingdom	Current	Governmental Entity
	Dr. Sulaiman Al Habib Medical Services Group Company	Inside the Kingdom	Current	Listed Joint Stock Company
	The First Health Cluster	Inside the Kingdom	Current	Governmental Entity
	Hulool Al Sahabah for IT & Communication Company	Inside the Kingdom	Previous	Limited Liability Company
	Sehat Al Olaya Medical Complex Company	Inside the Kingdom	Previous	Limited Liability Company
	Asharq Alawsat Pharmacies Company	Inside the Kingdom	Previous	Limited Liability Company
	Cloud Solutions International Private Limited Company	Inside the Kingdom	Previous	Limited Liability Company
	Buraidah Al Takhassusi Hospital for Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Rayan Hospital for Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Home Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Gharb Al Takhassusi Hospital for Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Mokhtabarat Diagnostic Medical Company	Inside the Kingdom	Previous	Limited Liability Company
	Sehat Al Suwaidi Medical Company	Inside the Kingdom	Previous	Limited Liability Company
	Intensive Care Company for Healthcare	Inside the Kingdom	Previous	Limited Liability Company
	Sehat Al Sharq Medical Limited Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Wosta Medical Limited Company	Inside the Kingdom	Previous	Limited Liability Company
	Gharb Jeddah Hospital Company	Inside the Kingdom	Previous	Limited Liability Company
	FLOW Medical Company	Inside the Kingdom	Previous	Limited Liability Company
	Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Muhammadiyah Hospital for Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Pharmachoice Pharmacy	United Arab Emirates	Previous	Limited Liability Company
	Dr. Sulaiman Al Habib Hospital (FZ-LLC)	United Arab Emirates	Previous	Limited Liability Company
	Shamal Al Riyadh for Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Marakez Al Awwalyah for Health Care Company	Inside the Kingdom	Previous	Limited Liability Company
	Rawabet Medical Company	Inside the Kingdom	Previous	Limited Liability Company
	Taswyat Management Company	Inside the Kingdom	Previous	Limited Liability Company
	Sehat Al Kharj for Healthcare Company	Inside the Kingdom	Previous	Limited Liability Company
	Saudi Serco Services Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Afia Pharmacies for Medicines Company	Inside the Kingdom	Previous	Limited Liability Company
	Antab Al Riyadh for Operation and Maintenance Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Rayan for Maintenance and Operation Company	Inside the Kingdom	Previous	Limited Liability Company
	Bone, Joint and Spine Hospital Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Mustaqbal for Hospitals Development Company	Inside the Kingdom	Previous	Limited Liability Company

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.4 Board of Directors Formation and Function (continued)

3.4.1 Names of companies inside and outside of KSA in which a Board Member holds a managerial position or membership (continued)

Member Name	Board Membership in Companies inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Mr. Obaid Abdullah Al Rasheed	Arab National Bank	Inside the Kingdom	Current	Listed Joint Stock Company
	Saudi Home Loans	Inside the Kingdom	Current	Closed Joint Stock Company
	Saudi Chemical Company	Inside the Kingdom	Current	Listed Joint Stock Company
	ANB Capital Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Tabuk Cement Company	Inside the Kingdom	Previous	Listed Joint Stock Company
	Al-Arabi Heavy Equipment Lease Company	Inside the Kingdom	Previous	Closed Joint Stock Company
	Malath Cooperative Company	Inside the Kingdom	Previous	Listed Joint Stock Company
	Saudi Airlines Company for Aviation Engineering and Industry	Inside the Kingdom	Previous	Subsidiary for a Governmental Entity
Mr. Rasheed Abdulrahman Al Rasheed	AlHassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Current	Listed Joint Stock Company
	Vision International Investment Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Saudi District Cooling Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Saudi Airlines Cargo Company	Inside the Kingdom	Current	Closed Joint Stock Company
	SAL Saudi Logistics Services	Inside the Kingdom	Current	Closed Joint Stock Company
	AL Ramz Real Estate Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Himmah Capital Limited	Inside the Kingdom	Current	Closed Joint Stock Company
	Tarabot Investment & Development Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Jazan Gas Projects Company	Inside the Kingdom	Current	Limited Liability Company
	Tarabot Air Cargo Services Company	Inside the Kingdom	Current	Limited Liability Company
	AL Athat Company	Inside the Kingdom	Current	Limited Liability Company
	Saudi Integrated Company for Waste Treatment	Inside the Kingdom	Current	Limited Liability Company
	Zelan Arabia Company	Inside the Kingdom	Current	Limited Liability Company
	International Company for Water and Power Projects	Inside the Kingdom	Previous	Listed Joint Stock Company
	Integrated Towers Company	Inside the Kingdom	Previous	Limited Liability Company
	Dhahran Valley Colling Company	Inside the Kingdom	Previous	Limited Liability Company
	Riyadh Cooling Company	Inside the Kingdom	Previous	Limited Liability Company
	Network Coverage Company for Communication	Inside the Kingdom	Previous	Limited Liability Company
	Riyadh Water Production Company	Inside the Kingdom	Previous	Limited Liability Company
	Global Ports & Railways Company	Inside the Kingdom	Previous	Limited Liability Company
	Central District Cooling Company	Inside the Kingdom	Previous	Limited Liability Company
	Arabian Company for Water and Power Projects	Inside the Kingdom	Previous	Limited Liability Company
	Saudi Dhahran Cooling Company	Inside the Kingdom	Previous	Limited Liability Company
	Saudi Tabreed Operations & Maintenance Company	Inside the Kingdom	Previous	Limited Liability Company

Member Name	Board Membership in Companies inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Mr. Rasheed Abdulrahman Al Rasheed (continued)	Rabigh Water and Electricity Company	Inside the Kingdom	Previous	Limited Liability Company
	Welspun Middle East Pipes Company	Inside the Kingdom	Previous	Limited Liability Company
	Arabian Japanese Membrane Company	Inside the Kingdom	Previous	Limited Liability Company
	Arabian Company for Water and Power Development Company	Inside the Kingdom	Previous	Limited Liability Company
	Shuaibah Water and Electricity Company	Inside the Kingdom	Previous	Limited Liability Company
	Abdullah Abunayyan Group	Inside the Kingdom	Previous	Closed Joint Stock Company
	Shuqaiq Water and Electricity Company	Inside the Kingdom	Previous	Limited Liability Company
Mr. Faisal Abdullah Al Nassar	Saudi Serco Services Company	Inside the Kingdom	Current	Limited Liability Company
	Pharmachoice Pharmacy	United Arab Emirates	Current	Limited Liability Company
	Dr. Sulaiman Al Habib Hospital (FZ-LLC)	United Arab Emirates	Current	Limited Liability Company
	Al Marakez Al Awwalyah for Health Care Company	Inside the Kingdom	Current	Limited Liability Company
	Rawabet Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Taswyat Management Company	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Olaya Medical Complex Company	Inside the Kingdom	Current	Limited Liability Company
	Asharq Alawsat Pharmacies Company	Inside the Kingdom	Current	Limited Liability Company
	Cloud Solutions International Private Limited Company	Inside the Kingdom	Current	Limited Liability Company
	Buraidah Al Takhassusi Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Al Rayan Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Home Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Al Gharb Al Takhassusi Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Al Mokhtabarat Diagnostic Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Suwaidi Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Hulool Al Sahaba for IT & Communication Company	Inside the Kingdom	Current	Limited Liability Company
	Intensive Care Company for Healthcare	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Sharq Medical Limited Company	Inside the Kingdom	Current	Limited Liability Company
	Al Wosta Medical Limited Company	Inside the Kingdom	Current	Limited Liability Company
	Gharb Jeddah Hospital Company	Inside the Kingdom	Current	Limited Liability Company
	FLOW Medical Company	Inside the Kingdom	Current	Limited Liability Company
	Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company	Inside the Kingdom	Current	Limited Liability Company
	Al Ramz Real Estate Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Travezy Investments Pvt Ltd.	Inside the Kingdom	Current	Limited Liability Company
	Wethaq Capital Platform Company	Inside the Kingdom	Current	Closed Joint Stock Company

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.4 Board of Directors Formation and Function (continued)

3.4.1 Names of companies inside and outside of KSA in which a Board Member holds a managerial position or membership (continued)

Member Name	Board Membership in Companies inside and outside of KSA	Inside/Outside the Kingdom	Member of the Board of Directors or Manager (current or previous)	Legal Entity
Mr. Faisal Abdullah Al Nassar (continued)	Shamal Al Riyadh for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Al Muhammadiyah Hospital for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Sehat Al Kharj for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Bawabat Al Shamal for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Bawabat Al Gharb for Healthcare Company	Inside the Kingdom	Current	Limited Liability Company
	Medi Life Limited Company	United Arab Emirates	Current	Offshore Company with Limited Liability
	Alpha Care Limited Company	United Arab Emirates	Current	Offshore Company with Limited Liability
	Dr. Sulaiman Al Habib Medical Services Group Holding Company-Branch of Foreign Company	Kingdom of Bahrain	Current	Branch of a Foreign Company
	Tamkeen Human Resources Company	Inside the Kingdom	Current	Closed Joint Stock Company
	Saudi Jordanian Investment Fund	Hashemite kingdom of Jordan	Current	Special Joint Stock Company
	Al Afia Pharmacies for Medicines Company	Inside the Kingdom	Previous	Limited Liability Company
	Antab Al Riyadh for Operation and Maintenance Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Rayan for Maintenance and Operation Company	Inside the Kingdom	Previous	Limited Liability Company
	Bone, Joint and Spine Hospital Company	Inside the Kingdom	Previous	Limited Liability Company
	Al Mustaqbal for Hospitals Development Company	Inside the Kingdom	Previous	Limited Liability Company
	Roiaa Investment Company	Inside the Kingdom	Previous	Closed Joint Stock Company

3.4.2 Board of Directors' Meetings

The following table shows the attendance of the members of the Board of Directors for the Board meetings during the financial year ending on 31 December 2022:

No.	Member Name	Five (5) meetings					Total meetings attended
		First meeting 20 February 2022	Second meeting 24 April 2022	Third meeting 7 August 2022	Fourth meeting 23 October 2022	Fifth meeting 18 December 2022	
1	Dr. Sulaiman Abdulaziz Al Habib	✓	✓	✓	✓	✓	5
2	Mr. Mazen Abdulrazzaq Al Romaih	✓	✓	✓	✓	✓	5
3	Mr. Hesham Sulaiman Al Habib	✓	✓	✓	✓	✓	5
4	Mr. Nasser Mohammed Al Huqbani	✓	✓	✓	✓	XX	4
5	Mr. Obaid Abdullah Al Rasheed	✓	✓	✓	✓	✓	5
6	Mr. Faisal Abdullah Al Nassar	✓	✓	✓	✓	✓	5
7	Eng. Saleh Mohammed Al Habib	X	✓	✓	✓	XX	4
8	Mr. Rasheed Abdulrahman Al Rasheed	✓	✓	✓	✓	✓	5
9	Dr. Abdulrahman Sulaiman Al Turaigi	✓	✓	✓	✓	✓	5

✓ Attendance In person X Attendance by proxy by another board member XX Absence

Last meeting of the General Assembly was on 18 April 2022

3.4.3 Annual General Assembly Meetings

In line with its national responsibility to support preventive and precautionary efforts and measures by the relevant and competent health authorities to address the emerging coronavirus (COVID-19), the Company held the Shareholders' General Assembly meetings during the year 2022 through modern technology, and the record of attending the Shareholders' General Assembly meetings during the year 2022 was as follows:

No.	Member Name	Ordinary General Assembly Meeting 18 April 2022
1	Dr. Sulaiman Abdulaziz Al Habib	✓
2	Mr. Mazen Abdulrazzaq Al Romaih	✓
3	Mr. Hesham Sulaiman Al Habib	✓
4	Mr. Nasser Mohammed Al Huqbani	✓
5	Mr. Obaid Abdullah Al Rasheed	✓
6	Mr. Faisal Abdullah Al Nassar	✓
7	Eng. Saleh Mohammed Al Habib	✓
8	Mr. Rasheed Abdulrahman Al Rasheed	✓
9	Dr. Abdulrahman Sulaiman Al Turaigi	✓

✓ Attendance In person X Attendance by proxy by another Board member XX Absence

3.5 Audit Committee

The Audit Committee represents and assists the Group's Board in fulfilling its oversight responsibility of the integrity of the financial statements and internal control of the Group, through the supervision of both the internal and external auditors, and their independence and effectiveness by:

- Examining the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of accounting and internal control systems and risk management.
- Reviewing arrangements established by management for compliance with regulatory and financial reporting requirements.
- Performing, monitoring and reviewing, on behalf of the Board, compliance with the requirements relating to the audit of the Group in accordance with the Laws and Regulations of the KSA.
- Overseeing and evaluating the performance of the Group's external auditors, including a review and evaluation of the external auditors' qualifications and independence.
- Supervising the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- Reviewing, together with the external auditor, the audit plan and make any comments thereon.
- Reviewing the external auditor's comments on the financial statements and follow up on the actions taken.
- Reviewing the interim and annual financial statements prior to presentation to the Board; and to give opinion and recommendations with respect thereto.

The duties of the Committee shall particularly include:

External Audit

- Recommend to the Board the appointment, dismissal and the remuneration of external auditors.
- Verify the independence of the external auditors, their objectivity, fairness and effectiveness of the audit activity, taking into account the relevant rules and standards.
- Supervise and assess the plan and activities of the external auditors, ensure that the auditors do not provide any technical or administrative work beyond their scope, and recommend to the Board the approval or denial of any activity beyond the scope of the audit work assigned to the external auditors during the performance of their duties.
- Review the external auditors' reports and their comments on the financial statements and follow up the actions taken about them.
- Respond to queries from the Group's external auditors.
- Get to know the lead external audit partner and meet periodically.
- Review the external auditors' proposed audit plan, scope and approach, including coordination of audit effort with internal audit.
- Review with the external auditors any problems or difficulties, and management's response.
- Review the external auditors' report (Auditors' Report on the Financial Statements), review and discuss report on management's internal controls (Management Letter Points), from the time that such reports are prepared, and hold timely discussions with the external auditors regarding the following:
 - All critical accounting policies and practices;
 - All alternative treatments of financial information that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and
 - Other material written communications between the external auditors and management, including, but not limited to, the management letter and schedule of unadjusted differences. The Committee shall follow up on the actions taken about the comments raised by the external auditors.
- Apply the instructions and directives of the Ministry of Commerce and Investment, Saudi Organization for Certified Public Accountants and Capital Market Authority - releasing updates from time to time, with respect to the appointment of the external auditors.

3. Board of Directors, Committees, and Executive Management (continued)

3.5 Audit Committee (continued)

Internal Audit

- Examine and review the Group’s internal and financial control systems and risk management system.
- Analyze internal audit reports and follow up on the implementation of corrective measures with respect to remarks made in such reports.
- Supervise the Group’s Internal Audit Department (including outsourced internal auditors, if any) to ensure its effectiveness in executing the activities and duties specified by the Board.
- Review and advise on the selection or removal of the Head of Internal Audit. The Internal Audit Department shall report to the Board via the Committee.
- Monitor and oversee the performance and activities of the Internal Audit Department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Provide a recommendation to the Board on appointing the Head of the Group’s Internal Audit Department, and suggest their remuneration, benefits, and assessment of performance.
- Monitor and review the effectiveness of the internal audit function. This includes reviewing the internal audit procedure and preparing a written report on such audit and its recommendation with respect to it; and pursue the implementation of the corrective measures in respect of the comments included in such internal audit.
- Periodically review with the Internal Audit Department any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the Department’s work.

