

# Annual Report

Saudi German Health  
Middle East Healthcare Company

Financial year  
**2022**





Annual Report

## Saudi German Health

Submitted to the shareholders of the company  
for the fiscal year ended 2022G.



The Custodian of the Two Holy Mosques

### King Salman bin Abdulaziz Al Saud

May God protect him



His Royal Highness Prince

### Mohammad bin Salman Al Saud

Crown Prince And Deputy Prime Minister and The Minister of Defense

May God protect him

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## Chairman's Speech

Our distinguished shareholders

Greeting,

Chairman

**Eng. Sobhi Abdul Jalil Batterjee**

Greetings, On behalf of the Board of Directors of Middle East Healthcare Company (Saudi German Hospital) I am pleased to share with you the Board's annual report on the company's performance for the year ended 31/12/2022.

The Kingdom's economy has proven its ability to face the repercussions of the pandemic as the Kingdom was able to take health and economic measures aimed primarily to protect human health by limiting the spread of the epidemic and providing free treatment to infected cases. The Kingdom's economy continues to grow as a result of the economic the financial reforms in accordance with the Kingdom's vision.

The goals of Vision 2030 and economic policies are gaining momentum and the various development projects within the vision will be a major boost to the economy in general and specifically to the healthcare sector, as the Kingdom policy of not starting any new government hospitals represents a great opportunity to increase private sector investment in health care and thereby increase operational efficiency and overall standards for patient's service. The kingdom's healthcare industry is expected to develop with steady population growth and increasing of new diseases not only among the elderly but also among young people.



The ongoing expansions undertaken by our Group will further strengthen our market positioning as the Kingdom's most diversified healthcare player and tremendously boost Middle East Healthcare Company's market share. Throughout the year 2022, the Group added the healthcare facilities to its network, including a specialized hospital in Jeddah in the first quarter of 2022, a full-fledged 300-bed Saudi German Hospital in Mecca, and a clinics complex in Abha.

In addition, the company has completed the construction work for a new medical tower and bed expansion at Riyadh Hospital, which will open in the first quarter of 2023. We also continue to take advantage of the concept of the light asset model to find additional revenue at no significant cost to the company through management supervision agreements for hospitals outside Saudi Arabia under the Saudi German Hospital brand, which reflects positively on the company's profits without any impact on its assets, and the company is currently focusing on many policies to increase and enhance internal operations and improve operating efficiency, which will positively affect the company's performance. Finally, on behalf of the Board of Directors, I would like to thank our auditors, customers, suppliers and employees for their support. I also take this opportunity to thank the Board members for their valuable efforts. I would like to thank all of the company's shareholders for their continued support.

**Eng. Sobhi Abdul Jalil Batterjee**

Chairman



## 1- Company Overview

## 2- The legal structure of the company and its subsidiaries

## 3- The company's vision and mission

## 4- Company Management

## 5- Organizational structure

## 6- Company's Financial Year

## 7- Company Auditor



## Distinguished investors of The Middle East Healthcare Company (Saudi German Health)

Greetings,

The Board of Directors is pleased to submit to the company's shareholders the annual report for year 2022, which presents the company's activities, its overall status, the results of its operations, and the auditor's report on the company's annual consolidated financial statements

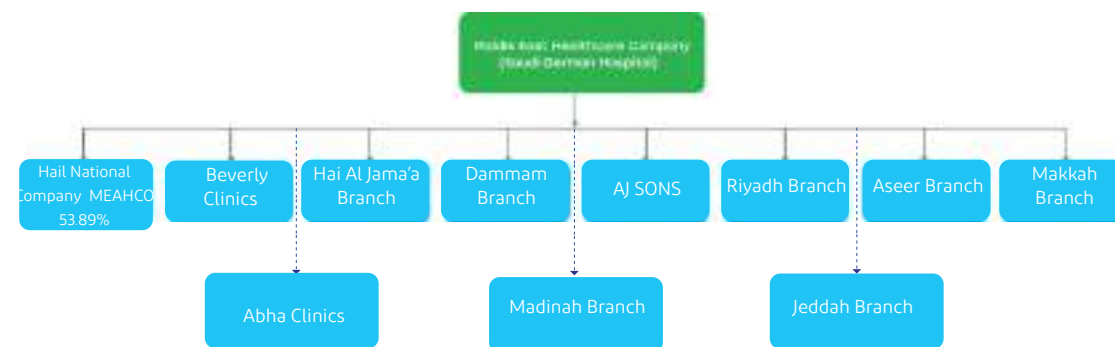
## 1- Company Overview

The Middle East Healthcare Company (Saudi German Hospital) was established in Saudi Arabia as a closed joint stock company in accordance with Royal Decree No. M/6 of 22/3/1385 Hijri and Commercial Register No. 4030149460 issued on 06/04/1425 Hijri (corresponding to 25/5/2004) in Jeddah. On 19 February 2015, the company obtained the approval of the CMA to offer a total of 27,612,000 shares for the IPO and the company's shares were listed on the Saudi Stock Exchange (Tadawul) on March 29, 2016.

The company's capital consists of 92.04 million shares with a book value of SAR 10 per share paid in full of a total value of SAR 920.4 million.



## 2- The legal structure of the company and its subsidiaries



## 3- The company's vision and mission



### Vision

To be the leader in the healthcare sector in the region by building the largest network of hospitals, quality of service and care provided to patients and enhancing value for all stakeholders.



### mission

To provide high quality healthcare in all specialties with the highest ethical standards and personal care to outstanding good results and ensure patient satisfaction.



## 4- Company Management

The company is currently managed by a board of directors consisting of seven (7) non-executive members, three are independent.

The current three-year term of the Board of Directors began on 17/9/2020 and ends on 16/09/2023.

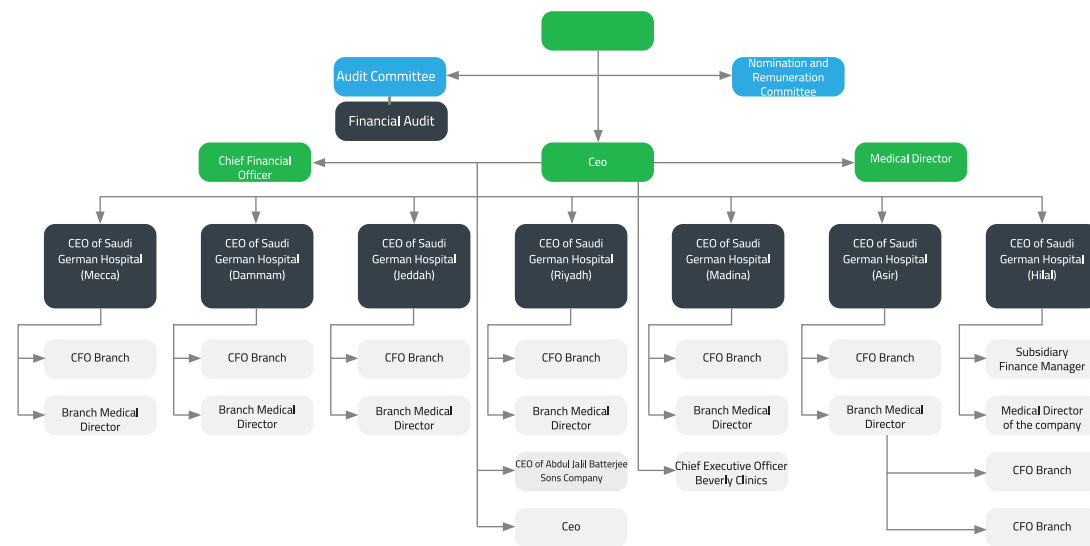
The company has formed the Audit Committee and Nominations and Remunerations Committee, which are subject to rules and regulations that determine their respective competences and these rules and regulations are part of the company's governance manual, and both committees follow directly to the Board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

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





## 5- Organizational structure



## 6- Company's Financial Year

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

## 7- Company Auditor

( EARNST & YOUNG), audited the company for the financial year 2022.

## 8- Health Sector Overview

## 9- The company's main objectives

## 10- The company owns the following branches

## 11- A brief overview of Hail National Health Services Company (subsidiary)

## 12- Management fees agreements

## 13- Strategy and future plans

## 14- Expansion projects

## 15- Quality Improvement Program



## 8- Health Sector Overview

### 8-1 Macroeconomic Outlook

Saudi Arabia has announced its budget for fiscal year 2023, with 1,114 billion Saudi riyals (about \$296 billion).

#### A) Budget Surplus

The 2023 budget estimates a surplus of 16 billion riyals vs. 2022 estimate surplus of 102 billion riyals. The budget projects total revenues to reach 1,130 billion riyals for 2023 vs. 2022 revenue estimate of 1,234 billion riyals.