Compliance

- Review the findings of the reports of supervisory authorities and ensure that the Company has taken the necessary actions in connection therewith.
- Ensure compliance with relevant laws, regulations, policies and instructions.
- Review the contracts and proposed related party transactions and provide recommendations to the Board in connection therewith.

Overseeing Accounting and Financial Reporting

- Analyze the Group’s interim and annual financial statements before presenting them to the Board, and provide opinions and recommendations thereon to ensure their integrity, fairness, and transparency.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas.
- Review estimates in respect of significant matters that are contained in the financial reports.
- Review accounting policies followed by the Group and provide its opinion and recommendations to the Board thereon.
- Review recent professional and regulatory pronouncements and initiatives, and understand their impact on the financial statements.
- Understand how management develops quarterly and annual financial information, and the nature and extent of internal and external auditor involvement.
- Review and discuss annual and quarterly financial statements with the management and the external auditors, as applicable, especially before filing with the Board and follow-up actions. Consider whether the financial reports are complete and consistent with the information known to the Audit Committee members and to give an opinion and recommendations with respect thereto to ensure their integrity fairness, and transparency.
- Provide its technical opinion, at the request of the Board, regarding whether the Board’s report and Group’s financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Group’s financial position, performance, business model and strategy.
- Accurately investigate any issues raised by the Group’s Chief Financial Officer (or any person assuming such duties), compliance officer, or external auditors.
- Review management responses to CMA inspection reports and management representations declared during audit activities.
- Receive and review any disclosure from the Group’s executive management made in connection with the Group’s quarterly and annual reports on:
 - All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are likely to adversely affect the Group’s ability to record, process, summarize, and report financial data; and
 - Material fraud cases that involve management or other employees who have a significant role in the Group’s internal controls.
- Review analysis prepared by management and the external auditors setting forth significant or non-familiar financial reporting issues and judgments made in connection with the preparation of the financial statements.
- In consultation with the external and internal auditors, review the integrity of the Group’s financial reporting processes (both internal and external), and the internal control structure (including disclosure controls and procedures and internal control over financial reporting).
- Review with the external auditors, internal auditors and management the extent to which changes or improvements in financial or accounting practices have been implemented.
- Understand key controls and reporting risk areas as assessed by financial management, the internal auditors, and the external auditors, as well as the mitigating controls and safeguards.

Overseeing Controls over the Group’s Operations

- Ensure the existence of an effective and efficient system of internal controls over operations of the Group.
- Monitor the application of documented and approved policies and procedures. This includes monitoring the adherence to policies and procedures manuals, and their continuous update.
- Review the process for communicating the Code of Conduct to Group personnel, and for monitoring compliance therewith.
- Establish procedures for the receipt, retention, and treatment of complaints regarding operational matters, accounting matters, operational and accounting internal controls, and auditing matters. This includes establishing procedures for the confidential, anonymous submission by the Group’s employees regarding questionable management practices.
- Institute and oversee special investigations as needed, such as fraud cases.

Group Board

- Maintain direct organizational and reporting relations to the Board.
- Report as often as it determines, but not less frequently than quarterly, to the Group’s Board about the Audit Committee’s activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the Group’s Board.
- If there is a conflict between the recommendations of the Audit Committee and the Board’s decisions, or if the Board refuses to accept the recommendation of the Committee regarding the appointment of the Company’s auditors, dismissal, the determination of his fees, the performance evaluation or the appointment of the Internal Auditors, the Board report shall include the Committee’s recommendation and justifications and reasons for not taking it.

The Committee members shall not be less than three (3) members and not more than five (5); and shall be composed of Independent, Non-Executive Board members or shareholders or others, at least one (1) of whom shall be an independent member and shall not include any of the executive members or any of the senior executives in the Company; with at least one (1) of whom is competent in financial and accounting matters.

During the fiscal year 2022, the Audit Committee held six (6) meetings, and the attendance of the Committee members was as detailed below:

			Six (6) Meetings					
No.	Member name	Nature of Membership	First Meeting 17 February 2022	Second Meeting 21 April 2022	Third Meeting 20 June 2022	Fourth Meeting 4 August 2022	Fifth Meeting 20 October 2022	Sixth Meeting 14 December 2022
1	Dr. Abdulrahman Sulaiman Al Turaigi	Chairman	✓	✓	✓	✓	✓	✓
2	Mr. Sulaiman Nasser Al Qahtani	Member	✓	✓	✓	✓	✓	✓
3	Mr. Rasheed Abdulrahman Al Rasheed	Member	✓	✓	XX	✓	✓	✓

✓ Attendance In person X Attendance by proxy by another Board member XX Absence

Results of the Annual Review of the Effectiveness of the Internal Control Procedures of the Company and the Opinion of the Audit Committee with Respect to the Adequacy of the Company’s Internal Control System

The Company’s management is responsible for establishing an adequate and effective internal control system that includes policies, procedures/operations, and information systems as approved by the Board of Directors in order to facilitate the achievement of efficient and highly effective operations. The internal control system guarantees the quality of external and internal reports, maintaining appropriate records and procedures, and adherence to internal rules, regulations and policies regarding the workflow.

The Internal Audit Department - independently and objectively - evaluated the adequacy and effectiveness of the Company’s internal control system, focusing on significant risks that could affect the Company’s business process using the risk-based audit methodology. The Company’s operations, during 2022, were subject to periodic audits and follow-ups, as per the internal audit plan approved by the Audit Committee. The recommendations were largely implemented by the Executive Management of the Company in accordance with the approved plan.

The Audit Committee studies and reviews quarterly reports prepared by the Company’s internal audit department in addition to the Company’s external auditors’ observations regarding the evaluation of the Company’s internal control procedures in terms of their design and implementation. During 2022, based on the audit reports and the evaluation by the Audit Committee in relation to the adequacy of internal controls, and the results of the annual audit of the effectiveness of the control procedures, the Company did not show any significant deficiencies or any fundamental change in the internal control systems, and the evaluation confirmed that it is, to a large extent, effective to prevent and discover material errors, and that no material breach or breach of internal control systems have occurred during the year 2022.

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.6 Board of Directors' Committees

3.6.1 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for nominating members to the Board and the Senior Executive Management, defining rules and setting the remuneration policy for the Board and the Senior Executive Management. The duties and responsibilities of the Nomination and Remuneration Committee include the following:

Nomination

- Recommend clear policies and standards for Board membership, Executive Management and the Group's representatives in subsidiaries and associates.
- Produce an annual review of membership requirements for the Board and Executive Management, and prepare a description of the required remuneration capabilities and qualifications for such membership.
- Determine the time a Board member should allocate to the work of the Board.
- Review the structure and composition of the Board, Board committees, and the Group's executive management, and provide recommendations regarding changes.
- Recommend appointing new members to the Board or Board Committees to fill vacancies as needed.
- Provide job descriptions for executive, non-executive, independent Board members and senior executive management.
- Set procedures to be followed if the position of a member of the Board or a senior executive becomes vacant.
- Assess performance of the Board in terms of strengths and weaknesses, and recommend necessary solutions in the best interests of the Company through proposing the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using KPIs linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company, through assisting the Board in its responsibility toward carrying out the necessary arrangements to obtain an assessment of its performance from a competent third-party every three (3) years.
- Provide recommendations to the Board for the nomination and re-nomination of its members in accordance with approved policies and standards, taking into account that nominations shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- Ensure on an annual basis the independence of independent Directors and ensure the absence of any conflicts of interest if a Board member also acts as a member of the Board of another company.
- Study and review the CEO's recommendations concerning the appointment and termination of the Executive Management team.
- Study and review succession plans for the Company in general and for the Board, CEO and Executive Management in particular.
- Provide an appropriate level of training and introduce new Board and committee members to the Company's businesses and assistance to enable them to perform their role effectively and efficiently.
- Develop the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.
- Ensure that the Group publishes the Board nomination announcements on the websites of the Group and Tadawul, and through any other medium specified by the CMA to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least one (1) month from the date of the announcement.

Remuneration

- Prepare a clear remuneration policy for Board members, its committees and the Executive Management, which enhances management team motivation and helps in retaining employees. The Committee should present such policy to the Board in preparation for approval by the General Assembly Meeting, provided that such policy follows standards that are linked to performance and disclosing and ensuring the implementation of such policy.
- Clarify the relation between the paid remunerations and the adopted remuneration policy and highlight any material deviation from that policy.
- Review periodically the remuneration policy and assess its effectiveness in achieving its objectives.
- Provide recommendations to the Board in respect of the remunerations of its members, the committees' members and senior executives, in accordance with approved policy.
- Take into consideration situations where remuneration should be suspended or reclaimed if it is determined that such remuneration was set based on inaccurate information provided by a member of the Board or the Executive Management, in order to prevent abuse of power to obtain unmerited remunerations.
- Provide recommendations with respect to the grant of Company shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.
- Review the Executive Management remunerations, including long- and short-term incentives, set the Executive Management KPIs, and recommend to the Board in this regard.
- Review and approve the CEO's recommendations concerning the general guidelines of the Executive Management remuneration and other benefits, which the CEO implements in light of the remuneration policy.
- Committee members shall be knowledgeable, with competence, work experience, and a thorough understanding of qualifications, roles and responsibilities of Directors and executives, and shall be able to devote adequate time to their duties.

During the fiscal year 2022, the Nomination and Remuneration Committee held two (2) meetings and the attendance of the Committee members was as detailed below:

No.	Member name	Nature of membership	Two (2) meetings	
			First meeting 20 January 2022	Second meeting 06 September 2022
1	Mr. Obaid Abdullah Al Rasheed	Chairman	✓	✓
2	Eng. Saleh Mohammed Al Habib	Member	✓	✓
3	Mr. Ahmad Saleh Al Sudais	Member	✓	✓
✓ Attendance In person X Attendance by proxy by another Board member XX Absence				

3.6.2 Executive Committee

The main purpose of the Executive Committee is to provide support and advice to the Board on matters as the Board may delegate from time to time to the Committee. The Committee, to the extent permitted by law, exercises the powers delegated to it to manage the business and affairs of the Company and all operational matters where implementation requires input and guidance from the Board. The Committee's duties include the following:

- Track the long-term, medium-term and short-term plans of the Company's strategy, update them and review them from time to time.
- Meet with division heads, internal and external auditors, and whoever is charged with monitoring business and financial performance of the Company and its divisions.
- Track the execution of Company budgets, analyzing deviation from them - if noticed - and submitting recommendations in that respect.
- Recommend entering into new investments and develop existing activities, both vertically and horizontally.
- Track and review all significant issues that are related to legal proceedings and establish insurance and risk strategies and contracts.
- Establish relationships with banks and other financial institutions, and define the terms and conditions under which the relationship will operate.
- Approve credit facilities necessary to operate the business on a day-to-day basis.
- Approve real estate transactions such as the sale, purchase and lease of land and/or facilities.
- Obtain advice and assistance from internal or external legal, accounting or other advisors.
- Form and delegate authority to sub-committees when appropriate.
- Periodically review and reassess the adequacy of the Charter and recommend any proposed changes to the Board for approval.
- Annually review its own performance.

The Committee members shall be knowledgeable, with competence, work experience from diverse professional backgrounds, as well as have a thorough understanding of the Group's scope of business along with rapid knowledge in the healthcare industry and shall be able to devote adequate time to their duties.

During the fiscal year 2022, the Executive Committee held five (5) meetings and the attendance of the committee members was as detailed below:

No.	Member name	Nature of Membership	Five (5) Meetings				
			First Meeting 17 February 2022	Second Meeting 21 April 2022	Third Meeting 4 August 2022	Fourth Meeting 20 October 2022	Fifth Meeting 14 December 2022
1	Mr. Mazen Abdulrazzaq Al Romaih	Chairman	✓	X	✓	✓	✓
2	Mr. Nasser Mohammed Al Huqbani	Member	✓	✓	✓	✓	✓
3	Mr. Faisal Abdullah Al Nassar	Member	✓	✓	✓	✓	✓
4	Eng. Saleh Mohammed Al Habib	Member	✓	✓	✓	✓	XX
5	Mr. Hesham Sulaiman Al Habib	Member	✓	✓	✓	✓	✓
✓ Attendance in person X Attendance by proxy by another Board member XX Absence							

3.6.3 Patient Safety and Quality of Care Committee

The Patient Safety and Quality of Care Committee is responsible for developing the Group's strategies for improving overall quality, safety, and control of its healthcare facilities. The Patient Safety and Quality of Care Strategy will allow the Group to improve its services to its patients and increase patient's satisfaction.

Governance (continued)

3. Board of Directors, Committees, and Executive Management (continued)

3.6 Board of Directors' Committees (continued)

3.6.3 Patient Safety and Quality of Care Committee (continued)

The following represents the duties and responsibilities of the Patient Safety and Quality of Care Committee (PSQC):

Strategy and performance

- Create a vision for quality of healthcare services for the Group, with long-term performance measures and goals.
- Advise the Group's clinical leadership on competitive strategies in clinical practices to be assessed and implemented, if deemed appropriate.
- Monitor the Group's clinical performance against internal and external benchmarks.
- Oversee the effectiveness of the Group's plans for improving clinical practice performance and quality of healthcare.
- Make recommendations to the Board on the Group's overall quality of care and patient safety, and suggest performance improvement initiatives.
- Provide coordination and oversight of the Group's plan to improve the quality of care and patient safety in the Group's healthcare facilities.
- Help the Group develop, implement, and evaluate its plan to improve the quality of care and patient safety.
- Review reports and minutes of meetings of all Quality Improvement Committees in Group healthcare facilities.
- Grant approval to quality improvement initiatives suggested by Quality Improvement Committees in Group healthcare facilities.
- Review patient satisfaction scores, on a quarterly basis, in Group healthcare facilities.
- Review sentinel events and root cause analysis; and recommend corrective action.
- Review the findings from the analysis of significantly adverse outcomes to approve or recommend actions designed to mitigate re-occurrence.
- Monitor disclosure mechanisms related to critical incidents and quality indicators concerning hospital acquired infections, mortality and any others as required and/or deemed advisable.

Communication

- Enhance awareness of the Group's clinical performance to the Management and other external stakeholders via the appropriate communication channels.
- On a quarterly and annual basis, report to the Board statistical data on the Group's healthcare performance and clinical performance, and quality improvement plans.
- Develop quarterly and annual reports to disclose clinical performance and quality improvement plans.
- Receive quality reports and provide feedback to the relevant stakeholder.
- Review strategic objectives on quality improvement and patient safety to provide feedback and approval.

Policies

- Carry out annual reviews of the policies and procedures developed by the corporate medical departments in relation to healthcare quality and patient safety, including those in relation to errors and injuries.
- Review the development of internal systems and controls to implement the Group's safety and quality standards and policies.
- Develop risk mitigation strategies from a patient safety and quality of care perspective.
- Develop policies on full transparency about data on patient safety and quality of care to emphasize respectful practice, disclosure, support and resolution.

Operations

- Suggest mechanisms to link incentives and compensation for senior management to quality metrics.
- Ensure the attainment of all relevant accreditations including, CBAHI, JCI, etc.
- Committee members shall be knowledgeable, with competence and work experience, as well as have a thorough understanding of the Group's policies and procedures in connection with the delivery of medical care service with quality and safety to patients, and shall be able to devote adequate time to their duties.

During the fiscal year 2022, the Patient Safety and Quality of Care Committee held four (4) meetings and the attendance of the committee members was as detailed below:

No.	Member name	Nature of membership	Four (4) meetings			
			First meeting 23 March 2022	Second meeting 15 June 2022	Third meeting 21 September 2022	Fourth meeting 07 December 2022
1	Prof. Mahmoud Shaheen Al Ahwal	Chairman	✓	✓	✓	✓
2	Dr. Abdulelah Mohammed Rabe Al Hawsawi	Member	✓	✓	✓	XX
3	Prof. Abdullah Sulaiman Al Herbish	Member	✓	✓	✓	✓

✓ Attendance in person X Attendance by proxy by another Board member XX Absence

3.7 Share Direct Ownership of Board Members, Senior Executives, their wives and minor children

3.7.1 The following table shows any interest of the Board members, their wives and minor children in the shares of the Company and any change in that interest or those rights during the fiscal year 2022:

No.	Name of person to whom the interest, contractual securities or rights issue belongs	Number of shares at the beginning of the year 2022	Number of shares at the end of the year 2022	Net change	Percentage change	Debt instruments
1	Dr. Sulaiman Abdulaziz Al Habib	140,111,070	140,111,070	-	-	Not available
2	Mr. Mazen Abdulrazzaq Al Romaih	76,221	79,378	3,157	4.14%	Not available
3	Mr. Hesham Sulaiman Al Habib	7,000,000	7,000,000	-	-	Not available
4	Mr. Obaid Abdullah Al Rasheed	22,200	22,200	-	-	Not available
5	Mr. Nasser Mohammed Al Huqbani	100,000	100,000	-	-	Not available
6	Eng. Saleh Mohammed Al Habib (Mohammad Abdulaziz Al Habib and Sons Company)	118,136,666	118,136,666	-	-	Not available
7	Mr. Faisal Abdullah Al Nassar	-	-	-	-	Not available
8	Mr. Rasheed Abdulrahman Al Rasheed	-	-	-	-	Not available
9	Dr. Abdulrahman Sulaiman Al Turaigi	15	15	-	-	Not available

3.7.2 The following table shows any interest of the Senior Executives, their wives and minor children in the shares of the Company and any change in that interest or those rights during the fiscal year 2022:

No.	Name of person to whom the interest, contractual securities or rights issue belongs	Number of shares at the beginning of the year 2022	Number of shares at the end of the year 2022	Net change	Percentage change	Debt instruments
1	Mr. Hesham Sulaiman Al Habib	7,000,000	7,000,000	-	-	Not available
2	Dr. Abdulwahab Abdullah Al Abdulwahab	23,900	23,900	-	-	Not available
3	Prof. Sulaiman Abdul Aziz Al Majed	127,749	140,550	12,801	10.02%	Not available
4	Mr. Riyadh Muhammad Bajodah	4,900	4,900	-	-	Not available

3.7.3 Description of any interest in a class of voting shares held by major shareholders (other than the Company's Directors, Senior Executives, their wives and minor children) according to Article (85) of the rules for offering securities and continuing obligations during the fiscal year 2022:

No.	Name of person to whom the interest belongs	Number of shares at the beginning of the year 2022	Number of shares at the end of the year 2022	Net change	Percentage change
1	Mohammed Abdulaziz Al Habib and Sons Holding Company	118,136,666	118,136,666	-	-

Governance (continued)

4. Shareholder Information and Shareholders' Register

4.1 Major Shareholders

HMG's Major Shareholders As of 31 December 2022	Percentage of ownership	Number of shares
Dr. Sulaiman Abdulaziz Al Habib	40.03%	140,105,000
Mohammed Abdulaziz Al Habib and Sons Holding Company	33.75%	118,136,666
Total	73.78%	258,241,666

4.2 Requests for the Shareholders' Register

	Request date	Request reason
1	03-Jan-22	The Company Procedures
2	16-Feb-22	Others
3	17-Feb-22	Others
4	02-Mar-22	Others
5	05-Apr-22	The Company Procedures
6	18-Apr-22	General Assembly
7	19-Apr-22	Dividend Entitlement
8	09-May-22	Dividend Entitlement
9	01-Jun-22	The Company Procedures
10	06-Jul-22	Others
11	04-Aug-22	Others
12	15-Aug-22	Dividend Entitlement
13	31-Oct-22	Dividend Entitlement
14	14-Nov-22	Others

5. Related Party Transactions

During its normal business cycle, the Company deals with Related Parties, and these transactions are done under the same terms applied to the transactions being done with other parties, and the following is the information relating to any business or contract to which the Company is a party and in which a Director of the Company, a Senior Executive or any person related to any of them have interest in, or any transaction between the Company and any Related Party.

5.1 Statement of the business or contract to which the Company is a party and in which a Director of the Company, a Senior Executive or any person related to any of them have an interest in

During the fiscal year 2022, some contracts continued, to which the Company was a party, and in which a Director of the Company has an interest in and some of these contracts were agreed upon in previous years and come as an extension of continuous relations that began before the fiscal year 2022.

No.	Related party	Related party's relationship type with the Company	Type of interest	Contract/purchase order party	Transaction type/ contract/purchase order nature	Transaction conditions/terms	Contract/ transaction duration	Contract/ purchase order value (SAR)	Transaction value during 2022 (SAR)
1	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Direct	Dr. Sulaiman Abdulaziz Al Habib	Acquisition of 100% of the concession rights of the commercial building (medical center) in Dubai, United Arab Emirates for the remaining (17) years of concession rights	There are no preferential terms for the local market	A contract for a period of seventeen (17) years from 02 October 2022	43,862,160	0
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
2	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Mohammed Abdulaziz Al Habib Real-Estate Investment Company	A rental contract of residential complex for the employees	There are no preferential terms for the local market	A contract for a period of fifteen (15) years from the date of 01 December 2012 and to be auto-renewed	24,000,000	1,600,000
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
	Mr. Faisal Abdullah Al Nassar	Board Member	Indirect						
	Eng. Saleh Muhammad Al Habib	Board Member	Indirect						
3	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Al Andalus Property Company	A partnership, design, development, management and operation contract for Gharb Jeddah Hospital	There are no preferential terms for the local market	A contract for a period of ninety-nine (99) years from the date of 30 October 2014 and to be auto-renewed	Not Applicable	27,030,187
	Eng. Saleh Muhammad Al Habib	Board Member	Indirect						
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
4	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract for Gypsum Board works for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	A contract for a period of fourteen (14) months	50,536,974	11,790,863
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
5	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	Additional purchase order for construction of structural work for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	Not applicable	4,567,800	0
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
6	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract of contracting for Structural Works for Maternity and Pediatric Hospital Project	There are no preferential terms for the local market	A Contract for a period of one (1) year	71,036,972	66,785,836
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
7	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract for construction of additional works for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	A contract for a period of thirty (30) months or less	14,658,479	4,907,997
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						

Governance (continued)

5. Related Party Transactions (continued)

No.	Related party	Related party's relationship type with the Company	Type of interest	Contract/purchase order party	Transaction type/ contract/purchase order nature	Transaction conditions/terms	Contract/ transaction duration	Contract/ purchase order value (SAR)	Transaction value during 2022 (SAR)
8	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A Contract of General Contracting for Buildings of Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	A contract for a period of eighteen (18) months or less	1,035,000	618,249
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
9	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract of contracting for Structural Works for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	A contract for a period of one (1) year and eight (8) months	367,647,389	6,291,059
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
10	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	Additional Purchase Orders for Structural Works for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	Not Applicable	30,084,163	20,624,933
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
11	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	Additional Steel Purchase Order for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	Not Applicable	27,053,750	6,444,745
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
12	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract for Glazing Works, Mechanical, Electrical and Plumbing (MEP) works for Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	A contract for a period of eighteen (18) months	518,043,235	158,891,621
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
13	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract of additional structural works for outpatient clinics at Buraidah Hospital	There are no preferential terms for the local market	A contract for a period of five (5) months	18,689,579	5,128,828
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
14	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract of structural works for a Medical Center project in Buraidah City	There are no preferential terms for the local market	A contract for a period of five (5) months	11,592,796	2,522,306
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
15	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract for Enabling and structural works for Sehat Al-Kharj Hospital	There are no preferential terms for the local market	A contract for a period of thirteen (13) months	98,958,075	97,045,284
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						

No.	Related party	Related party's relationship type with the Company	Type of interest	Contract/purchase order party	Transaction type/ contract/purchase order nature	Transaction conditions/terms	Contract/ transaction duration	Contract/ purchase order value (SAR)	Transaction value during 2022 (SAR)
16	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Rawafed Health International Company	Purchase Orders of medical tools, supplies and devices and furniture for the hospitals	There are no preferential terms for the local market	A contract for a period of one (1) year and to be renewed on an annual basis thereafter, the value of the contract is linked to Purchase Orders	68,763,673	33,809,710
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
17	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	A contract of construction of structural works for Al Hamra Hospital in Al Riyadh City	There are no preferential terms for the local market	A contract for a period of ten (10) months	63,283,097	26,596,217
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
18	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Direct	Dr. Sulaiman Abdulaziz Al Habib	A lease contract of warehouse	There are no preferential terms for the local market	A contract for a period of one (1) year and to be renewed on an annual basis thereafter	49,008	49,008
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
19	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Direct	Dr. Sulaiman Abdulaziz Al Habib	A lease contract of warehouse	There are no preferential terms for the local market	A contract for a period of one (1) year and to be renewed on an annual basis thereafter	98,016	98,016
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
20	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Namara Specialized for Trading Est.	Purchase Orders of electrical tools and supplies for multiple projects	There are no preferential terms for the local market	A contract for a period of three (3) years from the date of signing the agreement, and it will be renewed automatically annually thereafter. The value of the contract is linked to purchase orders	250,673	0
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
21	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	Purchase orders of general contracting for building of Shamal Al Riyadh Hospital Project	There are no preferential terms for the local market	Not Applicable	37,937,229	4,108,683
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						
22	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Indirect	Masah Construction Company	Purchase orders for structural works for multiple projects	There are no preferential terms for the local market	Not Applicable	9,805,072	2,925,959
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						

Governance (continued)

5. Related Party Transactions (continued)

No.	Related party	Related party's relationship type with the Company	Type of interest	Contract/purchase order party	Transaction type/ contract/purchase order nature	Transaction conditions/terms	Contract/ transaction duration	Contract/ purchase order value (SAR)	Transaction value during 2022 (SAR)
23	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Direct	Dr. Sulaiman Abdulaziz Al Habib	A lease contract of the medical center	There are no preferential terms for the local market	A contract for a period of ten (10) years starting from 02 October 2019	56,155,000	4,856,657
	Mr. Hesham Sulaiman Al Habib	Board Member	Indirect						

5.2 Any Transaction between the Company and any Related Party:

During the fiscal year 2022, some contracts continued, to which the Company/its affiliates was a party; some of these contracts were agreed upon in previous years and were actually started before the fiscal year 2022:

No.	Related party	Related party's relationship type with the Company	Transaction type/ contract nature	Transaction conditions/terms	Transaction duration	Transaction value during 2022 (SAR)
1	Serco Saudi Services Company	Associate	Purchases and services	There are no preferential terms for the local market	A contract for a period of three years from the date of 01/01/2013 and to be auto-renewed	44,685,532
2	Dr. Abdulaziz Ibrahim Ajaji Dental Clinics Company	Associate	Revenue	There are no preferential terms for the local market	A contract for a period of 15 years from the date of 24/04/2014 and to be auto-renewed	55,041,582

5.3 Statement of information relating to any Competing Business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing business:

No.	Board member engaging in competing business	Relationship type with the Company	Nature of Competing Business
1	Dr. Sulaiman Abdulaziz Al Habib	Board Chairman	Dr. Sulaiman Abdulaziz Al Habib owns stakes in the Global Healthcare Company. The Global Healthcare Company is a limited liability company operating in the field of pharmacies activities, drug store activities, and retail sale of medical devices, equipment and supplies*
2	Eng. Saleh Muhammad Al Habib	Board Member	Eng. Saleh Muhammad Al Habib is a Manager and he also owns stakes in the Global Healthcare Company. The Global Healthcare Company is a limited liability company operating in the field of pharmacies activities, drug store activities, and retail sale of medical devices, equipment and supplies**

* Participation of the Chairman of the Board Dr. Sulaiman Abdulaziz Al Habib in a business competing with the Company's business approved in the Shareholders' General Assembly meeting which was held on Monday 17 Ramadan 1443H (corresponding to 18 April 2022).

** Participation of the Board Member Eng. Saleh Muhammad Al Habib in a business competing with the Company's business approved in the Shareholders' General Assembly meeting which was held on Monday 17 Ramadan 1443H (corresponding to 18 April 2022).

6. Dividend Policy

The shares give their holders the right to obtain the profits announced by the Company, and the Company intends to distribute annual dividends to its shareholders in order to enhance the value obtained by the shareholders in line with the Company's profits, its financial situation and the restrictions that distribution of profits are subject to, according to financing and debt agreements, and the results of the Company's business activities, the Company's current and future cash needs, expansion plans, the Company's investment requirements, and other factors including analysis of investment opportunities, the Company's investment requirements, monetary and capital requirements, trade expectations, and the impact of any distribution of profits on any of the legal or regulatory considerations. The dividend policy can also change from time to time.

Although the Company intends to distribute annual profits to its shareholders, there are no guarantees for an actual distribution of profits, and there is no guarantee regarding the amounts to be paid in any year.

As per the Company's by-laws, the Company's annual net profits will be distributed as follows:

- 10% of net income shall be retained from net profit to form a statutory reserve. In this regard, the Ordinary General Assembly may decide that such retention be discontinued when the total of such reserve becomes equivalent to 30% of the paid-up capital.
- A percentage of the profit allocated to the Preferred Shares shall be distributed to the holders of such shares.
- A percentage of net income shall be retained to form an additional reserve allocated to such purposes as may be suggested by the Board and approved by the Ordinary General Assembly. The Ordinary General Assembly may decide to form other reserves, to the extent that it is in the interest of the Company or to ensure that fixed profits are distributed as much as possible to shareholders. The aforementioned assembly may also deduct from the net profits sums to establish social institutions for the Company's employees or to assist the existing ones.
- From the remaining net income balance, a first instalment of the dividends equivalent to 5% of the paid capital shall be distributed to the Shareholders.
- Subject to the provisions stipulated in the 22nd Article of the Company's by-laws, and the 76th Article of the Companies Law, a percentage of no more than 10% shall be allocated to the remuneration of the Board, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the Member.
- The remaining is then distributed to the shareholders as additional profits.

The Company may, after fulfilling the controls set by the competent authorities, distribute semi-annual and quarterly profits.

During the year 2022, the Board of Directors announced the recommendation to distribute interim dividends of SAR 1,137,500,000 at SR 3.25 per share (representing 32.50% of the nominal value of the share), based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2021, which was granted to the Board of Directors by the Ordinary General Assembly which was held on Wednesday 9 Ramadan 1442H (corresponding to 21 April 2021), and based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2022 which was granted to the Board of Directors by the Ordinary General Assembly which was held on Monday 17 Ramadan 1443H (corresponding to 18 April 2022), as follows:

- On 19 February 2022, the Board of Directors announced the recommendation to distribute interim dividends of SAR 245,000,000 at SR (0.70) (only seventy Halala) per share (representing 7% of the nominal value of the share) for the 4th quarter of 2021.The interim dividends for the 4th quarter of 2021 was approved by the Ordinary General Assembly meeting held on 17 Ramadan 1443H (corresponding to 18 April 2022).
- On 23 April 2022, the Board of Directors announced the recommendation to distribute interim dividends of SAR 290,500,000 at SR (0.83) (only 83 Halala) per share (representing 8.3% of the nominal value of the share) for the first quarter of 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).
- On 6 August 2022, the Board of Directors announced the recommendation to distribute interim dividends of SAR 301,000,000 at SR (0.86) (only 86 Halala) per share (representing 8.6% of the nominal value of the share) for the second quarter of 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).
- On 22 October 2022, the Board of Directors announced the recommendation to distribute interim dividends of SAR 301,000,000 at SR (0.86) (only 86 Halala) per share (representing 8.6% of the nominal value of the share) for the third quarter of 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).