#### B) Public debt

The budget data showed that the size of public debt in 2023 is expected to decline to 951 billion riyals, compared to 2022 estimate of 985 billion riyals. This is in the light of the government borrowing policy, which balances withdrawals from the Kingdom general reserves with other sources of financing from inside and outside the Kingdom to maintain appropriate levels of domestic liquidity as well as to benefit from foreign exchange flows.

#### C) Spending by sector

The distribution of public spending in the 2023 budget came to different sectors of the country, in which spending on Military sector ranked first with the allocation of 259 billion Riyals, further on the education sector which ranked second with 189 billion Riyals. Followed by Health and social development sector with 171 billion riyals. Spending of the general items sector came in fourth place with 165 billion Riyals, followed by the internal affairs sector with 105 billion Riyals. The Public administration sector ranked last by 37 billion Riyals.

#### D) Healthcare industry in Saudi Arabia

The development and growth of most industries is largely linked to the progress and decline of the overall economy, but the healthcare industry is among the few industries that are not affected due to its importance despite the decline in government spending that has already occurred in fiscal year 2016.

The population of Saudi Arabia is about 35.7 million, while the population density per square kilometer in the Kingdom is 15.1, and between 2010 and 2016 the kingdom's population increased at a compound annual growth rate of 2.65% assuming the same level of growth until 2050 in which The kingdom's population is expected to reach 77.2 million, however, according to a World Bank report, the kingdom's population is expected to reach 45.1 million by 2050 and the increase in the population, along with rising incomes, is expected to increase the demand for medical services.

According to a recent report on the kingdom's healthcare industry, the demand for health care is expected to increase as a result of the demographic shift and increase in health insurance coverage, with the proportion of young people under 40 years of age in the kingdom's population being approximately 70% and the future of health services has been planned accordingly, as by 2035 it is expected that:

- Population aged 40-59 increased by 1.5%
- The population over 60 years of age is three times more than the current levels.

The healthcare sector in the Kingdom is expected to grow, particularly specialized health care and microsurgery due to the ageing of the population, changing demographics, increasing diseases associated with modern lifestyle and chronic diseases.

(Source: Reports from Samba, Colliers, Knight Frank, World Bank)





## 9- The company's main objectives

### Company objectives:

- The establishment, operation and management of hospitals, clinics, medical centers and institutions, rehabilitation centers, laboratories, radiology and pharmacies.
- Purchase and development of land and properties for the benefit of the company.
- Establishing factories, importing all required machinery and equipment and owning patents.
- Engaging in retail and wholesale trade in medicines, equipment, medical machinery, rehabilitation equipment and all relevant equipment for hospitals and medical centers.
- Dealing with commercial agencies in the medical and pharmaceutical sectors.
- Establish specialized training centers and establish, manage and organize exhibitions and conferences of the company.

## 10- The company owns the following branches

Branch name	Commercial Register	City	Status
Saudi German Hospital- Jeddah Branch	4030124187	Jeddah	Working
Saudi German Hospital - Assir Branch	5855019364	Asser	Working
Saudi German Hospital - Riyadh Branch	1010162269	Riyadh	Working
Saudi German Hospital - Medina Branch	4650032396	Medina	Working
Saudi German Hospital - Dammam Branch	2050105713	Dammam	Working
Saudi German Hospital- Makkah Branch	4031215509	Makkah	Working
AJ Sons	4030181710	Jeddah	Working
Beverly Clinics	4030297688	Jeddah	Working
Saudi German Hospital - Hai Jamaa	4030393745	Jeddah	Working
Abha Clinics - Aseer	5850124337	Aseer	Working

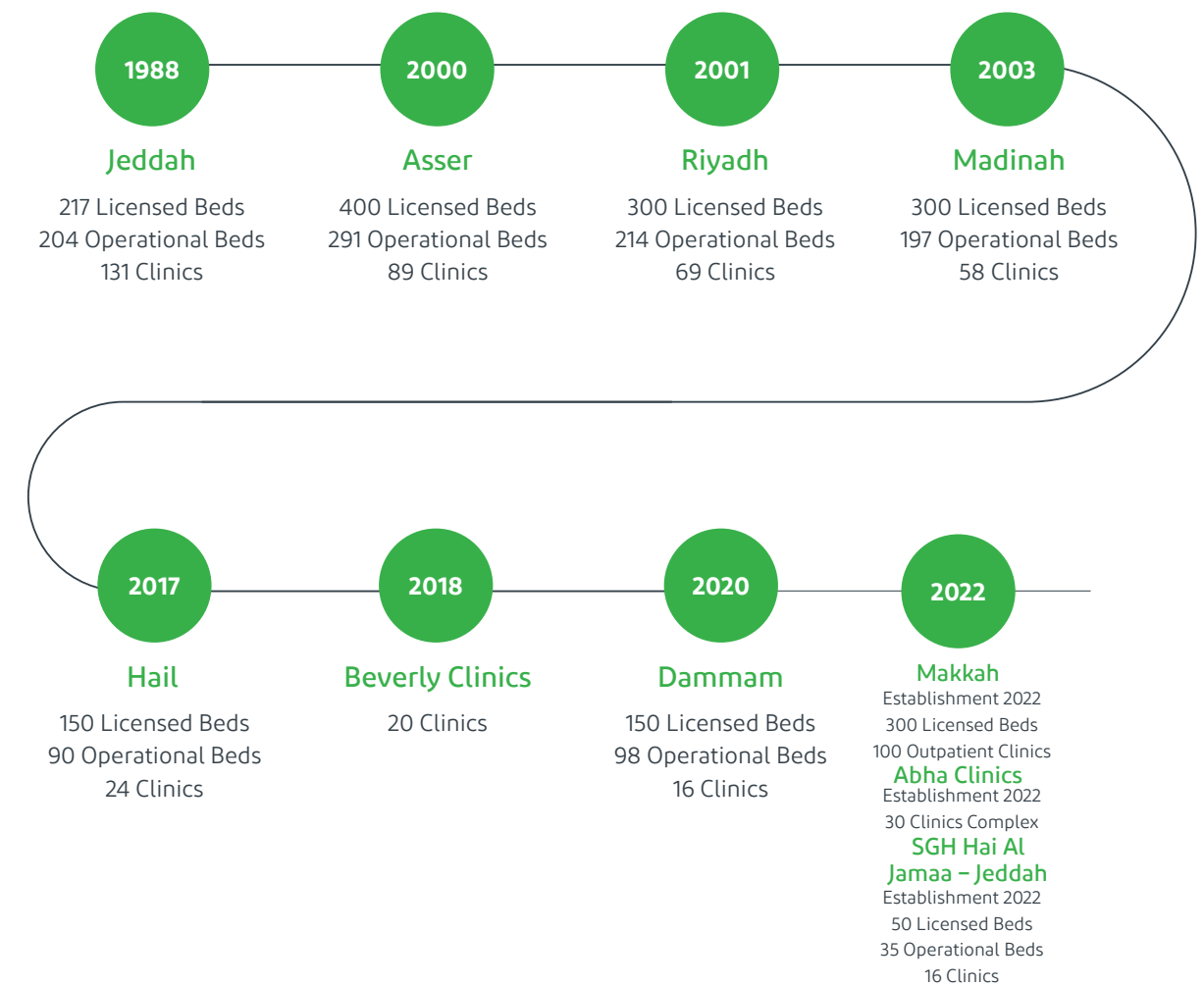
The company also owns a strategic stake in the following subsidiary:

The name of the company's a subsidiary.	Commercial Register	Percentage of ownership	City	Country of work
Hail National Healthcare Company	3350019735	53.89 %	Hail	Saudi Arabia

## 11- A brief overview of Hail National Health Services Company (subsidiary)

Hail National Health Services Company closed joint stock company commercial register no. 3350019735 headquartered in Hail city owns a hospital in Hail city with a capacity of 150 beds and was opened in February 2017 and the hospital passed the initial stages of operation and will contribute to the company's revenue starting next year, since the capital increased to 200 million which increases the ownership of The Middle East Healthcare Company's capital to (53.89%).

### Geographic Footprint



## 12- Management fees agreements

- SGH Yemen – est. 2006
- SGH Dubai – est. 2012
- SGH Cairo – est. 2015
- SGH Sharjah – est. 2018
- SGH Ajman – est. 2019



Hospital	City	Country of work
Saudi German Hospital Dubai	Dubai	U.A.E
Saudi-German Hospital Sana'a	Sana'a	Yemen
Saudi German Hospital Cairo	Cairo	Egypt
Saudi-German Hospital in Hail	Hail	Saudi Arabia
Saudi German Hospital Sharjah	Sharjah	U.A.E
Saudi German Hospital Ajman	Ajman	U.A.E
Saudi German Hospital west of Alexandria	West Alexandria	Egypt
Saudi German Hospital Lahore	Lahore	Pakistan
Saudi-German Hospital Islamabad	Islamabad	Pakistan
Saudi German Hospital Karachi	Karachi	Pakistan
BTPL	Lahore	Pakistan

## 13- Strategy and future plans

The company's strategy is to expand the network of hospitals and polyclinics clinics as referral centers across different geographical areas in Saudi Arabia in addition to which the company also establishes more outpatient clinics and increases the number of beds in the hospitals currently operating in addition to renovations in those hospitals in order to enhance the patient experience and increase the number of patients.



## 14- Expansion projects

### 14-1 Saudi-German Hospital Expands in Riyadh

In light of the growing demand for our medical services, the company has approved a plan to expand the Saudi German Hospital in Riyadh by adding 147 beds and establishing a medical tower for clinics with 76 clinics. The projects will be developed within the available land area at the hospital site, and on 18 March 2018, the construction contract was awarded to the International Hospital Construction Company (a related party) through a tender and evaluation process conducted on commercial basis. The contract value reached 193.66 million riyals and the contractor started work on the project on 05/08/2018 and is expected to complete the project by October 2021 and the project will be financed through the company's own sources and a loan from the Ministry of The company has signed an agreement with Al-Inma Bank to finance the project at up to (80%) of the total cost to be withdrawn over three years depending on the progress of the project and (20%) will be financed from the company's own sources.

## 15- Quality Improvement Program

The company is committed to providing high quality healthcare services to patients by following the highest standards of medical services. The company has been certified by the International Joint Commission (JCI), (the most famous institution in the world for the accreditation of hospitals) for all its hospitals and uses the medical standards adopted by that authority in the governance system related to health facilities and the company seeks to improve the quality framework always in its hospitals beyond the requirements of this certificate in relation to the level of care and patient safety.

The Board of Directors confirms that the company and its subsidiary have all the necessary licenses and approvals to conduct its operations, noting that the company's hospitals in Jeddah, Riyadh, Aseer, Madinah, Hail and Dammam are certified by the Central Council for Accreditation of Healthcare Institutions (CBAHI).



## Expansion and CAPEX



### Riyadh Outpatient Tower

134 beds, 160 clinics  
Capex 194 million  
To be operational 1Q 2023

### SGH Jeddah – Hospital Renovation & Tower Expansion

194 beds, 22 clinics  
Capex 399 million  
To be operational 1H 2025



## 16- Governance

## 17- Tadawul Announcements

## 18- Board of Directors

## 19- Board duties

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

## 21- Committee members (Audit Committee)

## 22- Committee members (Nominations and Remunerations Committee)

## 23- Executive Management

## 16- Governance

### 16-1 The company's governance system

The company is keen to adhere to the highest standards of governance as an important factor in its success.

The company approved the updated governance regulations, internal governance policies and charters based on the updated regulations of the CMA and the corporate system.

The governance regulation aims to improve the corporate governance framework and its organization and raise it to a higher level in terms of transparency and to ensure compliance with the corporate governance regulations by:

- A) Develop management performance based on raising the value of the company and take responsibility for it.
- B) Strengthening the regulatory role in collaboration with executives to achieve the interests of the company and shareholders, including small investors, and increase shareholders' rights to the highest possible level."
- C) Commitment to the appropriate level of disclosure and transparency and the existence of an effective internal control and risk management system.

### 16-2 Implementing the corporate governance regulations:

The company is keen to adhere to corporate governance standards and requirements through continuous review of its policies, procedures and practices. The company has prepared for itself a governance document in accordance with the updated corporate governance regulation issued by the CMA. The Company affirms its effective commitment to all the provisions of the Corporate Governance Regulation slate in force in Saudi Arabia except the following:

Article/paragraph No.	Article/paragraph text	Reasons for not applying
Article41: Evaluation Paragraph(b)	b) Performance evaluation procedures must be written and clear and disclosed to board members and evaluators	In accordance with the Corporate Governance Regulations in relation to the tasks of the Compensations and benefits Committee, including but not limited to a periodic review of the board structure and the development of policies on salaries, remuneration programs and incentives for board members and executives of the company, to ensure that such work is assessed by the Board of Directors and executive management.

Article/paragraph No.	Article/paragraph text	Reasons for not applying
Article/paragraph No.	Article/paragraph text	Reasons for not applying
Paragraph(e)	e) The Board of Directors makes the necessary arrangements to obtain a competent third-year assessment of its performance by a competent external third party	In accordance with the Corporate Governance Regulations in relation to the tasks of the Compensations and Benefits Committee, including but not limited to: a periodic review of the board structure and the development of policies on salaries, remuneration programs and incentives for board members and executives of the company, to ensure that such work is assessed by the Board of Directors and executive management.
Article 70	Form a Risk Management Department	The Audit Committee covers the scope of this departments work and reports on the risks the company may face and how to manage these risks while making recommendations and discussing it with the Audit committee during its regular meetings.
Article 71	Terms of reference of the Risk Committee	
Article 72	Risk Committee meetings	
Article 85: Motivating workers. Paragraph (2) Paragraph (3)	2) Stock option plan for employees and retirement programs and establish an independent fund to finance those programs. 3) Establishing social institutions for employees of the company	Under study / paragraphs of a guiding material.
Article 95	Formation of corporate governance committee	The Audit Committee monitors the applications of the company's governance regulations and follows up on its updates/guidance material.

## 17- Tadawul Announcements

The following is a list of the announcements the company has made to shareholders during 2022.

#	Date	Type of ad	Ad title
1.	13/11/2022	Shareholder's Announcement	Middle East Healthcare Company announces the completion of construction work of the Medical Tower and Inpatient Beds Expansion in SGH Riyadh
2.	06/11/2022	Shareholder's Announcement	Middle East Healthcare Co. Announces the Board's Recommendation to Increase the Capital by Offering Right Issues
3.	03/11/2022	Financial results	Middle East Healthcare Co. announces its Interim Financial Results for the Period Ending on 2022-09-30 ( Nine Months )
4.	07/09/2022	Shareholder's Announcement	The Middle East Healthcare Company (Saudi German Health) announces the official opening of the Saudi German Hospital in Makkah
5.	09/08/2022	Financial results	Addendum Announcement from Middle East Healthcare Co. in regard to the announcement of the Company published on August 07, 2022 on the Tadawul website regarding the Company announcement of its interim financial results for the period ending on 30/06/2022
6.	07/08/2022	Financial results	Middle East Healthcare Co. announces its Interim Financial Results for the Period Ending on 2022-06-30
7.	04/08/2022	Shareholder's Announcement	Middle East Healthcare Company Announces about the Actual Operation Date of Its Saudi German Hospital in Makkah

#	Date	Type of ad	Ad title
8.	06/07/2022	Shareholder's Announcement	Middle East Healthcare Company announces approval of awarding of contracts for the construction of Medical Tower and Inpatient beds expansion in SGH Jeddah to IHCC (Related Party)
9.	27/06/2022	Shareholder's Announcement	Middle East Healthcare Company announces the completion of construction work of Saudi German Hospital in MAKKAH
10.	26/06/2022	Shareholder's Announcement	The Middle East Healthcare Company (Saudi German Health) announces the opening of the Saudi German Clinics Complex in the Al Samer District in the city of Abha.
11.	19/06/2022	Results of the General Assembly Meeting	Addendum announcement from the Middle East Care Company (Saudi German Health) regarding the company's announcement published on June 19, 2022 of the results of the Ordinary General Assembly meeting (first meeting).
12.	19/06/2022	Results of the General Assembly Meeting	Middle East Healthcare Co. (Saudi German Health) Announces the Results of the Ordinary General Assembly Meeting, ( First Meeting )
13.	26/05/2022	Shareholder's Announcement	Addendum Announcement from Middle East Healthcare Co. in regard to the Company announcement published on May 23, 2022 on the Tadawul website regarding the latest developments of the company's announcement of signing a non-binding Memorandum of Understanding to enter as an investor partner in Sobhi Abdul Jalil Batterjee Medical Hospital located in Jeddah.
14.	26/05/2022	Invitation to the General Assembly Meeting	Middle East Healthcare Company (Saudi German Health) announce to invite The Shareholders to attend The Ordinary General Assembly (The First Meeting)

#	Date	Type of ad	Ad title
15.	23/05/2022	Shareholder's Announcement	Middle East Healthcare Co. Announces an update on Middle East Healthcare Company (Saudi German Health) announces the signing of a non-binding memorandum of understanding to enter as an investor partner in Sobhi Abdul Jalil Batterjee Medical Hospital located in Jeddah.
16.	15/05/2022	Financial results	Middle East Healthcare Co. announces its Interim Financial Results for the Period Ending on 2022-03-31 ( Three Months )
17.	11/04/2022	Shareholder's Announcement	Addendum Announcement from Middle East Healthcare Co. in regard to the announcement published 31/3/2022 about the annual financial results for the year ended 31/12/2021
18.	11/04/2022	Shareholder's Announcement	Middle East Healthcare Company Announces about the Actual Operation Date of Its Saudi German Hospital in Jeddah – AL Rawabi District in Jeddah.
19	31/03/2022	Shareholder's Announcement	Middle East Healthcare Co. Announces Non-distribution of Cash Dividends to Shareholders for financial year of 2021
20.	31/03/2022	Financial results	Middle East Healthcare Co. announces its Annual Financial Results for the Period Ending on 2021-12-31



## 18- Board of Directors

The company's management is supervised by a board of directors consisting of (7) seven non-executive members, including three (3) independents.