Total interim dividends for the periods of first quarter, second quarter, and third quarter of the year 2022 is SAR 892,500,000, at SAR 2.55 per share (representing 25.50% of the nominal value of the share).

The interim dividends that were distributed during the year ending on 31 December 2021 were approved at the Ordinary General Assembly meeting held on 17 Ramadan 1443 AH (corresponding to 18 April 2022).

Governance (continued)

6. Dividend Policy (continued)

The following is a summary of the dividends that the Company announced and paid to its shareholders during the financial year 2022:

Fiscal year 2022	Distributed dividends during 2022					Proposed dividends to be distributed for the fourth quarter of 2022	Total dividends announced for fiscal year 2022*
Distribution date	27 April 2022	17 May 2022	29 August 2022	14 November 2022	13 March 2023	-	-
Percentage of Dividend to the Share Par Value (%)	7.0%	8.3%	8.6%	8.6%	9.3%		34.8%
Total distributed dividends (SAR)	245,000,000	290,500,000	301,000,000	301,000,000	325,500,000*		1,218,000,000

* On 18 February 2023, the Board of Directors announced the recommendation to distribute interim dividends of SAR 325,500,000 at SAR (0.93) (only 93 Halala) per share (representing 9.3% of the nominal value of the share) for the forth quarter of the year 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).

Total interim dividends for the periods of first quarter, second quarter, third quarter and forth quarter of the year 2022 is SAR 1,218,000,000, at SAR 3.48 per share (representing 34.8% of the nominal value of the share). This will be presented for approval during the next meeting of the General Assembly of Shareholders.

There are no agreements or arrangements to waive any rights to dividends by any of the shareholders.

7. Main Transactions, Investments and Other Events

7.1 Future projects

The Group is currently planning to establish several private healthcare facilities in the Kingdom in line with the Group’s future plans to expand the scope of its geographical services, these projects are:

(1) Gharb Jeddah (South West Jeddah) Hospital

Gharb Jeddah (South West Jeddah) Hospital is located on King Abdulaziz Square at the junction of King Abdullah Road with Prince Majed Road in Jeddah in the Western Province in KSA, and owned 50% by the Group. The hospital will be built on an area of 30,251.08m² and an estimated total built-up area of 211,679m². The Group aims to make Gharb Jeddah (South West Jeddah) Hospital an integrated hospital to provide healthcare services through multi-specialty clinics and 330 beds. The Group has obtained a building permit from Jeddah Municipality and the MoH initial approval on project designs and plans. The Group intends to finance the project through Sharia-compliant loans from local banks, and its internally generated cash flows. The Group expects to complete the project and commence operations by the end of 2023, after obtaining the relevant regulatory approvals. The Group announced the signing of a Murabaha financing agreement with Sharia compliance for the Gharb Jeddah Hospital Project, with the Saudi British Bank (SABB) by SAR 1.24 billion.

(2) Shamal Al Riyadh (North Riyadh) Hospital

Shamal Al Riyadh (North Riyadh) Hospital is located on King Fahd Road in Al Sahafa District, in the city of Riyadh, in the central region of the Kingdom. Shamal Al Riyadh (North Riyadh) Hospital will be built on an area of 43,601m² owned by the Group and an estimated total built-up area of 353,371m². The Group aims to make Shamal Al Riyadh (North Riyadh) Hospital an integrated hospital to provide healthcare services through multi-specialty clinics and 500 beds. The Group has obtained a building permit from Riyadh Municipality and an initial approval on the project designs and plans from the MoH. The project will include building a tower for the Group’s headquarters. The Group intends to finance the project through Sharia-compliant loans from local banks, and its internally generated cash flows. The Group expects to complete the project and commence operations by the end of 2023, after obtaining the relevant regulatory approvals. The Group announced the signing of a Murabaha financing agreement with Sharia compliant for the Shamal Al Riyadh (North Riyadh) Hospital Project, with the Saudi British Bank (SABB) by SAR 2.17 billion.

(3) Al Muhammadiyah (North Jeddah) Hospital

Al Muhammadiyah (North Jeddah) Hospital is located on Prince Sultan Street in Al Muhammadiyah District in Jeddah City in the western region of the Kingdom. Al Muhammadiyah (North Jeddah) Hospital will be built on an area of 24,128m² owned by the Group with an estimated total built-up area of 233,970m². The Group aims to make Al Muhammadiyah (North Jeddah) Hospital an integrated hospital to provide healthcare services through multi-specialty clinics and 350 beds. The Group has obtained a building permit from Riyadh Municipality and an initial approval on the project designs and plans from the MoH The Group expects to finance the project through a Sharia-compliant loans from local banks, and its internally generated cash flows. The Group intends to complete the project and commence operations by the end of 2024, after obtaining the relevant regulatory approvals.

(4) Maternity & Pediatric Hospital

Maternity and Pediatric Hospital is located at the intersection of Al Takhassusi Street with King Abdullah Road in Al Rahmaniyah district in Riyadh, in the central region of the Kingdom. Maternity and Pediatric Hospital will be built on an area of 7,170m² owned by the Group with an estimated total built-up area of 62,274m². The Group aims to make Maternity and Pediatric Hospital an integrated hospital to provide healthcare services for women and children through multi-specialty clinics and 145 beds. The Group has obtained a building permit from Riyadh Municipality and an initial approval on the project designs and plans from the MoH. The Group expects to finance the project through long-term Sharia-compliant loans and its internally generated cash flows. The Group intends to complete the project and commence operations by the end of 2024, after obtaining the relevant regulatory approvals.

(5) Sehat Al Kharj Hospital

Sehat Al-Kharj Hospital is located at Jawharat Al-Kharj district opposite to Prince Sattam bin Abdul-Aziz University at the intersection of King Khaled Road with Abdullah bin Amer Street, in Al-Kharj city (south of Riyadh City) in the central region of the Kingdom. Sehat Al-Kharj Hospital will be built on an area of 44,303.33m² owned by the Group with an estimated total built-up area of 73,870m². The Group aims to make Sehat Al-Kharj Hospital an integrated hospital to provide healthcare services and it will have a multi-specialty clinics and 141 beds, at an estimated cost of SAR 458 million. The group obtained a building permit from Riyadh Municipality and a preliminary approval from the Ministry of Health on the designs and plans of the project. The Group intends to finance the project through a Sharia-compliant loans from local banks, and its internally generated cash flows. The Group expects to complete the project and start operating during the fourth quarter of 2024, after obtaining the relevant regulatory approvals.

(6) Expansion of the outpatient clinics of Qassim Hospital

The expansion of the outpatient clinics of Qassim Hospital is located on Othman bin Affan Road in Al Safra district in the Buraidah City, next to the current building of the hospital. The built-up area of the expansion project is 15,580m², and includes multi-specialty clinics, medical procedures room and a pharmacy open for 24/7. The Group expects to complete the project and start its operation during 2024, after obtaining the relevant regulatory approvals.

(7) Sehat Al-Hamra Hospital

Sehat Al-Hamra Hospital is located on King Abdullah Road in Al-Hamra district in the city of Riyadh in the central region of the Kingdom. Sehat Al-Hamra Hospital will be built on an area of 13,300m² owned by the Group, with an estimated built-up area of 54,115m². The Group aims to make Sehat Al-Hamra an integrated hospital to provide healthcare services and it will have a multi-specialty clinics and 90 beds, at an estimated cost of SAR 539 million. It is worth noting that the Board of Directors in its meeting held on 18 December 2022 approved to convert the project from a medical center to a hospital. The Group has obtained a building permit from Riyadh Municipality and the initial approval from the Ministry of Health on the designs and plans of the project as a medical center, and work is underway to amend the licenses from a medical center to a hospital. The Group intends to finance the project through a Sharia-compliant loans from local banks, and its internally generated cash flows. The Group expects to complete the project and start operation during the second quarter of 2025, after obtaining the relevant regulatory approvals.

(8) Al-Madinah Al-Munawwarah Hospital

On 25 November 2021, the Group signed a lease contract to invest a land in construction, operation and maintenance of a hospital in Al-Madinah Al-Munawwarah with the Municipality of Al Madina for a period of fifty (50) years, with a lease amount of SAR 30,194,731.34 (without VAT) representing the total rent value for the entire Duration of the contract. According to the contract, the Municipality of Al-Madinah Al-Munawwarah region has leased the Group the plot of land located in the Mudhainib neighborhood in the Mittan area at Al-Madinah Al-Munawwarah, which is located on King Abdullah bin Abdulaziz Road after the second notary, with an area of 18,772.24m². The group plans to establish a hospital on the leased land that provides integrated healthcare services that include many different medical specialties, after obtaining the necessary approvals and licenses from the relevant authorities.

(9) Tabuk Hospital

On 05 January 2022, the Group signed a lease contract to invest land in the construction, operation and maintenance of a hospital in the city of Tabuk with the Tabuk Municipality for a period of fifty (50) years, with a lease amount of SAR 32,500,000 (without VAT) representing the total rental value for the entire term of the contract. According to the contract Tabuk Municipality leased the Group the plot of land located in the Al-Morouj Al-Thani area in the city of Tabuk, which is located on King Faisal Road, with an area of 58,662.78m². The Group plans to establish a hospital on the leased land that provides integrated health services that include many different medical specialties, after obtaining the necessary approvals and licenses from the relevant authorities.

(10) Medical Centers

On 25 October 2021 the Group announced on the website of Saudi Exchange (Tadawul) that on Sunday, 18 Rabia Aawal 1443AH corresponding to 24 October 2021 the Board of Directors approved the Group’s strategy to expand the Medical Centers services under the Trademark “Dr. Sulaiman Al Habib (Medical Center)” through “Al Marakez Al Awwalyah for Healthcare Company”, a wholly owned subsidiary of the Group. The operations of Al Marakez Al Awwalyah for Healthcare Company began in the first quarter of the fiscal year 2021, through the operation of the Medical Center at Riyadh’s Diplomatic Quarter, which is the first Medical Center that was opened under the Trademark “Dr. Sulaiman Al Habib (Medical Center)”. The Group is planning to expand the Medical Centers under the Trademark “Dr. Sulaiman Al Habib (Medical Center)”, in line with the Group’s future plans to expand its reach, geographically broaden its services and enhances its operating model according to the highest standards in modern design, construction and operations, and to continue distinguishing its services through the deployment of the latest equipment and technologies in the world to provide health services that enhances patient experience. The beginning of this expansion will be the establishment of the following medical centers projects, which the Group intends to finance the projects through long-term Sharia-compliant loans and its internally generated cash flows:

- **Digital City Medical Center, Riyadh City:** The Medical Center is located in the Digital City at Al Nakheel neighborhood, Riyadh City, in the central region of the Kingdom with a total area of 1,725m². The Medical Center will be an integrated medical center to provide primary healthcare services through multi-specialty clinics, medical procedures room and a pharmacy open for 24/7. The Group expects to complete the project and start its operation during the first quarter of 2023, after obtaining the relevant regulatory approvals.
- **Medical Center, Buraidah City:** The Medical Center is located on Omar bin Abdulkhattab street in Al Rayan neighborhood, Buraidah City, in Al Qassim region of the Kingdom with a total built-up area of 16,022m². The Medical Center will be an integrated medical center to provide primary healthcare services through multi-specialty clinics, medical procedures room, radiology services, laboratory and a pharmacy open for 24/7. The Group expects to complete the project and start its operation during 2024, after obtaining the relevant regulatory approvals.
- **Medical Center, Al Ghadeer Neighborhood, Riyadh City:** The Medical Center is located on King Abdulaziz Road in Al Ghadeer neighborhood, Riyadh City, in the central region of the Kingdom with a total built-up area of 18,825m². The Medical Center will be an integrated medical center to provide primary healthcare services through multi-specialty clinics, medical procedures room, laboratory services, emergency services and a pharmacy open for 24/7. The Group expects to complete the project and start its operation during 2024, after obtaining the relevant regulatory approvals.

Governance (continued)

7. Main Transactions, Investments and Other Events (continued)

7.1 Future projects (continued)

- **Medical Center, Al Narjis Neighborhood, Riyadh City:** The Medical Center is located on Abu Bakr Al Siddik Street in Al Narjis neighborhood, Riyadh City, in the central region of the Kingdom with a total built-up area of 26,624m². The Medical Center will be an integrated medical center to provide primary healthcare services through multi-specialty clinics, medical procedures room, radiology services, laboratory services, emergency services and a pharmacy open for 24/7. The Group expects to complete the project and start its operation during 2024, after obtaining the relevant regulatory approvals.

8. Statutory Payments

Except as provided below, there is no material punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority. The following table shows a summary of the violations that were imposed on the Company in 2022 and the corrective measures taken by the Company in relation to these violations and the steps taken to avoid their recurrence:

No.	Punishment, penalty, precautionary procedure or preventive measure	Reasons for non-compliance	The imposing authority	The measures undertaken to remedy and avoid such non-compliance in the future
1	SAR 1,001,000	Violation of the Law of Private Health Institutions	The Committee of the Violations of the Law of Private Health Institutions	Corrective actions were taken by the Company at the time, and the commitment of the competent department to the Regulatory Requirements was confirmed.
2	SAR 30,000	Violation of the Law of establishments, pharmaceutical and herbal preparations	The Committee of the Violations of the Law of Private Health Institutions	Corrective actions were taken by the Company at the time, and the commitment of the competent department to the Regulatory Requirements was confirmed.
3	SAR 1,000	Violation of Ministry of Commerce Law	Ministry of Commerce	Corrective actions were taken by the Company at the time, and the commitment of the competent department to the Regulatory Requirements was confirmed.
4	SAR 132,500	Violation of Ministry of Municipal and Rural Affairs and Housing Law	Riyadh Municipality	Corrective actions were taken by the Company at the time, and the commitment of the competent department to the Regulatory Requirements was confirmed.
5	AED 5,000	Violation of Dubai Health Authority Law	Dubai Health Authority	Corrective actions were taken by the Company at the time, and the commitment of the competent department to the Regulatory Requirements was confirmed.

8.1 Statutory Payments

The numbers are rounded to the nearest million in SAR.

Statement	Paid	2022	A brief description of the statutory payment	Reasons statement
		Outstanding and have not been paid until the end of the annual financial period		
Zakat	69.4	169.7	Zakat on income	Annual Zakat declaration
Taxes	584.0	56.6	VAT, withholding tax	VAT on supplies of goods and services, as well as withholding tax on foreign service providers and non-Saudis
General Organization for Social Insurance (GOSI)	53.3	6.8	Social Insurance	The monthly insurance payable for Saudi and non-Saudi workers
Visa and passport costs	95.1	-	Visas of the employees	First time entry visas, exit and re-entry visas for employees
Labor office fees	13.9	-	Other governmental payments	Other governmental payments regarding employees

9. Compensation and Remuneration

The Board, based on the recommendation of the Nomination and Remuneration Committee, determines the remuneration of each member of the Board, and a member of the Committee from members of the Board, and a member of the Committee who are not members of the Board and Executive Management, in accordance with the policy approved by the Board and the Remuneration Policy for Board, Committees, and Executive Management, approved by the General Assembly of the Company.

9.1 Remuneration Policy

The Remuneration policy for the Board, Committees, and Executive Management aims to stipulate and clearly outline the remuneration for the Board and its committee members and Executive Management in line with the requirements of the Companies Law and CMA regulations. In addition, the policy aims to attract talented professionals to work on the Group's Board, its committees, and Executive Management through adapting performance-related motivational plans and programs for remuneration, which contributes to improve the performance of the Group to achieve the best results for its shareholders. This policy is prepared in coordination with the Nomination and Remuneration Committee.