The current Board was appointed by the Extraordinary General Assembly held on 29 June 2020 (8/11/1441) in accordance with Article 17 of the Company's Statute. The current three-year term of the Council began on 17/9/2020 and ends on 16/9/2023.

The board of directors consisted of nine (9) members before and in accordance with the amendment of Article 17 of the Company's Statute in the Extraordinary General Assembly held on 29 June 2020 reduced the number of members of the Board of Directors to seven (7) members.

### 18-1 Composition of the Board of Directors and classification of its members

The following table shows the members of the Board of Directors and the status of their membership in the Board during the year 2022

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

## 19- Board duties

### The Board of Directors has the following functions and responsibilities:

- Develop, direct and implement the overall strategy and the company's main objectives, including the development of the company's annual financial and operational plans in light of the recommendations of the company's executive management.
- Take the necessary actions to achieve the general objectives of the company.
- Identify the optimal capital structure of the company, strategies and financial objectives and adopt its estimated annual budgets.
- Approval of settlements, exemptions and liabilities and contracts on behalf of the company.
- Approval of the company's merger with other companies and manage the company's assets and properties through purchase, mortgage, de-mortgage, sale and disclaimer.



20- Board of Directors, committee members and executive management

<div>Name</div> <div>Sobhi Abdul-Jalil Ibrahim Batterjee</div>	<div>Name</div> <div>Makarem Sobhi Abdul Jalel Batterjee</div>
<div>Current position</div> <div>Chairman</div>	<div>Current position</div> <div>Vice President</div>
<div>Previous position</div> <div>Chairman</div>	<div>Previous position</div> <div>Member</div>
<div>Qualifications</div> <div><ul style="list-style-type: none"><li>• Master’s degree in electrical engineering, University of Colorado, USA</li></ul></div>	<div>Qualifications</div> <div><ul style="list-style-type: none"><li>• Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015</li><li>• MBA, London Business School, UK, 2011</li><li>• B.A. In Health Services Department, Long Beach University, USA, 2002</li></ul></div>
<div>Experience</div> <div><ul style="list-style-type: none"><li>• President of Bet Batterjee Medical Company from 1988 to the present.</li><li>• President of the Saudi German Hospital Group 1988 to date.</li><li>• Director of Beit Al-Batterjee Pharmaceutical Industries from 2010 to date</li><li>• Site engineer at Makkah Intercontinental Hotel, 1974-1975.</li></ul></div>	<div>Experience</div> <div><ul style="list-style-type: none"><li>• Founder and CEO of Beit- Batterjee Fitness, 2003- to date</li><li>• Executive Vice President and Business Development Manager, Beit- Batterjee, 2002 - To date</li><li>• Marketing Manager, Beit- Batterjee, 2000 - 2002</li><li>• Business analyst at Ernst &amp; Young, UNITED Arab Emirates, 1999-2000.</li><li>• Founder and CEO of Gulf youth for Investment and real estate development company from 2005 to date.</li></ul></div>

<div>Name</div> <div>Khaled Abdel-Jalil Ibrahim Batterjee</div>	<div>Name</div> <div>Sultan Sobhi Batterjee</div>
<div>Current position</div> <div>Member</div>	<div>Current position</div> <div>Member</div>
<div>Previous position</div> <div>Member</div>	<div>Previous position</div> <div>Member</div>
<div>Qualifications</div> <div><ul style="list-style-type: none"><li>• PHD In Medicine, University of Essen, Germany</li></ul></div>	<div>Qualifications</div> <div><ul style="list-style-type: none"><li>• B.A. In Finance and International Accounting, Regent’s University, United Kingdom, 2006</li></ul></div>
<div>Experience</div> <div><ul style="list-style-type: none"><li>• Shareholder, Founder, Dean and Board member of the Faculty of Medical Science and Technology, 2004-2014</li><li>• Head of orthopedic surgery at The Saudi German Hospital in Jeddah 1988 - until now</li><li>• Consultant Orthopedic surgeon at Dr. Khalid Abdul Jalil Clinic for Batterjee, 1985- 1988</li></ul></div>	<div>Experience</div> <div><ul style="list-style-type: none"><li>• CEO and Founder of Dalalcom International Real Estate Development Company, 2012 - to date.</li><li>• Financial Analyst, Lazard Investment Bank, 2009-2010</li><li>• Financial Analyst at Anchor (Switzerland), 2008-2009</li><li>• Financial Analyst at Beit Batterjee, 2006 - 2008</li></ul></div>

## Name

**Mohammed Abdul Rahman Moemena**

## Current position

Independent Member

## Previous position

Independent Member

## Qualifications

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

## Experience

- Partner, Edward W Kelly & Partners, 2006 - present
- CEO of Moemena Investment Group, 1998 - to date
- Trainee, Marketing Department, Unilever, 1995-1996

## Name

**Amr Mohammed Khalid Khashoshgy**

## Current position

Independent Member

## Previous position

-

## Qualifications

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

## Experience

- Financial and industrial expert.
- He has a lot of experience in the field of administrative work.
- He is currently chairman and CEO of several companies in the Kingdom.
- He also served as a member of the Board of Directors and chairman of the Investment Committee and chairman of the Nominations and Remunerations committee in Al Ahli Takaful for nine years.

## Name

**Mohammed Mostafa Mohammed Omar Bin Siddiq**

## Current position

Independent Member

## Previous position

Independent Member

## Qualifications

- Bachelor's degree in administrative relations, King Abdulaziz University, Saudi Arabia. 1966m

## Experience

- General Manager of Saudi Industrial Development Company 1992-2007
- General Manager of Dallah Trading Company 1977-1991
- Technical Audit Supervisor, Saudi Arabian Airlines 1966-1977





## 21- Committee members (Audit Committee)

### Name

**Amr Mohammed Khalid Khashoshgy**

### Current position

Head of the Committee

### Previous position

Member

### Qualifications

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

### Experience

- Financial and industrial expert
- He has a lot of experience in the field of administrative work.
- He is currently chairman and CEO of several companies in the Kingdom.
- He also served as a member of the Board of Directors and chairman of the Investment Committee and chairman of the Nominations and remunerations committee in Al Ahli Takaful for nine years

### Name

**Makarem Sobhi Battejee**

### Current position

Member

### Previous position

Member

### Qualifications

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

### Experience

- Founder and CEO of Beit Batterjee Fitness, 2003 - to date
- Executive Vice President and Business Development Manager, Beit Batterjee, 2002 - To date
- Marketing Manager, Beit Batterjee, 2000 - 2002
- Business analyst at Ernst & Young, UNITED Arab Emirates, 1999-2000.
- Founder and CEO of GPIC 2005 to date

### Name

**Ahmed Mohammed Khalid Dahlaoui**

### Current position

Foreign Member.

### Previous position

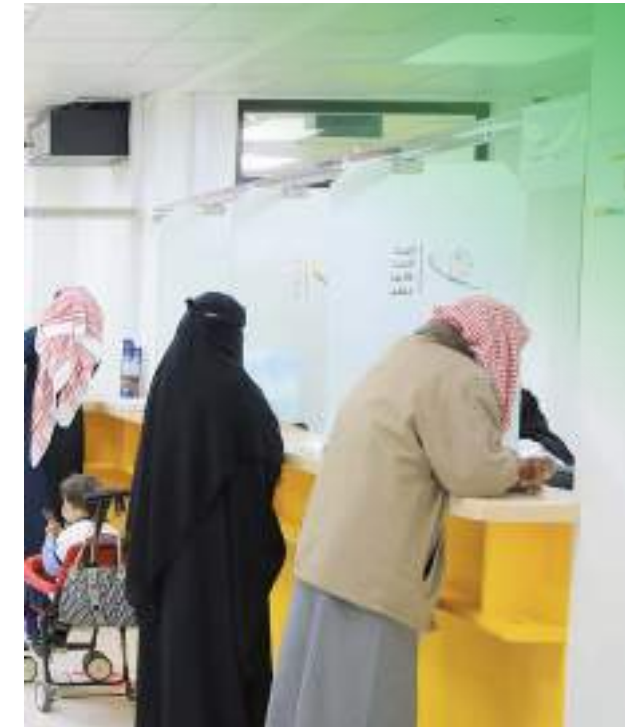
Foreign Member

### Qualifications

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

### Experience

- CFO, Omar Zuhair Hafiz Holding - March 2014 - Up to Now
- Accountant of international subsidiaries and subsidiaries - June 2012 to March 2014
- Accountant, Financial Reporting Department, United Cooperative Insurance Group - February 2008 to March 2009



## 22- Committee members (Nominations and Remunerations Committee)

### Name

**Mohammed Abdul Rahman Moemena**

### Current position

President

### Previous position

President

### Qualifications

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

### Experience

- Partner, Edward W Kelly & Partners, 2006 - Present
- CEO of Amana Investment Group, 1998 - to date
- Trainee in Marketing, Unilever, 1995-1996

### Name

**Sobhi Abdul-Jalil Ibrahim Batterjee**

### Current position

Member

### Previous position

Member

### Qualifications

- Master's degree in electrical engineering, University of Colorado, USA

### Experience

- President of Beit Batterjee Medical Company from 1988 to the present.
- President of the Saudi German Hospital Group 1988 to date.
- Director of Beit Batterjee Pharmaceutical Industries from 2010 to date



### Name

**Makarem Sobhi Batterjee**

### Current position

Member

### Previous position

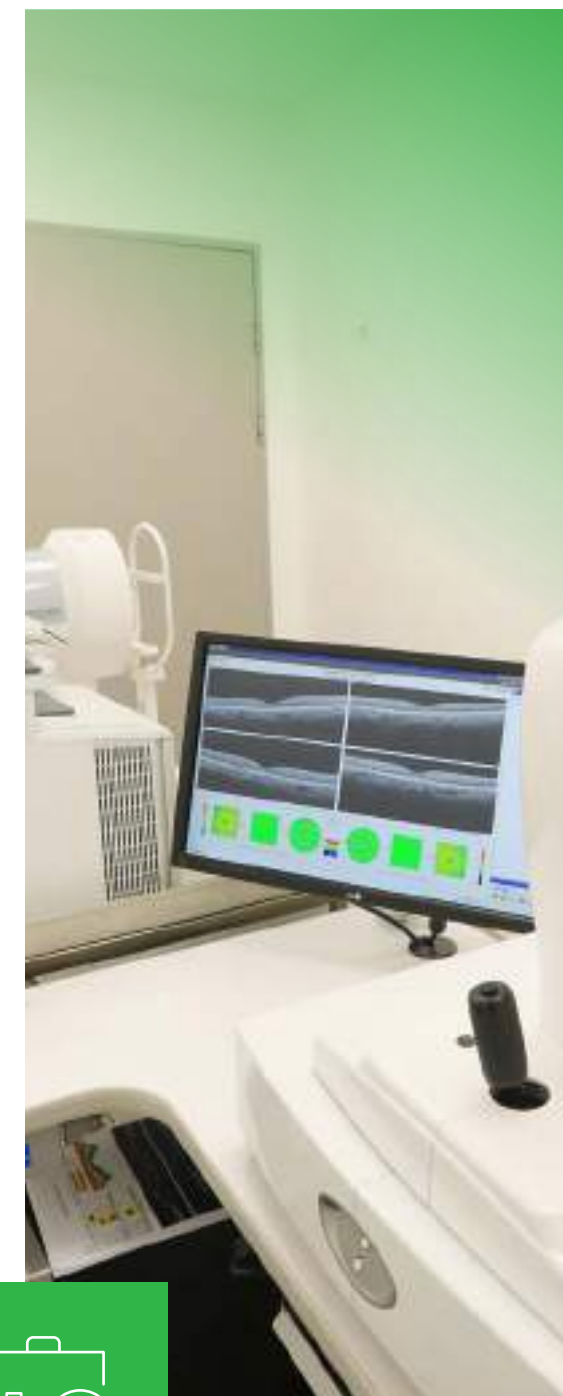
Member

### Qualifications

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

### Experience

- Founder and CEO of Beit Batterjee Fitness, 2003 - to date
- Executive Vice President and Business Development Manager, Beit Baterjee, 2002 - To date
- Marketing Manager, Beit Batterjee, 2000 - 2002
- Business analyst at Ernst & Young, UNITED Arab Emirates, 1999-2000.
- Founder and CEO of Gulf Youth and Investment real estate development co 2005 to date



## 23- Executive Management

Name	Name	Name
Current position	Current position	Current position
Previous position	Previous position	Previous position
Qualifications	Qualifications	Qualifications
Experience	Experience	Experience

Name	Name	Name
Current position	Current position	Current position
Previous position	Previous position	Previous position
Qualifications	Qualifications	Qualifications
Experience	Experience	Experience



## 24- Description of board members who are members of the Board of Directors in other joint stock companies (listed or not listed) for the year 2022

### 25- Board meetings

### 26- Board Committees

### 27- Audit Committee

### 28- Nominations and Remunerations Committee



## 24- Description of board members who are members of the Board of Directors in other joint stock companies (listed or not listed) for the year 2022

Member's name	Names of companies in which a member of the Board of Directors is a member of the Board of Directors or is a director	Inside the Kingdom/ Outside the Kingdom	Legal status (listed/not included)
Sobhi Abdul-Jalil Ibrahim Batterjee	Chairman of Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Chairman of the Board of Directors of The Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
	Chairman of the Board of Directors of The International Hospital Construction Company	Inside the Kingdom	Not Listed
Khaled Abdel-Jalil Ibrahim Batterjee	Board member of Hail National Healthcare Company,	Inside the Kingdom	Not Listed
	Member of the Board of Directors of Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
Makarem Sobhi Abdul Jalil Batterjee	Board member of Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Member of the Board of Directors of Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
Sultan Sobhi Abdul Jalil Batterjee	Member of the Board of Directors of Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
	Member of the Board of Directors of The International Hospital Construction Company	Inside the Kingdom	Not Listed

Member's name	Names of companies in which a member of the Board of Directors is a member of the Board of Directors or is a director	Inside the Kingdom/ Outside the Kingdom	Legal status (listed/not included)
Mohammed Abdul Rahman Mohamed Moemena	Independent Board Member, Financial Expert Company	Inside the Kingdom	Not Listed
	Independent Board Member, Initial co.	Inside the Kingdom	Not Listed
	Independent Board member, France Bank for Business	Outside the Kingdom (Lebanon)	Not Listed
Amr Mohammed Khalid Khashoshgi	Former board member and Head of the Investment Committee and the Nominations and Remunerations Committee for nine years in Al Ahli Takaful.	Inside the Kingdom	Listed
	Chairman and Founder of Global Gibsom	Inside the Kingdom	Not Listed
	Chairman and CEO of AMKEST Group for building materials manufacturing and trade and real estate development.	Inside the Kingdom	Not Listed
	CEO of Omar Qasim Al-Issai & Co. Holding.	Inside the dog.	Not Listed
Mohammed Mostafa Mohammed Omar Bin Siddiq	External Member of the Board of Directors of Buruj Cooperative Insurance Company	Inside the Kingdom	Not Listed



## 25- Board meetings

The following table shows the meetings held by the Board of Directors during the year 2022 and the dates of their meeting and the members who attended each of them:

#	Name	Meeting (1) 30/03/2022	Meeting (2) 15/05/2022	Meeting (3) 07/08/2022	Meeting (4) 03/11/2022	Meeting (5) 22/12/2022	Total
1	Sobhi Abdul-Jalil Batterjee	✓	✓	✓	✓	✓	5
2	Khaled Abdul-Jalil Batterjee	✓	✓	✓	✓	✓	5
3	Makarem Sobhi Batterjee	✓	✓	✓	✓	✓	5
4	Sultan Sobhi Batterjee	✓	✓	✓	✓	✓	5
5	Mohammed Mostafa Mohammed Omar Bin Siddiq	✓	✓	✓	✓	✓	5
6	Mohammed Abdul Rahman Moemena	✓	✓	✓	✓	✓	5
7	Amr Mohammed Khalid Khashoshgy	✓	✓	✓	✓	✓	5
The date of the last meeting of the General Assembly 17/11/1443, 16/06/2022							

## 26- Board Committees

To ensure the optimal performance of the management of the company and its effective monitoring, the Board of Directors formed the Audit committee with the approval of the General Assembly and the Nominations and Remuneration Committee and these committees are subject

to the adopted rules that determine the tasks and responsibilities assigned to each of them and the committees submit their reports and proposals to the Board and the Board conducts an annual review of its rules of work based on its recommendations. The members of the above-mentioned committees are awarded a specific bonus by the regulations of each committee for their membership.