9.2 Principles and Standards Regulating the Remuneration

In light of the provisions regulating the remuneration of the Board and its sub-committees set forth in the Companies Law, the Corporate Governance Regulations, the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies, and the by-laws of the Company, the remuneration of the members of the Board and its sub-committees and senior executives shall be in accordance with the following principles and criteria:

- The remuneration to be proportionate to Group activities and the required skills for its management;
- The variable part of the remuneration shall be linked to long-term performance;
- Remuneration shall be consistent with the strategy, objectives, the magnitude, nature, and level of risks faced by the Group;
- Benchmarking shall be used to take into consideration the remuneration practices by other companies and the market, and shall avoid unjustifiable increases in remuneration and compensations;
- Remuneration shall be determined on the basis of job level, duties and responsibilities, educational qualifications, practical experience, skills, and level of performance;
- Remuneration shall be fair and proportionate to the Board or committees members' activities carried out and responsibilities borne by the Board or committees' members, in addition to the objectives set out by the Board to be achieved during the financial year;
- Take into consideration the sector in which the Group operates, its size, and experience of its Board members;
- Remuneration shall be reasonably sufficient to attract and retain highly qualified and experienced Board members and employees; and
- The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the Board or the Executive Management, in order to prevent abuse of power and prevent such individuals from obtaining unmerited remunerations.

9.3 Remuneration of Board Members

- The remuneration of HMG Board members may consist of: a specified sum; an attendance fee; expense fees; other in-kind benefits; a certain percentage of the net profits; or a combination of two (2) or more of those benefits. The remuneration of a Board member shall not exceed the limit stated in the Companies Law, and shall be in line with the Remuneration Policy for the Board, Committees, and Executive Management, and any amendments that may take place in the future to be approved in line with relevant regulations.
- Where the remuneration represents a certain percentage of HMG's profits, provisions of Article 76, Item No. 2 of the Companies Law shall be taken into consideration, in addition to Article 22 of HMG's by-laws. In no event may the total amount of any compensation and remuneration, whether it be cash or in-kind benefits received by a Board member, be greater than SAR 500,000 annually.
- The remuneration of Independent Board members shall not be a percentage of the profits that are realized by HMG, nor shall it be based directly or indirectly on HMG's profitability.

9.4 Remuneration of the Committees' Members

- The Board shall determine and approve its committees' remuneration - excluding the Audit Committee and Nomination and Remuneration Committee remuneration - attendance fees and other benefits based on a recommendation from the Nomination and Remuneration Committee.
- Committee member remuneration shall comprise an annual remuneration (a lump sum) and attendance fees, and other benefits as defined in the Policy for the Board, Committees, and Executive Management.
- Audit Committee and Nomination and Remuneration Committee members' remuneration shall be governed by its charters that are approved by the General Assembly of the Company as per the regulations.
- When forming any Board committee, the number of seats that are occupied by each Board member shall be taken into consideration as the total amount paid for his/ her membership on both the Board and committees shall not exceed the statutory limit defined in the Companies Law.

9.5 Remuneration of the Executive Management

The Nomination and Remuneration Committee shall review and approve the salary scale and the incentive scheme for all employees and executive management, on a regular basis, based on the Management's recommendations. The Executive Management remuneration includes:

- Basic salary (to be paid on a monthly basis at the end of each Gregorian month).
- Allowances that include, for example, (and not limited to) housing, transportation, children's education/school fees, and phone allowances.
- Medical insurance benefits for all employees and executive management and their families.
- Life insurance policy (including events of partial or permanent disability, and death at workplace).
- Annual bonus, based on KPI objectives associated with individual annual appraisal evaluation.
- Short-term incentive plans linked with extraordinary/exceptional performance and long-term incentive plans, such as stock programs (whenever these exist).
- Other benefits included, but are not limited to, annual leave, annual air tickets, and end-of-service benefits according to Labor Law and HR policies adopted by the Company.

Governance (continued)

9. Compensation and Remuneration (continued)

9.6 Remuneration During 2022

The annual remuneration for the members of the Board is paid after the approval of the General Assembly of the Company. Below is the total remuneration paid or allocated by the Company to the members of the Board, committee Chairs and members, and senior executive for the fiscal year ending 31 December 2022.

9.6.1 Remuneration of the Board Members¹ (SAR)

Member name	Specific amount	Fixed remuneration						Variable remuneration								
		Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End-of-service award	Aggregate amount	Expenses allowance
1. Non-Executive Directors																
Dr. Sulaiman Abdulaziz Al Habib	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	-	215,000	-
Eng. Saleh Mohammed Al Habib	160,000	9,000	18,000	-	-	-	187,000	-	-	-	-	-	-	-	187,000	-
Mr. Nasser Mohammed Al Huqbani	160,000	12,000	15,000	-	-	-	187,000								187,000	
Total	520,000	36,000	33,000	-	-	-	589,000	-	-	-	-	-	-	-	589,000	-
2. Executive Directors																
Mr. Faisal Abdullah Al Nassar	200,000	15,000	15,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-
Mr. Hesham Sulaiman Al Habib	200,000	15,000	15,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-
Total	400,000	30,000	30,000	-	-	-	460,000	-	-	-	-	-	-	-	460,000	-
3. Independent Directors																
Mr. Mazen Abdulrazzaq Al Romaih	200,000	15,000	12,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-
Mr. Obaid Abdullah Al Rasheed	200,000	15,000	6,000	-	-	-	221,000	-	-	-	-	-	-	-	221,000	-
Dr. Abdulrahman Sulaiman Al Turaigi	200,000	15,000	18,000	-	-	-	233,000	-	-	-	-	-	-	-	233,000	-
Mr. Rasheed Abdulrahman AlRasheed	200,000	15,000	15,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-
Total	800,000	60,000	51,000	-	-	-	911,000	-	-	-	-	-	-	-	911,000	-
4. Directors whose membership expired during 2022																
None																

1 The annual remuneration for the Board membership for the year 2022 will be paid after the approval of the General Assembly.

Governance (continued)

9. Compensation and Remuneration (continued)
9.6 Remuneration During 2022 (continued)
9.6.2 Remuneration of Senior Executives for the Financial Year ended 31 December 2022
The numbers are rounded to the nearest million in SAR.

Capacity	Fixed remuneration				Variable remuneration							Grand total	
	Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End-of-service award		Total remuneration for Board
Top five (5) senior executives who received the highest remuneration from the company, including the CEO and CFO	2.7	9.2	-	11.9	26.6	-	-	-	-	26.6	1.0	0.4	39.9

The Company disclosed the remunerations granted to senior executives in total in accordance with the statutory requirements contained in sub-paragraph (4/b) of paragraph (A) of article no. (90) of Corporate Governance Regulations, without disclosing it in detail; to protect the interest of the Company from the damage that may be inflicted in case of disclosing in detail, and this damage is represented in creating an atmosphere of competition and job instability, which will be reflected on the company's performance and consequently on the shareholders.

9.6.3 Remuneration of Committee Members for the Financial Year ended 31 December 2022 (SAR)

Committee member name	Fixed remuneration (excluding the allowance for attending Committee meetings)	Allowance for attending Committee meetings	Total
1. Audit Committee members			
Dr. Abdulrahman Sulaiman Al Turaigi	150,000	18,000	168,000
Mr. Sulaiman Nasser Al Qahtani	150,000	18,000	168,000
Mr. Rasheed Abdulrahman Al Rasheed	125,000	15,000	140,000
Total	425,000	51,000	476,000
2. Nomination and Remuneration Committee			
Mr. Obaid Abdullah Al Rasheed	50,000	6,000	56,000
Eng. Saleh Mohammed Al Habib	50,000	6,000	56,000
Mr. Ahmad Saleh Al Sudais	50,000	6,000	56,000
Total	150,000	18,000	168,000
3. Patient Safety and Quality of Care Committee			
Prof. Mahmoud Shahin Al Ahwal	50,000	12,000	62,000
Prof. Abdullah Sulaiman Al Herbish	50,000	12,000	62,000
Dr. Abdulelah Mohammed Rabe Al Hawsawi	37,500	9,000	46,500
Total	137,500	33,000	170,500
4. Executive Committee			
Mr. Mazen Abdulrazzaq Al Romaih	50,000	12,000	62,000
Mr. Nasser Mohammed Al Huqbani	50,000	15,000	65,000
Mr. Faisal Abdullah Al Nassar	50,000	15,000	65,000
Eng. Saleh Mohammed Al Habib	40,000	12,000	52,000
Mr. Hesham Sulaiman Al Habib	50,000	15,000	65,000
Total	240,000	69,000	309,000
5. Committee members whose membership expired during 2022			
None			

There are no agreements or arrangements to waive any remuneration by any of the Company's Board members or a Senior Executive.

Governance (continued)

10. Summary of Assets, Liabilities, and Business Results

The table below shows the Company’s assets, liabilities, and its business results of the past five fiscal years:

10.1 Assets and Liabilities Comparison

The numbers are rounded to the nearest million SAR.

Particulars	2022	2021	2020	2019	2018
Current assets	4,160.5	4,133.4	3,793.4	3,285.0	3,210.7
Non-current assets	8,423.6	6,693.9	5,687.7	5,182.3	4,330.5
Total assets	12,584.1	10,827.4	9,481.1	8,467.3	7,541.2
Current liabilities	2,590.3	2,047.7	1,693.7	1,495.3	1,364.2
Non-current liabilities	3,888.1	3,252.6	2,698.9	2,381.2	1,619.7
Total liabilities	6,478.4	5,300.3	4,392.6	3,876.5	2,983.9

10.2 Profit and Loss Comparison

The numbers are rounded to the nearest million SAR.

Particulars	2022	2021	2020	2019	2018
Revenue	8,310.7	7,250.5	5,861.6	5,016.3	4,587.6
Cost of revenue	5,562.6	4,920.2	3,997.2	3,492.7	3,225.6
Gross profit	2,748.1	2,330.3	1,864.4	1,523.6	1,362.0
Operating income	1,700.5	1,466.2	1,114.9	867.7	801.5
Net income	1,650.8	1,376.6	1,055.5	870.2	801.3

Clarification of any material differences in the operational results compared with the preceding year’s results, or any expectations announced by the Company:

The numbers are rounded to the nearest million SAR.

Particulars	2022	2021	Change (+) or (-)	Percentage change
Revenue	8,310.7	7,250.5	1,060.2	14.6%
Cost of revenue	5,562.6	4,920.2	642.4	13.1%
Gross profit	2,748.1	2,330.30	417.8	17.9%
Operating expenses	1,047.7	864.10	183.6	21.2%
Operating income	1,700.5	1,466.2	234.3	16.0%
Net income	1,650.8	1,376.6	274.2	19.9%

10.3 Geographical Analysis of the Company’s, and its Subsidiaries, and Affiliates, Gross Revenue

The numbers are rounded to the nearest million SAR.

Year	Gross revenue	The Eastern Geographic Region (Khobar)	The Central Geographic Region (Riyadh)	The Central Geographic Region (Qassim)	The External Geographic Region (United Arab Emirates)	The External Geographic Region (Bahrain)
2022	8,310.7	1,042.3	6,206.2	536.4	522.1	3.7

11. Loans

The Group has used a variety of banking facilities, along with cash flows from operating activities, to meet the capital expenditure requirements. The Group intends to continue its strategy of leveraging cash flows from operating activities and long-term loans from banks to maintain an ideal financing structure. It is worth noting that all the bank facilities obtained by the Company are in accordance with the provisions of Islamic Sharia and are approved by the Sharia committees inside the banks.

Loans as of 31 December 2022 (numbers are rounded to the nearest million SAR):

	The creditor name	The amount of the principal loan	The loan term	Amounts paid by the Company in repayments of loans during the year	The remaining amount	Statement of the total indebtedness of the Company and its subsidiaries and affiliates
a	Loans from local banks	3,657.5		293.5	2,812.4	2,812.4
1	Saudi British Bank	2,431.3		169.8	1,823.0	1,823.0
	Loan #1	608.3	Last instalment due in 2022	169.8	-	-
	Loan #2	1,028.0	Last instalment due in 2033	-	1,028.0	1,028.0
	Loan #3	795.0	Last instalment due in 2030	-	795.0	795.0
2	National Commercial Bank	1,226.2		123.7	989.4	989.4
	Loan #1	1,226.2	Last instalment due in 2030	123.7	989.4	989.4
b	Ministry of Finance	627.3		24.2	453.7	453.7
	Loan #1	20.8	Last instalment due in 2026	1.3	5.2	5.2
	Loan #2	37.1	Last instalment due in 2028	2.3	16.2	16.2
	Loan #3	44.1	Last instalment due in 2026	2.8	13.8	13.8
	Loan #4	50.0	Last instalment due in 2027	3.1	15.6	15.6
	Loan #5	75.3	Last instalment due in 2028	4.7	32.9	32.9
	Loan #6	200.0	Last instalment due in 2039	10.0	170.0	170.0
	Loan #7	200.0*	Last instalment due in 2041	-	200.0	200.0
Total Loans		4,284.8		317.7	3,266.1	3,266.1

* This amount represents the remaining balance of the loans granted by the Ministry of Finance, which is divided into loans and Government grants where both included in the consolidated financial statements and presented as per IAS 20 according standards requirements.

Governance (continued)

12. Statement of the Board of Directors' Responsibilities

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

The external auditors' report has not contained any reservations on the Annual Financial Statements.

There is no recommendation from the Board to replace the external auditors before the end of their term.

There was no recommendation by the Audit Committee regarding the need to appoint internal auditors because the Company already has an Internal Audit department.

The Board confirms the following:

- Proper books of accounts have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue its activity.
- There was no recommendations by the Audit Committee which conflicts with Board resolutions, or any recommendations that the Board refused to take regarding the appointment, dismissal, determining the remuneration and assessment of the performance of external auditors to the Company, or appointment of internal auditors.
- No convertible debt instruments, contractual securities, preemptive right or similar rights were issued or granted by the Company during the year 2022.
- No conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights were issued or granted by the Company during the year 2022 or any preceding years.
- No debt instruments were issued by the Company or its affiliates. Consequently, the Company did not purchase, redeem or cancel any debt instruments or such securities mentioned above.
- No investments have been made and no reserves have been set up for the benefit of the employees of the Company.
- There are no Treasury Shares held by the Company.



Committed to Strong Financial Performance

Financial Statements

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Independent Auditor’s Report

to the Shareholders of Dr. Sulaiman Al Habib Medical Services Group Company

(Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Dr. Sulaiman Al Habib Medical Services Group Company and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
During the year ended 31 December 2022, the Group recognized revenue of SR 8.3 billion (2021: SR 7.2 billion).	Our audit procedures included, among others, the following:
The Group recognizes revenue upon satisfaction of performance obligations attached to medical and related services at the fair value of consideration received or receivable, net of variable consideration.	<ul style="list-style-type: none">Assessed the appropriateness of the Group's revenue recognition.Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by the management to determine the variable consideration.Assessed the design and tested (on a sample basis) the operating effectiveness of relevant controls in relation to revenue recognition.Involved our IT experts in testing the applied IT controls and the internal control around them.Performed analytical procedures by comparing the expectations with actual revenue and analysing the variances.
Certain contracts with customers include variable considerations in the form of prompt payment discount or any expected discounts for some of the services provided. Significant accounting judgments, estimates and assumptions are made by the management to determine the variable consideration.	<ul style="list-style-type: none">Performed tests (on a sample basis) of settlements, claims and collections made with major clients of the group.Assessed the adequacy of relevant disclosures in the consolidated financial statements.
Revenue recognition is considered as a key audit matter due to the existence of risks associated with the amount of revenues related to the controls and judgments that mainly depend on management’s estimates when the amount of revenue is recognized.	
Refer to note 4.4 for the accounting policy related to revenue recognition and note 5.1 for estimates and assumption used in revenue recognition.	