## 27- Audit Committee

The review committee consists of three (3) members. To ensure the principle of neutrality and independence, it was taken into account that all members were non-executive, independent or external.

#	Name	Board membership	Title
1	Omar Mohammed Khalid Khashoshgy	Independent	Head
2	Makarem Sobhi Batterjee	Independent	Member
3	Ahmed Mohamed Khalid Dahlawi	External	Member

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

1. Review the company's quarterly and annual financial statements before submitting them to the Board of Directors, with their views and recommendations.
2. Monitor the integrity of financial statements and any data related to the company's financial performance.
3. Review the accounting policies applied in the company and examine the implications that may result from any proposed practices, principles or new developments in accounting, disclosure requirements, relevant laws or regulations, and express opinions and recommendations before submitting them to the Board of Directors.
4. Review the accounting methodologies that are used in important or unusual underlying transactions when there is more than one accounting method of processing, particularly those accounts relating to mergers and acquisitions, restructuring and partnership agreements.
5. Ensure that the company complies with appropriate accounting standards, considering the views of the company's auditors.
6. Review the company's auditors' observations about the financial statements and follow up the actions taken by the company.
7. Ensure that feedback on the company's financial statements and the context in which they appear is clear and complete in order to ensure that they provide shareholders and other parties with the information required to evaluate the company's performance.
8. Review all the basic information contained in the company's financial statements, operational and financial performance report and governance (as long as it relates to risk audit management Department).
9. Review the adequacy and effectiveness of internal financial control and the company's risk management systems, and regularly update the company's financial control and risk management systems to include adequate internal controls.
10. Ensure that there are sufficient procedures in place to assess compliance with CMA's requirements, including ongoing disclosure obligations and monitoring the effectiveness of these procedures and controls.

11. Review the data on internal control and risk management contained in the company's annual report.
12. Review the adequacy of the arrangements provided by the company with its employees and contractors in order to report (strictly confidentially) any possible financial irregularities, and to ensure that these arrangements provide an appropriate and independent investigation and follow-up procedures.
13. Review the fraud detection mechanisms and procedures approved by the company.
14. Conduct investigations in the event of any possible fraud being reported.
15. Supervising the internal audit department of the company to verify its effectiveness in performing the tasks and duties assigned to it by the Board of Directors.
16. Expressing opinion on the selection of the head of the internal audit department and the auditing company and the appointment and the dismissal of both of them.
17. Review the internal control system and prepare a written report on this matter that includes its opinions and recommendations on this.
18. Review and evaluate annual plans and programs in relation to the company's internal control systems and ensure their adequacy.
19. Review the internal audit reports of the company and follow up the implementation of corrective actions for the remarks contained.
20. Monitoring the executive management's responses to the results and recommendations of the Internal Audit Department.
21. Ensure that sufficient data and information is provided to the Internal Audit Department in order to assist in the performance of its duties effectively in accordance with appropriate professional standards.
22. Meeting with the Internal Audit Department and the company's auditors to discuss the important issues raised by the internal audit department or the company's auditors about the company's management and to ensure that the internal audit manager and the company's auditors can contact the Head of the audit committee at anytime.
23. Make recommendations on the selection, appointment, dismissal and determination of their fees, including the committee's review of its professionalism and independence.
24. Follow-up the work of the company's auditors and the adoption of any work outside the scope of the audit work.
25. Monitoring the independence of the company's auditors, ensure their objectivity and effectiveness of audit procedures in accordance with relevant professional and regulatory requirements.
26. Working with the company's auditors to coordinate and develop a plan and audit procedures for the current year and provide feedback and recommendations in this regard.
27. Review the company's auditors' observations on the company's financial statements and follow up on the actions taken, including:
  - 27-1 The basic findings identified by the audit process.
  - 27-2 Accounting and audit Standards.
  - 27-3 The level of errors identified by the audit.
  - 27-4 Effective auditing.
28. Review letters of commitment to the auditors before submitting them to the company's management to obtain approval and signature and ensure direct communication with the company's auditors and respond to the recommendations of them and their officials.



The following table shows the record of the 2022 Audit committee meeting, totalling (4) meetings:

#	Name	The committee's status	Meeting (1) 30/03/2022	Meeting (2) 10/05/2022	Meeting (3) 31/07/2022	Meeting (4) 03/11/2022	Total
1	Amr Mohammed Khalid Khashoshgy	Head of the Committee	✓	✓	✓	✓	4
2	Makarem Sobhi Batterjee	Non-executive member	✓	✓	✓	✓	4
3	Ahmed Mohamed Khalid Dahlawi	External member	✓	✓	✓	✓	4



## 28- Nominations and Remunerations Committee

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

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

The Nominations and Remunerations Committee carries out the following tasks and responsibilities:

1. Make recommendations to the Board regarding board membership and nomination of members in accordance with the policies and standards adopted, taking into account the nomination of any person convicted of any criminal act, breach of trust or involves moral corruption.
2. Review the requirements of board membership annually in terms of the necessary skills and prepare a description of the potential and qualifications required for board membership, including the time that the member must devote to full work for the board.
3. Review the board structure and make recommendations on possible changes in the board..
4. Identify the strengths and weaknesses of the management and propose remedies in accordance with the interest of the company.
5. Ensure on an annual basis the independence of independent members and there is no conflict of interest in the case that a member of the Board is also a member of the board of directors of another company.
6. Develop clear policies on remuneration for board members and executives. These policies are developed in accordance with their performance.
7. A review of the replacement plan for board members and senior executives (especially the CEO, CFO and Operations Manager), considering the challenges and opportunities that the company has and the skills and expertise needed for the Board in the future.
8. In accordance with the policies mentioned in section (6) above, the Committee considers all issues it deems necessary, including the relevant legal and regulatory requirements, and the provisions and recommendations of the Corporate Governance Regulation issued by the Authority and its relevant instructions. The purpose of this policy is to ensure that the executive management members are available to serve the company and provide appropriate incentives to encourage and enhance performance through individual and productive contributions to the company's success in a fair and responsible manner.
9. In accordance with the development of the Board of Directors' Remuneration Policy, the Committee reviews and examines salary scale at the company level and the healthcare sector in the region in general.
10. Take exclusive responsibility for setting the criteria for selecting salary experts who advise the Committee and determine their responsibilities.



11. Developing the induction program and continuing the training program for the members of the Board and monitoring its performance and references. Through its head of the Committee is working to encourage each new member of the Board of Directors to attend these two programs, which must provide the member with a description of the following:
  - 11-1 The company's business and operations.
  - 11-2 The financial, strategic and operational position of the company and in terms of risk management.
  - 11-3 The rights, duties and responsibilities of board members.
12. Supervising the evaluation of the performance of the executive management (including members of the Board of Directors) and ensuring the implementation of the resulting training programs. During the performance review, the Board considers:
  - 12-1 Attendance and participation record.
  - 12-2 Professional knowledge and competencies.
  - 12-3 Contributing to the company's strategic objectives.
  - 12-4 Carrying out duties and responsibilities on time.
  - 12-5 Overall behavior.
13. Approving the performance incentive's structure applied by the company and its objectives and approving the total annual payments in accordance with the scheduled programs.
14. Review the structure of any incentive system that includes the granting a stock option for approval by the Board of Directors and shareholders. In the event of distribution, the Committee determines the total amount of these incentives and there remuneration of each of the executive board members, the secretary of the board and the executive management, as well as the performance criteria used.
15. Develop retirement policy and scope and arrangements for both executive board members and executive management.
16. Ensure that the company's contractual obligations are fulfilled in relation to the termination of any employment contract, including payment of the amounts associated with this termination, taking into account the rights of the employee and the company's rights, as well as ensuring that the poor performance is not rewarded and that the necessary measures are applied to reduce the losses of the company and its employees.
17. Oversee any major changes in the structure of employee benefits in the company.
18. Adopt a policy to cover the expenses requirements of the members of the Board.

**The following table shows the summary of the nominations and awards committee meetings in 2022:**

#	Name	Title	First meeting 13/06/2022	Second meeting 18/08/2022	Total
1	Mohammed Abdul Rahman Moemena	Head	✓	✓	2
2	Sobhi Abdul Jalil Batterjee	Member	✓	✓	2
3	Makarem Sobhi Batterjee	Member	✓	✓	2

## 29- Board member remuneration policy and executive management

## 30- Clarify the relationship between the bonuses granted and the applicable rewards policy and indicate any fundamental deviation from this policy

## 31- Board of Directors and Senior Executive Rewards Table (including CEO and CFO)

## 32- Corporate Social Responsibility



## 29- Board member remuneration policy and executive management

The remuneration of the board members shall be determined in accordance with the recommendations of the Nominations and Remunerations Committee taking into account that they follow the rules, regulations and within the limits of the corporate system or any other systems, and be consistent with the company's strategy and objectives, and the need to attract the best members to the board membership and motivate them to perform their duties and duties professionally and efficiently giving the sector in which the company operates and performance indicators.