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group’s 2022 annual report, other than the consolidated financial statements and our auditor’s report thereon. The Board of Directors is responsible for the other information in its annual report. The Group’s 2022 annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group’s 2022 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of The Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements 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 and the provisions of Companies’ Law and Company’s By-laws, and for such internal control as The Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The Board of Directors.
- Conclude on the appropriateness of The Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor’s Report
to the Shareholders of Dr. Sulaiman Al Habib Medical Services Group Company
(Saudi Joint Stock Company) (continued)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services



Rashid S. Roshod
Certified Public Accountant
License No. (366)

Riyadh: 28 Rajab 1444
(19 February 2023)

Consolidated Statement of Financial Position
as at 31 December 2022

	Notes	31 December 2022 SR	31 December 2021 SR
Assets			
Current assets			
Cash and cash equivalents	7	2,746,989,005	2,643,829,664
Accounts receivable	8	741,713,503	899,270,622
Prepayments and other assets	9	181,380,520	183,441,046
Inventories	10	490,392,915	406,888,624
Total current assets		4,160,475,943	4,133,429,956
Non-current assets			
Investments in associates	11	186,999,110	41,358,409
Investments in equity instruments – Sukuk		300,000,000	–
Property and equipment	12	7,936,642,673	6,652,578,893
Total non-current assets		8,423,641,783	6,693,937,302
Total assets		12,584,117,726	10,827,367,258
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	28.1	167,651,299	317,666,499
Accounts payable	13	961,319,436	805,131,366
Accruals and other liabilities	15	1,247,476,180	754,344,333
Zakat payable	16	169,722,113	131,383,111
Current portion of lease liabilities	28.2	44,142,088	39,194,713
Total current liabilities		2,590,311,116	2,047,720,022
Non-current liabilities			
Long-term loans	28.1	3,032,584,836	2,444,907,730
Government grant	17	60,337,851	65,891,978
Lease liabilities	28.2	277,078,057	252,636,080
Employees' end-of-service benefits	18	518,141,099	489,135,445
Total non-current liabilities		3,888,141,843	3,252,571,233
Total liabilities		6,478,452,959	5,300,291,255
Equity			
Issued and paid-up share capital	19	3,500,000,000	3,500,000,000
Statutory reserve	20	876,157,331	711,082,326
Retained earnings		1,502,535,470	1,128,089,112
Equity attributable to equity holders of the parent		5,878,692,801	5,339,171,438
Non-controlling interests		226,971,966	187,904,565
Total equity		6,105,664,767	5,527,076,003
Total liabilities and equity		12,584,117,726	10,827,367,258

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Income
for the year ended 31 December 2022

	Notes	2022 SR	2021 SR
Revenue		8,310,738,514	7,250,472,190
Cost of revenue		(5,562,603,296)	(4,920,242,730)
Gross profit		2,748,135,218	2,330,229,460
Selling and marketing expenses	22	(324,779,475)	(242,327,120)
General and administrative expenses	23	(722,868,413)	(621,751,073)
Operating income		1,700,487,330	1,466,151,267
Share of income of associates	11	19,605,347	7,488,620
Finance costs	24	(49,356,745)	(37,896,011)
Other income	25	125,921,171	65,599,807
Income before zakat		1,796,657,103	1,501,343,683
Zakat	16	(107,707,925)	(114,066,324)
Income for the year		1,688,949,178	1,387,277,359
Attributable to:			
Equity holders of the parent		1,650,750,047	1,376,615,197
Non-controlling interests		38,199,131	10,662,162
		1,688,949,178	1,387,277,359
Earnings per share:	26		
Basic and diluted earnings per share from Income for the year attributable to equity holders of the parent		4.72	3.93

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	Notes	2022 SR	2021 SR
Income for the year		1,688,949,178	1,387,277,359
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement Income (loss) on employees' end-of-service benefits	18	27,139,586	(3,730,492)
Other comprehensive Income (loss) for the year		27,139,586	(3,730,492)
Total comprehensive income for the year		1,716,088,764	1,383,546,867
Attributable to:			
Equity holders of the parent company		1,677,021,363	1,372,427,745
Non-controlling interests		39,067,401	11,119,122
		1,716,088,764	1,383,546,867

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Attributable to equity holders of the parent				Non-controlling interests SR	Total equity SR
	Issued and paid-up share capital SR	Statutory reserve SR	Retained earnings SR	Total SR		
As at 1 January 2021	3,500,000,000	573,420,806	838,322,887	4,911,743,693	176,785,443	5,088,529,136
Income for the year	–	–	1,376,615,197	1,376,615,197	10,662,162	1,387,277,359
Other comprehensive income (loss)	–	–	(4,187,452)	(4,187,452)	456,960	(3,730,492)
Total comprehensive income (loss)	–	–	1,372,427,745	1,372,427,745	11,119,122	1,383,546,867
Transfer to statutory reserve	–	137,661,520	(137,661,520)	–	–	–
Dividends (note 21)	–	–	(945,000,000)	(945,000,000)	–	(945,000,000)
As at 31 December 2021	3,500,000,000	711,082,326	1,128,089,112	5,339,171,438	187,904,565	5,527,076,003
Income for the year	–	–	1,650,750,047	1,650,750,047	38,199,131	1,688,949,178
Other comprehensive income (loss)	–	–	26,271,316	26,271,316	868,270	27,139,586
Total comprehensive income	–	–	1,677,021,363	1,677,021,363	39,067,401	1,716,088,764
Transfer to statutory reserve	–	165,075,005	(165,075,005)	–	–	–
Dividends (note 21)	–	–	(1,137,500,000)	(1,137,500,000)	–	(1,137,500,000)
As at 31 December 2022	3,500,000,000	876,157,331	1,502,535,470	5,878,692,801	226,971,966	6,105,664,767

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022 SR	2021 SR
Operating activities			
Income before zakat		1,796,657,103	1,501,343,683
Non-cash adjustments to reconcile income before zakat to net cash flows:			
Depreciation	12	309,222,808	314,793,507
Share of income of associates	11	(19,605,347)	(7,488,620)
Allowance for expected credit losses	8 & 22	197,847,275	145,674,650
Finance costs	24	49,356,745	37,896,011
Employees' end-of-service benefits	18	126,598,525	156,872,615
		2,460,077,109	2,149,091,846
Working capital adjustments:			
Accounts receivable		(40,290,156)	(200,615,832)
Inventories		(83,504,291)	(26,978,331)
Prepayments and other assets		4,209,176	46,572,211
Accounts payable		156,188,070	176,968,882
Accruals and other liabilities		486,823,535	155,346,081
Cash generated from operations		2,983,503,443	2,300,384,857
Zakat paid	16	(69,368,923)	(83,827,664)
Employees' end-of-service benefits paid	18	(70,453,285)	(33,764,066)
Net cash from operating activities		2,843,681,235	2,182,793,127
Investing activities			
Purchase of property and equipment		(1,513,364,980)	(1,253,523,660)
Investment in associates		(126,035,354)	–
Dividends from associates	11	–	6,000,000
Investments in equity instruments Sukuk		(300,000,000)	–
Net cash used in investing activities		(1,939,400,334)	(1,247,523,660)
Financing activities			
Proceeds from long-term loans, net		432,333,493	396,003,675
Finance costs paid		(43,274,148)	(36,636,117)
Lease liabilities paid		(52,680,905)	(45,071,128)
Dividends paid	21	(1,137,500,000)	(945,000,000)
Net cash used in financing activities		(801,121,560)	(630,703,570)
Net increase in cash and cash equivalents		103,159,341	304,565,897
Cash and cash equivalents at the beginning of the year	7	2,643,829,664	2,339,263,767
Cash and cash equivalents at the end of the year	7	2,746,989,005	2,643,829,664
Non-cash transactions:			
Recognition of right-of-use assets	12	100,761,318	79,800,405
Recognition of lease liabilities	28.2	100,761,318	79,800,405

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
31 December 2022

1. Corporate information and activities

Dr. Sulaiman Al Habib Medical Services Group Company (the "Company") (a Saudi Listed Joint Stock Company) is registered in Riyadh, under commercial registration number 1010118330 dated 11 Jumada al-thani 1414H (corresponding to 25 November 1993). The registered office is located at Olaya District, P.O. Box 301578, Riyadh 11372, Kingdom of Saudi Arabia (the "Kingdom"), and the Company was listed on the Saudi Stock Exchange (Tadawul) on 22 Rajab 1441H (corresponding to 17 March 2020).

The activities of the Company and its subsidiaries (collectively referred to as "the Group") are to provide private health services and ancillary services for its operations in the Kingdom and the region through the establishment, management, and operation of hospitals, general and specialized medical complexes, day surgery centers, pharmaceutical facilities, and other ancillary areas which include providing services of Home health care, specialized medical laboratories, technology services & information systems, providing facility maintenance services, Tele-medicine services, revenue cycle management services, medical equipment maintenance services, and real estate activity.

The Company has two branches, the first branch is located in Riyadh, Kingdom, "Branch of Dr. Sulaiman Al Habib Medical Services Group Company" ("the Branch") under commercial registration number 1010357146 dated 24 Muharram 1434H (corresponding to 8 December 2012). The Branch is engaged in wholesale and retail trade in cosmetics and maintenance of medical devices and equipment. The second one is located in the Kingdom of Bahrain, "Dr. Sulaiman Al-Habib Medical Services Group Holding Company - Foreign Branch" ("the Foreign Branch") under commercial registration number 81609-1 dated 22 Rajab 1433H (corresponding to 12 June 2012). The Foreign Branch is engaged in activities of head offices and management offices.

The consolidated financial statements include the financial information of the branches mentioned above and subsidiaries mentioned in note 3.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

These consolidated financial statements are prepared on a historical cost basis unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in Saudi Riyals, which is the functional, and presentation currency of the Company and all values are rounded to the nearest one Riyal, except when otherwise indicated.

3. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (collectively referred to as "the Group"), mainly domiciled in Kingdom of Saudi Arabia ("KSA") and United Arab Emirates ("UAE") as at 31 December 2022 and 31 December 2021:

	Country of incorporation and business	Activities	Ownership %	
			31 December 2022	31 December 2021
Sehat Al Olaya Medical Complex Company	KSA	Hospital	100%	100%
Asharq Alawsat Pharmacies Company	KSA	Pharmacy	100%	100%
Dr. Sulaiman Al Habib Hospital FZ - LLC	UAE	Hospital	100%	100%
Buraidah Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Rayan Hospital for Healthcare Company	KSA	Hospital	100%	100%
Home Healthcare Company	KSA	Home Healthcare services	100%	100%
Al Gharb Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Mokhtabarat Diagnostic Medical Company	KSA	Laboratory Services	100%	100%
Sehat Al Suwaidi Medical Company	KSA	Hospital	100%	100%
Hulool Al Sahaba for IT & Communication Company	KSA	IT Support Services	100%	100%
Intensive Care Company for Healthcare	KSA	Medical Services	100%	100%
Sehat Al Sharq Medical Limited Company	KSA	Hospital	50%	50%
Al Wosta Medical Limited Company	KSA	Hospital	50%	50%
Gharb Jeddah Hospital Company	KSA	Hospital	50%	50%
Shamal Al Riyadh for Healthcare Company	KSA	Hospital	100%	100%
Al Muhammadiyah Hospital for Healthcare Company	KSA	Hospital	100%	100%
Taswyat Administrative Company	KSA	Revenue cycle management	100%	100%
Al Marakez Al Awwalyah for Health Care Company	KSA	Medical Primary Healthcare centers	100%	100%
Wrass Real Estate Company*	KSA	Real Estate	100%	100%
FLOW Medical Company	KSA	Medical equipments maintenance	100%	100%
Sehat Al Kharj for Healthcare Company	KSA	Hospital	100%	100%
Bawabat Al Gharb for Health Care Company	KSA	Hospital	100%	-
Bawabat Al Shamal for Health Care Company	KSA	Hospital	100%	-

* During January 2023, the company name changed from "Rawabet Medical Company".

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

31 December 2022

3. Basis of consolidation (continued)

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

4.1 Business combination

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in consolidated statement of income. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

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

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

4.2 Investments

4.2.1 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of income reflects the Group's share of income of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of income of an associate is shown on the face of the consolidated statement of income outside operating profit and represents income after zakat and tax wherever applicable.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss as 'Share of income of associates' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

4.2.2 Investments in equity instruments - Sukuk

It represents investments in equity instruments - Sukuk Tier 1 type with Mudaraba structure, perpetual maturity, and non-listed Sukuk. Each unit of the Sukuk constitutes an unsecured, conditional, and subordinated obligation for the issuer Bank classified under equity. First, the call date is 5 years after the issue date. It is initially recognized at cost, and subsequently, income is recognized when the profit/dividends payment is received on a quarterly basis.

4.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or the liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or the liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Notes to the Consolidated Financial Statements (continued)

31 December 2022

4. Summary of significant accounting policies (continued)

4.4 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Patient services

The patient services revenue is recognized when the services are rendered to the patient net off for any discount or rebates expected at the time of providing services to the patients.

Sale of goods

The sales from medicine, cosmetics, medical supplies and medical equipment are recognized when goods are delivered to patients and all the control have been transferred to them. The sales are recorded net off any discount or rebates expected at the time of delivery of goods to the patients.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of income.

Others

All other revenues are recognized on an accrual basis.

For advance from customer or accounts receivable, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

4.5 Foreign currencies

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rate prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income, if material.

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Items of equity (except retained earnings and non-controlling interest) are translated at the rate prevailing on the acquisition date.
- Assets and liabilities are translated using the exchange rate prevailing at the reporting date.
- Statement of income items are translated using the weighted average rate for the year. Material gains and losses are translated at the rate prevailing on the date of their occurrence.
- All resulting exchange differences, if material, are recognized as a separate component of equity.

When those entities are partially sold or disposed of, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of the gains or losses on sale.

4.6 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to consolidated statement of income over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

4.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such costs include the cost of replacing parts of the property and equipment, borrowing costs for long-term construction projects if the recognition criteria are met and decommissioning and site restoration costs, if applicable.

Depreciation is calculated on all property and equipment, other than land and capital work-in-progress, at the following useful lives calculated to write off the cost of each asset on a straight-line basis over its expected useful life:

	Years
Buildings	10 – 33
Leasehold improvements	The estimated useful life or lease period whichever is lower
Medical and general equipment	5 – 10
Motor vehicles and ambulances	4 – 10
Furniture, fixtures and office equipment	4 – 6.67
Right of use Assets	The estimated useful life or lease period whichever is lower

Capital work-in-progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

Notes to the Consolidated Financial Statements (continued)

31 December 2022

4. Summary of significant accounting policies (continued)

4.7 Property and equipment (continued)

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income under other operating income when the asset is de-recognized.

The expected useful lives and residual values of property and equipment are reviewed annually and adjusted prospectively as appropriate. The review of the asset lives and residual values of properties and equipment takes into consideration the plans of the business and levels of expenditure incurred on an ongoing basis to maintain the property and equipment in a fit and proper state for their ongoing use at hospitals and the forecast timing of disposal.

4.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized as income immediately in the consolidated statement of income.

4.9 Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short term leases and leases of low value assets as follows:

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4.10 Borrowing costs

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

4.11 Financial instruments

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

Recognition

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date.