In addition to the fixed salaries and job allowances received by senior executives, the Board of Directors determines the remuneration of senior executives on the recommendation of the Nominations and Remuneration Committee based on the annual evaluation, which is carried out in this regard, taking into account that they are in line with the company's objectives, activity and size and are consistent with the company's need to attract the necessary abilities, qualifications and skills and consistent with the level of function, tasks and responsibilities.

## 30- Clarify the relationship between the bonuses granted and the applicable rewards policy and indicate any fundamental deviation from this policy

On the recommendation of the Nominations and Remuneration Committee, the Board of Directors determines the remuneration of both board members, committee members and senior executives in accordance with regulations and in accordance with the General Assembly's Board Members and its related committees, so there is no substantial deviation during 2020 for the rewards awarded from the applicable policy.



## 31- Board of Directors and Senior Executive Rewards Table (including CEO and CFO)

### Board members' bonuses for 2022 (numbers in Saudi Riyals):

								Fixed rewards					
	A certain amount.	Attending Board meetings Allowance	Total allowance for attending committee meetings	In-kind benefits	Reward for technical, admin advisory works	Reward the Chairman and Managing Director, if he is a member	Total	Percentage of profits	Periodic rewards	Short- and long-term incentive plans	Preferred shares	Total	End-of-service bonus
Independent members													
Mohammed Abdulrahman Moumana	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
Amr Mohammed Khalid Khashoshgy	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
Mohammed Mostafa Mohammed Omar Bin Siddiq	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
Non-executive members													
Sobhi Abdul Jalil Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
Dr. Khalid Abdul Jalil Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
Makarem Sobhi Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
Sultan Sobhi Batterjee	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-
<b>Total</b>	<b>1,400,000</b>	<b>84,000</b>	-	-	-	-	<b>1,484,000</b>	-	-	-	-	-	-

The committee members’ rewards:

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

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

The following table shows the rewards and compensation of senior executives, including the CEO and CFO, for 2022:

Details (SAR)	Payments to five senior executives (including CEO and CFO)
Salaries	5,874,000 SR
Allowances	1,141,446 SR
Annual rewards	736,000 SR
Total	7,751,446 SR

32- Corporate Social Responsibility

Community Service

As part of its ongoing social responsibility initiatives, the company’s hospitals have implemented several activities that serve the community. These community activities can be classified as follows

Internal activities

Activities that take place inside the hospital building, especially using the hospital hall. Activities include the Children’s Club, the Mother’s Club, the Cancer Club, the Anti-Smoking Club, Orphan Day, the Saudi German Hospital Children’s Festival and diabetes awareness...etc.

External activities

These activities are held in locations belonging to other entities such as schools, colleges, centers...etc. and take place on a weekly basis.

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





## Corporate Social Responsibility Initiatives for Saudi German Health Group in 2022

### “Saudi German Health” Signing a Memorandum with Shifa Charity

The Batterjee House for Community Service is the charitable arm of the Batterjee family, which aims to alleviate people’s pain and suffering by establishing a series of non-profit hospitals in the Kingdom and contributing to the development and support of society through several initiatives in various fields through Bab Al-Khair Medical Services Company.

As part of CSR strategy and objectives of the Kingdom’s 2030 vision programs, Bab Al-Khair Medical Services company signed a memorandum of understanding with Shifa Association, charitable association based in Makkah, to serve poor and low-income patients in Makkah treatment services of people with chronic diseases.

## 33- Saudization

## 34- Risks

## 35- Financial Analysis

## 36- Differing from the accounting standards adopted by the Saudi Association of Chartered Accountants

## 37- Adoption of International Financial Reporting Standards (IFRS)

## 38- Equity and debt securities activities





## 33- Saudization

In recent years, the government has required the private sector to commit to a percentage of employees in each Saudi company, as part of the so-called “Saudization” program. The required ratios range from 5-90% depending on the nature of the company’s work, working conditions and the level of complexity in its work.

### Position of the company by Netakat system in 31/12/2022

	Activity	The latest percentage of Saudi citizens	Category
Company Hospitals	Health care	35%	Green Middle

## 34- Risks

### 34-1 Risks related to the company’s activity and operation.

#### The quality of healthcare services provided

The inability of the company to continue to provide the required level of quality of health services that satisfy its customers would negatively affect its reputation in the market and may lead to the leakage of its customers and stop dealing with it, in addition to losing its competitiveness to other companies operating in the sector, which would negatively affect the company’s business, operations and financial performance.

- **Reliance on qualified medical staff**

The company’s ability to attract and recruit qualified doctors and nursing staff remains a challenge that continues to exist for the company, especially in light of the shortage of healthcare staff in the Saudi market, where the demand for doctors and nursing staff exceeds the supply of manpower available in the healthcare sector in the Kingdom and abroad. Therefore, the company’s inability to secure a sufficient number of medical professionals who meet the company’s high standards in accordance with its reputation, experience, medical knowledge and continuity in the company’s hospitals and medical facilities now and in the future would have a negative impact on its operations in terms of the level of health services it provides and the quality of those services. This in turn would affect the company’s operations and financial performance.

- **VIP Customers**

The company is unable to maintain its relationships with any of the major customers (e.g. Aramco, Ministry of Health, Social Insurance corporation and Insurance Companies)

- **Risks related to rejected claims.**

- **Risks related to legislation and regulatory requirements for licenses required for the healthcare sector.**

### 34-2 Risks related to force majeure

The company or any of its medical facilities or hospitals may be exposed to accidents beyond its control, which may affect its operations, for example, the hospital may be exposed to fire or natural disaster, which would adversely affect the company or any of its facilities. Such incidents also disrupt work at the damaged facility for a period of time, which would affect the company’s income during the period in which the company is suspended. In such cases, The Company will incur emergency capital expenditures, including, but not limited to, the costs of repairing, rebuilding or rehabilitating the damaged hospital facilities in order to restore them to their original condition, which would adversely affect the company’s business, operations and financial performance.

### 34-3 Revenue concentration

The company’s inability to retain key doctors or retain VIP customers would have a negative impact on the company’s revenues.

### 34-4 Goodwill of the Company and its reputation

The brand name “Saudi German Health”, which belongs to the company and is used by all hospital as a brand name, is a major factor in the development of the demand for medical services of the company. The company’s trademark or brand name and reputation may be affected by the following risks and factors, lack of trademark protection, management and supervision contracts with hospitals outside the Kingdom, medical errors and non-mandatory medical certificates.

### 34-5 Risks related to new projects

The company is currently implementing a number of medical projects. Any delay in the implementation of these projects or exceeding costs may have a negative impact on the company’s investments.

### 34-6 Financing risks

The company and Hail National Healthcare Company received credit facilities and loans from the Ministry of Finance, Inma Bank and Samba Financial Group. In accordance with the provisions of a number of facility agreements concluded by the two companies, the relevant creditors are entitled to terminate or cancel these facilities for any reason.

### 34-7 Future funding

In addition to relying on self-financing sources, the company may rely on financing from commercial banks to cover the needs of working capital. It may also need this funding to implement its expansion plans.

### 34-8 Dealings with related parties

The company is currently linked to a number of agreements with the related parties, which include maintenance contracts, construction, supply, sales and advisory services. The Company does not guarantee the continuity of these agreements and transactions in the future, and the Board of Directors of the Company or its General Assembly may not agree to renew these contracts and agreements, or the member of the board concerned may not agree to renew the company's terms, which exposes the company to the risk of not being able to secure alternative contracts in a timely manner and on the appropriate terms. This in turn would adversely affect the company's business, operations and financial performance, especially as the company relies on these contracts for its operations.

### 34-9 Competitive Environment

The kingdom's healthcare sector faces intense competition among healthcare providers, including hospitals. Therefore, the number of such suppliers continues to increase. The Ministry of Health is currently working to strengthen the healthcare sector by increasing the number of government hospitals in the Kingdom.

### 34-10 Interest rate volatility risks, currency exchange rates and financial costs

The foreign exchange risk to which the company may be exposed is related to cases where the company's business relationships with international suppliers of products and equipment for its daily medical operations are in foreign currencies. The reason for these risks is the change in the value of foreign products as a result of exchange rate fluctuations.