Classification

The Group classifies its financial assets into the following measurement categories:

- Those to be measured subsequently at amortized cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

The classification depends on the Group's contractual terms of the financial assets cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (FVTPL). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at fair value through profit or loss and other comprehensive income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through the profit or loss are expensed in the consolidated statement of income or other comprehensive income.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through the profit or loss or other comprehensive income (irrevocable election at the time of recognition).

De-recognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of the asset or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income or other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

31 December 2022

4. Summary of significant accounting policies (continued)

4.11 Financial instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

For accounts receivables, the Group recognizes expected credit losses based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date.

Objective evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term murabaha Islamic deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

4.13 Inventories

Inventories are measured at the lower of cost or net realizable value with due allowance for any obsolete or slow moving items, near to expiry items and damages. Cost is determined using the weighted average method.

Cost includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

4.14 Provisions

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

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

4.15 Employees' end-of-service benefits

The Group operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The plan is unfunded. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in consolidated statement of income on the defined benefit liability are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Past service costs are recognized in consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

4.16 Zakat and Value Added Tax (VAT)

Zakat is provided for in accordance with Zakat,Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the consolidated statement of income. Any differences in the estimations is recorded when the final assessment is approved at which time the provision is adjusted.

Zakat is calculated on a consolidated basis for the Company and its 100% legally owned subsidiaries since 31 December 2009. Accordingly, the Company and its 100% legally owned subsidiaries are considered as a single entity for the purposes of Zakat calculation. As for the subsidiaries which are less than 100% owned by the Company, Zakat is calculated on a standalone basis.

The subsidiary registered in free zone - Dubai, United Arab Emirates and the branch in the Kingdom of Bahrain, are not subject to any Zakat or taxation.

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.17 Standards issued but not yet effective

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

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the International Accounting Standards Board issued amendments to IAS 8, introducing a definition of "accounting estimates". Adjustments clarify the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. It also describes how entities use measurement and input techniques to develop accounting estimates.

The amendment is effective for annual periods beginning on or after 1 January 2023 and applies to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted as long as the relevant estimates are disclosed.

The amendment is not expected to have a material impact on the Group.

5. Significant accounting judgments, estimates, assumptions

5.1 Estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue Recognition

The application of IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligations

The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its agreements with customers (mainly insurance companies). In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Notes to the Consolidated Financial Statements (continued)

31 December 2022

5. Significant accounting judgments, estimates, assumptions (continued)

5.1 Estimates and assumptions (continued)

Transfer of control in contracts with customers

In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognized when services or control over the assets that is subject of contract is transferred to the patients.

Allowance for expected credit losses

For accounts receivables, the Group applies the simplified approach. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from published default rates and historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Employees' end-of-service benefits

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

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of property and equipment

The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

Provision for inventories

Inventories are held at the lower of cost or net realizable value. When inventories become slow moving or obsolete or near to expiry or damages, an estimate is made for their fair value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are slow moving or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5.2 Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Component parts of property and equipment

The Group's assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

Determination of control and significant influence

Management's judgement in assessing control over consolidated subsidiaries

Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees.

In certain cases where the Group owns less than 50% of voting rights, it may still be the single largest partner with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-Vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms of 5 to 15 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Notes to the Consolidated Financial Statements (continued)

31 December 2022

6. Segment Information

Operating segments is determined based on the Group’s internal reporting to the Chief Operating Decision Maker (“CODM”).

The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments’ results as it reflects the segments’ performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group.

The identified key segments are Hospitals/Healthcare Facilities, Pharmacies and HMG Solutions/Others (which includes IT support services, laboratory services, home healthcare services, medical equipments maintenance, revenue cycle management and real estate). The segment results for the year ended 31 December 2022 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial information are as follows:

Year ended 31 December 2022	Hospitals/ Healthcare Facilities	Pharmacies	HMG Solutions/Others	Total
	SR' millions			
Saudi Arabia:				
Revenue	5,861	1,639	285	7,785
Gross profit	2,042	525	103	2,670
Outside Saudi Arabia:				
Revenue	437	85	4	526
Gross profit	55	19	4	78
Total				
Revenue	6,298	1,724	289	8,311
Gross profit*	2,097	544	107	2,748
Unallocated income (expenses)				
Selling and marketing				(325)
General and administrative				(723)
Operating income				1,700
Share of income of associates				20
Finance costs				(49)
Other income				126
Income before zakat				1,797
Zakat				(108)
Income for the year				1,689

As at 31 December 2022

Saudi Arabia:				
Total assets	8,495	378	3,151	12,024
Total liabilities	5,080	540	723	6,343
Outside Saudi Arabia				
Total assets	508	42	10	560
Total liabilities	114	18	3	135
Total				
Total assets	9,003	420	3,161	12,584
Total liabilities	5,194	558	726	6,478

Year ended 31 December 2021	Hospitals/ Healthcare Facilities	Pharmacies	HMG Solutions/Others	Total
	SR' millions			
Saudi Arabia:				
Revenue	5,156	1,293	305	6,754
Gross profit	1,701	430	120	2,251
Outside Saudi Arabia:				
Revenue	430	62	4	496
Gross profit	62	13	4	79
Total				
Revenue	5,586	1,355	309	7,250
Gross profit*	1,763	443	124	2,330
Unallocated income (expenses)				
Selling and marketing				(242)
General and administrative				(622)
Operating income				1,466
Share of income of associates				7
Finance costs				(38)
Other income				66
Income before zakat				1,501
Zakat				(114)
Income for the year				1,387

As at 31 December 2021

Saudi Arabia:				
Total assets	7,411	320	2,526	10,257
Total liabilities	4,040	435	686	5,161
Outside Saudi Arabia				
Total assets	514	40	16	570
Total liabilities	123	13	3	139
Total				
Total assets	7,925	360	2,542	10,827
Total liabilities	4,163	448	689	5,300

* Cost of revenue includes employees’ cost amounting to SR 2,906 million (2021: SR 2,614 million).

Notes to the Consolidated Financial Statements (continued)

31 December 2022

7. Cash and cash equivalents

	As at 31 December 2022 SR	As at 31 December 2021 SR
Short-term murabaha Islamic deposits with banks	2,226,866,752	2,068,891,279
Cash at banks	513,556,296	564,723,677
Cash on hand	6,565,957	10,214,708
	2,746,989,005	2,643,829,664

8. Accounts receivable

	As at 31 December 2022 SR	As at 31 December 2021 SR
Accounts receivable	1,025,130,931	1,079,938,638
Less: allowance for expected credit losses ("ECL")	(283,417,428)	(180,668,016)
	741,713,503	899,270,622

The movement in the allowance for expected credit losses is as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
At the beginning of the year	180,668,016	115,698,570
Charge for the year (note 22)	197,847,275	145,674,650
Write-off during the year	(95,097,863)	(80,705,204)
At the end of the year	283,417,428	180,668,016

As of 31 December, the ageing analysis of unimpaired trade receivables is as follows:

	Total SR	Less than one year SR	Greater than one year SR
31 December 2022	741,713,503	709,714,734	31,998,769
31 December 2021	899,270,622	849,618,644	49,651,978

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. As at 31 December 2022 the allowance for expected credit losses reached SR 283,417,428 (as at 31 December 2021: SR 180,668,016).

As at 31 December 2022, approximately 94% of the Group's accounts receivable's balance was due from various governmental and insurance entities (31 December 2021: SR 93%).

The Group's credit terms require receivables to be repaid within 30-90 days of the claim date depending on the type of customer, which is in line with healthcare industry. Due to short credit period offered to customers, a significant amount of accounts receivable are neither past due nor impaired.

9. Prepayments and other assets

	As at 31 December 2022 SR	As at 31 December 2021 SR
Prepaid expenses	109,268,429	115,287,093
Advances to employees	25,564,968	21,853,674
Advances to suppliers and contractors	5,095,196	15,866,026
Others	41,451,927	30,434,253
	181,380,520	183,441,046

10. Inventories

	As at 31 December 2022 SR	As at 31 December 2021 SR
Inventories	507,538,436	413,425,181
Less: provision for inventories	(17,145,521)	(6,536,557)
	490,392,915	406,888,624

Cost of inventories recognized in the consolidated statement of income for the year ended 31 December 2022 amounted to SR 1,931,769,783 (2021: SR 1,607,687,533).

11. Investments in associates

The Group investment in associates comprise of:

- 50% interest in Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company ("Ajaji Dental"), a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration no. 1010218565 dated 6 Ramadan 1434H (corresponding to 14 July 2013). Ajaji Dental objectives include establishment and management of hospitals, dentistry centers and laboratories tests and x-rays centers, dentistry colleges and institutes and import and distribute medical equipment.
- 40% interest in Serco Saudi Services Company ("SERCO"), a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration no. 1010242254 dated 15 Ramadan 1434H (corresponding to 23 July 2013). SERCO objectives include works and maintenance to buildings construction, electricity, mechanical, cooling systems, and building cleaning.
- 25% interest in Tamkeen Human Resources Company ("Tamkeen"), a Saudi Closed Joint Stock company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration no. 1010451749 dated 23 Ramadan 1439H (corresponding to 7 June 2018). Tamkeen objectives include recruit worker and provide labor services in relation to domestic worker and employment for public and private sector.

The Group's interest in its associates is accounted for using the equity method in the consolidated financial statements. The financial information of the associates are not material at the Group level therefore, summarized financial information of the associates have not been presented.

During the year, the movement of investments in associates is as follows:

	Opening balance SR	Addition SR	Share of income SR	Dividends SR	Ending balance SR
2022					
Ajaji Dental	33,205,558	–	5,852,012	–	39,057,570
SERCO	8,152,851	–	232,296	–	8,385,147
Tamkeen	–	126,035,354	13,521,039	–	139,556,393
Total	41,358,409	126,035,354	19,605,347	–	186,999,110

2021					
Ajaji Dental	32,077,746	–	7,127,812	(6,000,000)	33,205,558
SERCO	7,792,043	–	360,808	–	8,152,851
Total	39,869,789	–	7,488,620	(6,000,000)	41,358,409

Amounts in Saudi Riyals		Land	Buildings and leasehold improvements	Medical and general equipment	Motor vehicles and ambulances	Furniture, fixtures and office equipment	Right of use Assets	Capital work-in-progress*	Total
Cost									
At 1 January 2021	2,087,553,284		2,683,534,972	1,283,396,346	10,050,445	564,558,105	375,982,352	395,354,569	7,400,430,073
Additions	410,441,527		48,280,357	77,889,207	3,099,702	34,721,853	79,800,405	705,305,296	1,359,538,347
Disposals/transfers	64,590,505		15,253,347	(21,406,456)	(5,455)	7431,970	(28,797,578)	(130,553,554)	(93,487,221)
At 31 December 2021	2,562,585,316		2,747,068,676	1,339,879,097	13,144,692	606,711,928	426,985,179	970,106,311	8,666,481,199
Additions	275,709,714		14,432,300	79,634,333	1,574,800	35,588,860	100,761,318	1,109,692,070	1,617,393,395
Disposals/transfers	-		2,434,021	(5,024,531)	484,000	38,077,004	(43,346,683)	(47,528,627)	(54,904,816)
At 31 December 2022	2,838,295,030		2,763,934,997	1,414,488,899	15,203,492	680,377,792	484,399,814	2,032,269,754	10,228,969,778
Depreciation									
At 1 January 2021	-		503,778,212	774,672,359	8,528,601	371,748,898	93,758,881	-	1,752,486,951
Charge for the year	-		93,890,037	108,875,977	330,704	59,014,671	52,682,118	-	314,793,507
Disposals/transfers	-		(316,725)	(34,494,396)	-	(3,664,240)	(14,902,791)	-	(53,378,152)
At 31 December 2021	-		597,351,524	849,053,940	8,859,305	427,099,329	131,538,208	-	2,013,902,306
Charge for the year	-		93,189,554	108,334,632	789,728	574,56,023	49,452,871	-	309,222,808
Disposals/transfers	-		(83,544)	(6,398,337)	(19,877)	(1,789,278)	(22,506,973)	-	(30,798,009)
At 31 December 2022	-		690,457,534	950,990,235	9,629,156	482,766,074	158,484,106	-	2,292,327,105
Net book value									
At 31 December 2022	2,838,295,030		2,073,477,463	463,498,664	5,574,336	197,611,718	325,915,708	2,032,269,754	7,936,642,673
At 31 December 2021	2,562,585,316		2,149,717,152	490,825,157	4,285,387	179,612,599	295,446,971	970,106,311	6,652,578,893

Cost of revenue

General and administrative expenses (note 23)

Selling and marketing expenses (note 22)

For the year ended		31 December 2022	31 December 2021
		SR	SR
		260,102,107	261,444,077
		45,886,140	50,443,843
		3,234,561	2,905,587
		309,222,808	314,793,507

* Capital work-in-progress represents cost incurred to date on different hospital projects of the Group.
** Property and equipment include land, building and medical equipment amounting to the extent of SR 627,254,500 (2021: SR 627,254,500) pledged against the loans obtained from the Ministry of Finance (note 28) 12.

The depreciation charge has been allocated in the consolidated statement of income as follows:

13. Accounts payable

	As at 31 December 2022 SR	As at 31 December 2021 SR
Accounts payable*	867,649,728	751,371,665
Contractors' payables and retentions	88,351,237	46,153,199
Others	5,318,471	7,606,502
	961,319,436	805,131,366

* Included in the accounts payable are balances payable to related parties amounting to SR 57,318,348 (2021: SR 62,908,203).

14. Related party disclosures

Related parties represent shareholders, Directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Significant transactions and balances with related parties in the ordinary course of business which are included in the consolidated financial statements are summarized as follows:

Nature of transaction	Related party	Relationship	2022 SR	2021 SR
Capital work-in-progress	Masah Contracting Company	Affiliate	414,682,581	208,576,741
Capital work-in-progress	Namara Specialist Establishment for Trading	Affiliate	-	508,496
Purchases and services	Serco Saudi Services Company	Associate	44,685,532	36,843,122
Purchases and services	Rawafed Al Seha International Company	Affiliate	33,809,710	32,485,728
Revenue	Dr. Abdulaziz Ibrahim Ajaji Dental Clinics Company	Associate	55,041,582	52,131,223
Purchases and services	Members of the Board of Directors	Affiliates	33,886,323	108,295,862

Compensation of key management personnel of the Group

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	For the year ended	
	31 December 2022 SR	31 December 2021 SR
Short-term employee benefits	11,480,000	11,880,000
Post-employment and medical benefits	956,667	933,151
Board of Directors and its committees remuneration	2,969,500	2,947,667
Total compensation paid to key management personnel	15,406,167	15,760,818

The board of directors has also approved during 2022 remuneration to senior executives for the year ended on 31 of December 2021 by SR 16.5 million.

Notes to the Consolidated Financial Statements (continued)

31 December 2022

15. Accruals and other liabilities

	As at 31 December 2022 SR	As at 31 December 2021 SR
Accrued employees' salaries and benefits	915,342,079	563,960,263
Accrued expenses	136,115,139	92,885,468
VAT payable	55,613,637	33,910,964
Accrued fees and subscription	52,400,437	5,185,797
Advances from customers	35,588,806	33,211,656
Interest payable	12,580,651	6,498,054
Due to GOSI	6,834,312	5,200,583
Current portion of government grant (note 17)	5,554,128	5,328,414
Others	27,446,991	8,163,134
	1,247,476,180	754,344,333

16. Zakat payable

The Group's Zakat provision for the year ended 31 December 2022 amounted to SR 107,707,925 (2021: SR 114,066,324) which is charged to the consolidated statement of income in accordance with the ZATCA regulations.

a. Zakat base

The principal elements of the Zakat base are as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Shareholders' equity	4,610,383,500	4,175,920,805
Non-current assets and others	(7,719,546,116)	(6,058,859,686)
Non-current liabilities and others	5,248,852,264	4,344,810,927
Adjusted net income	2,096,610,693	1,951,185,741
Zakat base	4,236,300,341	4,413,057,787

b. Zakat provision

The movement in Zakat provision as of 31 December is as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Balance at the beginning of the year	131,383,111	101,144,451
Charge for the year	107,707,925	114,066,324
Paid during the year	(69,368,923)	(83,827,664)
Balance at the end of the year	169,722,113	131,383,111

c. Zakat status

The Company has filed its consolidated zakat returns for the Company and its subsidiaries (100% owned subsidiaries note 1) to ZATCA and obtained zakat certificates up to 31 December 2021 and final Zakat assessments for all years up to 31 December 2020.

As for other subsidiaries (with ownership less than 100% - note 1) that are not part of the consolidated zakat base, which required submitting separate zakat returns. Sehat Al Sharq Medical Limited Company, Gharb Jeddah Hospital Company, and Al Wosta Medical Limited Company submitted their zakat returns to ZATCA, and zakat certificates were obtained up to 31 December 2021. Sehat Al Sharq Medical Limited Company obtained the final zakat assessments for all years up to 31 December 2016. Gharb Jeddah Hospital Company obtained the final zakat assessments for all years up to 31 December 2020.

17. Government grant

The movement of the government grant during the year ending December 31 is shown as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
As at 1 January	71,220,392	78,129,431
Amortised during the year	(5,328,413)	(6,909,039)
As at 31 December	65,891,979	71,220,392
Current	5,554,128	5,328,414
Non-current	60,337,851	65,891,978
	65,891,979	71,220,392

The grant represents the difference between the fair value and carrying value of the interest free loans obtained from Ministry of Finance to fund the construction of the new hospital and the purchase of medical and non-medical equipment. The conditions and contingencies included in the grant have been met.

18. Employees' end-of-service benefits

a. Net defined benefit expense recognized in profit or loss

	For the year ended	
	As at 31 December 2022 SR	As at 31 December 2021 SR
Current service cost	110,163,574	144,699,456
Interest cost on defined benefit obligation	16,434,951	12,173,159
Net defined benefit expense	126,598,525	156,872,615

b. Changes in the present value of the defined benefit obligation:

	SR
Employees' end-of-service benefits as at 1 January 2021	362,296,404
Interest cost on defined benefit obligation	12,173,159
Current service cost	144,699,456
Actuarial loss on the defined benefit obligation recognized in OCI	3,730,492
Benefits paid	(33,764,066)
Employees' end-of-service benefits as at 31 December 2021	489,135,445
Interest cost on defined benefit obligation	16,434,951
Current service cost	110,163,574
Actuarial gain on the defined benefit obligation recognized in OCI	(27,139,586)
Benefits paid	(70,453,285)
Employees' end-of-service benefits as at 31 December 2022	518,141,099

c. Significant assumptions

	31 December 2022 %	31 December 2021 %
Discount rate	4.85	3.36
Future salary increases	3.00	3.00

Notes to the Consolidated Financial Statements (continued)

31 December 2022

18. Employees' end-of-service benefits (continued)

c. Significant assumptions (continued)

Sensitive analysis:

A quantitative sensitivity analysis for salary change assumption on the defined benefit obligation as at 31 December 2022:

31 December 2022		Impact on employees' end-of-service benefits		
Sensitivity level	Change in assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	518,141,099	496,408,606	541,204,454
Future salary increases	1%	518,141,099	536,681,859	500,182,073

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

19. Issued and paid-up share capital

The Company's authorized, issued and paid-up share capital comprise of 350,000,000 shares of SR 10 each amounting to SR 3,500,000,000.

20. Statutory reserve

In accordance with Saudi Regulations for Companies and the Group's bylaws, the Company is establishing the statutory reserve by appropriation of 10% of the annual net profit until the reserve is equal to 30% of share capital. This statutory reserve is not available for distribution to shareholders currently.

21. Dividend distribution

During the year 2022, the Board of Directors announced the recommendation to distribute interim dividends of SR 1,137,500,000 at SR 3.25 per share (representing 32.50% of the nominal value of the share), based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2021, which was granted to the Board of Directors by the Ordinary General Assembly which was held on Wednesday 9 Ramadan 1442H (corresponding to 21 April 2021), and based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2022 which was granted to the Board of Directors by the Ordinary General Assembly which was held on Monday 17 Ramadan 1443H (corresponding to 18 April 2022), as follows:

- On 19 February 2022, the Board of Directors announced the recommendation to distribute interim dividends of SR 245,000,000 at SR (0.70) (only 0.70 Halala) per share (representing 7% of the nominal value of the share) for the 4th quarter of 2021.The interim dividends for the 4th quarter of 2021 was approved by the Ordinary General Assembly meeting held on 17 Ramadan 1443H (corresponding to 18 April 2022).
- On 23 April 2022, the Board of Directors announced the recommendation to distribute interim dividends of SR 290,500,000 at SR (0.83) (only 83 Halala) per share (representing 8.3% of the nominal value of the share) for the first quarter of 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).
- On 6 August 2022, the Board of Directors announced the recommendation to distribute interim dividends of SR 301,000,000 at SR (0.86) (only 86 Halala) per share (representing 8.6% of the nominal value of the share) for the second quarter of 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).
- On 22 October 2022, the Board of Directors announced the recommendation to distribute interim dividends of SR 301,000,000 at SR (0.86) (only 86 Halala) per share (representing 8.6% of the nominal value of the share) for the third quarter of 2022. (This will be presented for approval during the next meeting of the General Assembly of Shareholders).

Total interim dividends for the periods first quarter, second quarter, and third quarter of the year 2022 is SAR 892,500,000, at SAR 2.55 per share (representing 25.50% of the nominal value of the share).

The interim dividends that were distributed during the year ending on 31 December 2021 were approved at the Ordinary General Assembly meeting held on 17 Ramadan 1443 AH (corresponding to 18 April 2022).

22. Selling and marketing expenses

	For the year ended	
	31 December 2022 SR	31 December 2021 SR
Allowance for expected credit losses (note 8)	197,847,275	145,674,650
Employees' salaries, wages and other related benefits	74,704,178	58,897,402
Promotion and advertisement	32,818,276	22,789,672
Depreciation (note 12)	3,234,561	2,905,587
Others	16,175,185	12,059,809
	324,779,475	242,327,120

23. General and administrative expenses

	For the year ended	
	31 December 2022 SR	31 December 2021 SR
Employees' salaries, wages and other related benefits	380,699,506	343,360,318
Remuneration and incentive	125,969,503	93,000,862
Depreciation (note 12)	45,886,140	50,443,843
Licenses and government fees	18,556,953	21,161,693
Repair and maintenance	15,463,611	13,798,486
Utilities and communication	14,908,362	13,723,590
Fees and subscriptions	23,634,779	13,716,823
Bank charges and commissions	11,538,027	10,696,581
Housekeeping	15,027,215	10,641,937
Consultation and professional fees	11,534,952	10,163,268
Rent	10,126,439	7,812,200
Travel expenses	5,399,536	2,302,038
Others	44,123,390	30,929,434
	722,868,413	621,751,073

24. Finance costs

	For the year ended	
	31 December 2022 SR	31 December 2021 SR
Related to long-term loan	39,598,584	27,624,435
Related to lease liability	9,758,161	10,271,576
	49,356,745	37,896,011

Notes to the Consolidated Financial Statements (continued)

31 December 2022

25. Other income

	For the year ended	
	31 December 2022 SR	31 December 2021 SR
Scientific support from suppliers	19,744,691	17,973,769
Rental income	21,528,074	15,856,181
HRDF receipts	27,364,747	13,810,702
Murabaha, Mudaraba Income (Time deposit, Sukuk)	40,718,511	9,903,142
Others	16,565,148	8,056,013
	125,921,171	65,599,807

26. Earnings per share

Basic and diluted earnings per share ("EPS") is calculated by dividing the income for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as the regular or basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

The following table reflects the income for the year attributable to equity holders of the parent and share data used in the basic and diluted EPS computations:

	2022 SR	2021 SR
Income for the year attributable to equity holders of the parent	1,650,750,047	1,376,615,197
Weighted average number of ordinary shares	350,000,000	350,000,000
<i>Basic and diluted earnings per share from Income for the year attributable to equity holders of the parent</i>	4.72	3.93

27. Commitments and contingencies

Capital commitments

The Group has capital commitment mainly for both expansions and projects under construction, as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Capital commitments	1,657,031,773	1,622,782,007

Letter of credits and guarantees

The Group has guarantees related to, as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Letters of credit	234,820,228	28,396,792
Letters of guarantee	78,496,871	148,658,877
	313,317,099	177,055,669

28. Financial assets and liabilities

28.1 Long-term borrowings

	As at 31 December 2022 SR	As at 31 December 2021 SR
Current-portion of loans and borrowings:		
Loans from local banks (i)	123,671,425	293,463,093
Loans from Ministry of Finance (ii)	43,979,874	24,203,406
	167,651,299	317,666,499
Non-current portion of loans and borrowings:		
Loans from local banks (i)	2,688,699,978	2,062,371,403
Loans from Ministry of Finance (ii)	343,884,858	382,536,327
	3,032,584,836	2,444,907,730

i) Loans from local banks

The Group is financed through Islamic facilities in the form of long-term and short-term loans (Murabaha/Tawarruq) from local banks. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SIBOR" plus an agreed margin. The facilities are secured by corporate promissory notes.

Aggregate maturities of loans from local banks are as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Within one year	123,671,425	293,463,093
After one year but not more than five years	1,249,569,385	771,609,827
More than five years	1,439,130,593	1,290,761,576
	2,812,371,403	2,355,834,496

ii) Loans from Ministry of Finance (MoF)

The Group's long-term financing includes MoF non-interest bearing loans to finance the capital expenditures related to the Company and its subsidiaries. The loan repayment instalments are settled on equal yearly instalments. Certain assets are pledged against the loans obtained from the MoF (note 12).

Aggregate maturities of loans from MoF are as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Within one year	43,979,874	24,203,406
After one year but not more than five years	122,679,857	113,026,859
More than five years	221,205,001	269,509,468
	387,864,732	406,739,733

Notes to the Consolidated Financial Statements (continued)

31 December 2022

28. Financial assets and liabilities (continued)

28.2 Lease Liabilities

	As at 31 December 2022 SR	As at 31 December 2021 SR
As at 1 January 2022	291,830,793	270,839,828
Additions during the year	100,761,318	79,800,405
Disposal -net	(18,691,060)	(13,738,312)
Payments	(52,680,906)	(45,071,128)
As at 31 December 2022	321,220,145	291,830,793

Following is the aggregate maturities of lease liabilities:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Within one year	53,848,894	49,874,526
After one year but not more than five years	159,106,491	145,832,166
More than five years	186,578,050	164,516,250
	399,533,435	360,222,942

	As at 31 December 2022 SR	As at 31 December 2021 SR
Future minimum lease payment	399,533,435	360,222,942
Less: un-amortized finance costs	(78,313,290)	(68,392,149)
Present value of minimum lease payment	321,220,145	291,830,793
Less: current-portion of lease payment	(44,142,088)	(39,194,713)
	277,078,057	252,636,080

Majority of the lease contracts relate to leased buildings for the Group’s employee accommodation, in addition to administrative offices lease contracts.

28.3 Risk management

The Group’s principal financial liabilities mainly comprise long-term loans, accounts payable, amounts due to related parties, accruals and other liabilities and zakat payable. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s principal financial assets include accounts receivable, cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. The Group does not engage into hedging activities.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Market risk

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

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market commission rates. The Group’s exposure to the risk of changes in market commission rates relates primarily to the Group’s long-term borrowings and short-term murabaha Islamic deposits with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The Group analysis its commission rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of defined markup shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions. The Group is not exposed to any significant commission rate risk.

Currency risk

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk.

Credit risk

Credit risk is the risk a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk on its cash and cash equivalents, short-term murabaha Islamic deposits and accounts receivables as follows:

	As at 31 December 2022 SR	As at 31 December 2021 SR
Accounts receivable	741,713,503	899,270,622
Short-term murabaha Islamic deposits with banks	2,226,866,752	2,068,891,279
Cash at banks	513,556,296	564,723,677
	3,482,136,551	3,532,885,578

Accounts receivable

Receivables credit risk is managed subject to the Group’s established policy, procedures and control defined to mitigate the credit risk. Receivables of the Group comprise primarily of Insurance Companies, Government and its related ministries and others. The Group seeks to manage its credit risk by setting credit limits, credit period by monitoring outstanding receivables and ensuring close follow-ups. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment terms and conditions are offered. The credit terms are extended to customers where the Group does not expect any inability to pay.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual historical data. The Group evaluates the concentration of risk with respect to receivables as low, as its customers are located mainly in Saudi Arabia, and minor portion of customers in GCC.

Short-term murabaha Islamic deposits with banks and cash at banks

Credit risk from balances with banks and financial institution is managed by the Group’s treasury department in accordance with the Group’s policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks. At the reporting date, no significant concentration of credit risk were identified by the management.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis.

The management has developed policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Group maintains sufficient liquidity. Senior management continuously reviews information on the Group’s liquidity developments.

The Group has established a robust mechanism for its cash management ensuring the best use of available cash resources. This requires organizing the collection and disbursement systems in such a way as to maximise the investment of idle funds through short-term murabaha Islamic deposits while limiting the borrowings of funds and ensuring availability of the facilities to run its operations.

The Group’s terms of sales and services require amounts to be paid within 30 to 60 days of the date of submitting the invoice. Trade payables are normally settled within 60 to 120 days of the date of purchase.

Notes to the Consolidated Financial Statements (continued)

31 December 2022

28. Financial assets and liabilities (continued)

28.3 Risk management (continued)

The table below summarizes the maturities of the Company’s financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

As at 31 December 2022	On demand SR	Within one year SR	One to five years SR	More than five years SR	Total SR
Long-term loans	–	167,651,299	1,372,249,242	1,660,335,594	3,200,236,135
Accounts payable	961,319,436	–	–	–	961,319,436
Accruals and other liabilities	1,206,333,246	–	–	–	1,206,333,246
Lease liability	–	53,343,894	158,786,641	186,578,050	398,708,585
	2,167,652,682	220,995,193	1,531,035,883	1,846,913,644	5,766,597,402

As at 31 December 2021	On demand SR	Within one year SR	One to five years SR	More than five years SR	Total SR
Long-term loans	–	317,666,499	884,636,686	1,560,271,044	2,762,574,229
Accounts payable	805,131,366	–	–	–	805,131,366
Accruals and other liabilities	715,804,263	–	–	–	715,804,263
Lease liability	–	49,874,526	145,832,166	164,516,250	360,222,942
	1,520,935,629	367,541,025	1,030,468,852	1,724,787,294	4,643,732,800

29. Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Group’s capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

30. Fair values

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents and accounts receivable. Financial liabilities consist of long-term loans, accounts payable, accruals and other liabilities and zakat payable.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values at reporting date largely.

31. Subsequent Events

In the opinion of management, no significant subsequent events have occurred subsequent since 31 December 2022 that would have a material impact on the financial position or financial performance of the Group.

32. Approval of Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved for issuance by the Board of Directors on 27 Rajb 1444 H (corresponding to 18 February 2023).

compassionate

professional healthcare

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