### 34-11 Saudization

In recent years, the government has required the private sector to commit to a percentage of employees in each Saudi company, as part of the so-called "Saudization" program. The required ratios range from 5-90% depending on the nature of the company's work, working conditions and the level of complexity of its work.

Hence, the company's ability to meet its obligations and eligibility to apply for government loans, in addition to its financial performance and its ability to attract and recruit additional non-Saudi cadres will be adversely affected if it does not comply with the policies of Saudization and the ratios established by the Ministry of Labor. Moreover, the company's failure to comply with the required Policies of Saudization and its proportions may render it unable to employ enough non-Saudi workers for new projects, which in turn would negatively affect its ability to operate these projects, as well as its profitability and financial results.

### 34-12 Cyber attacks

The company is working regularly to develop its electronic systems to provide maximum comfort to patients of the company's hospitals and facilitate the work of suppliers and customers of the company, so the reliance on electronic systems of the company continues, and due to the increasing technical capabilities of the attack on the Internet significantly and growing The professionalism of cyber attacks on corporate sites is unprecedented, the risks that the company can face on the internet are also increasing, as the company faces a wide range of these risks and the company is aware of these risks and works to confront them with the best technologies available to protect the security of information and its systems. The company invests heavily in technology and information infrastructure to protect its business and ensure that it continues properly.



### 34-13 In the face of these challenges and potential risks, the company has very carefully considered policies represented in the following

Continue to expand the company's customer base, increase its share in the private medical services sector and create a strategic relationship with all stakeholders in this sector, both patients, medical insurance companies, the Cooperative Health Insurance Board, the General Directorates of Health Affairs and other players in this sector, with the aim of achieving the interest of all parties, ensuring the expected growth in revenues and maintaining planned profitability ratios.

## 35- Financial Analysis

### 35-1 Summary of income statement and budget items

The following table includes a summary of the company's financial performance for the year ended December 31,2022 and for the previous year.

(Figures in millions of Saudi riyals):

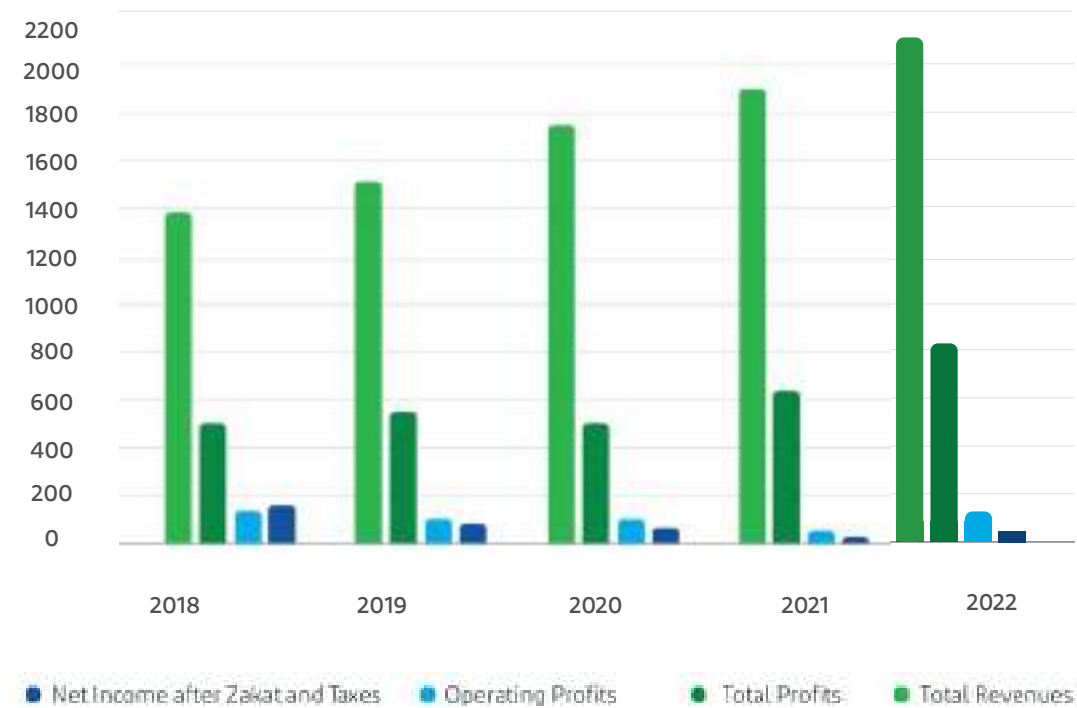
	2021	2022	Growth rate
Total Revenues	1,872	2,151	14.9%
Gross profit	608	680	11.8%
Operating profits	54	140	159.3%
Net income after zakat and taxes	17	75	341.2%

The company's total revenue during the year 2022 increased by 14.9% from 1,872 million riyals to 2,151 million riyals, and total profit increased by 11.8%, and operating profit increased by 159.3% from 54 million riyals to 140 million riyals and net profit increased by 341.2% from 17 million riyals to 75 million riyals in 2022.

The following table summarizes the company's performance during the period 2018-2022:

	2018	2019	2020	2021	2022
Total revenue	1,391	1,497	1,750	1,872	2,151
Total profit	501	473	578	608	680
Operating Profits	163	103	107	54	140
Net income after zakat and taxes	171	97	82	17	75

The chart below shows the company's performance from 2018 to 2022



### 35-2 Shareholders' equity

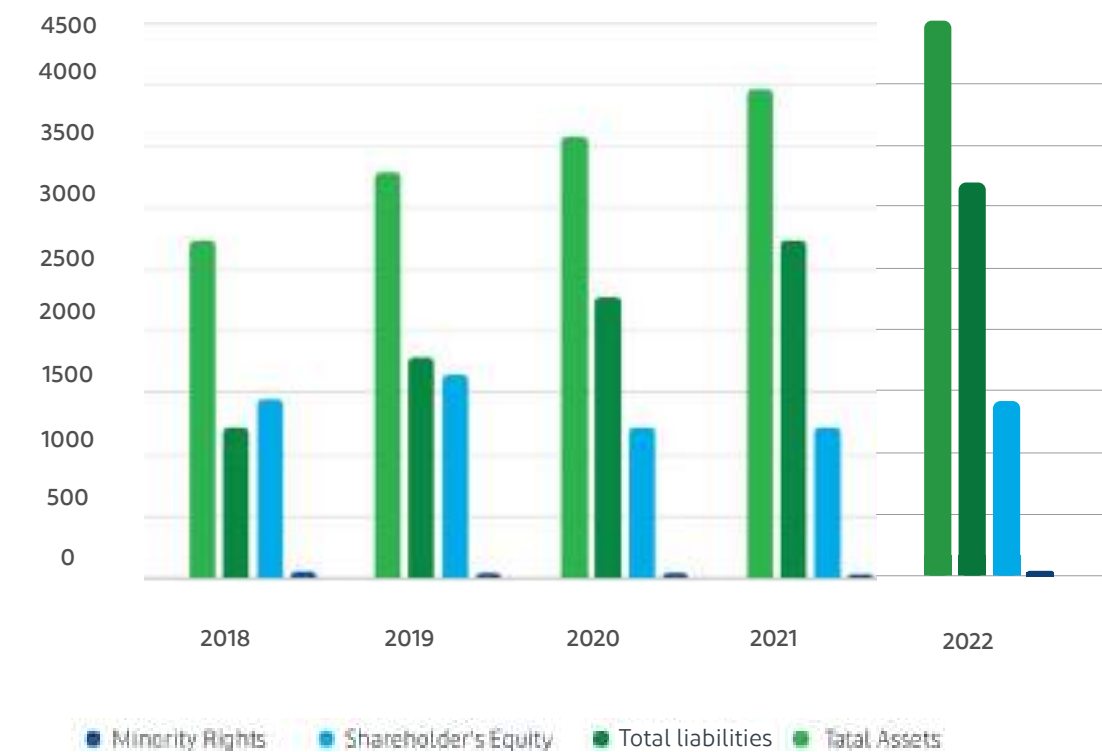
The annual financial statements for the year ended December 31, 2022 include changes in shareholders' equity. The following table shows the growth in shareholders' equity over the last five years (value in million Saudi Riyals):

Millions of riyals	2018	2019	2020	2021	2022
Capital	920	920	920	920	920
Statutory reserve	172	182	192	194	201
Retained earnings	353	421	119	144	243
Total shareholders' equity	1,446	1,523	1,275	1,295	1,408

### 35-3 Key balance sheet items

Millions of riyals	2018	2019	2020	2021	2022
Total assets	2,727	3,305	3,599	3,972	4,499
Total liabilities	1,236	1,744	2,324	2,677	3,091
Total shareholders' equity	1,446	1,523	1,275	1,295	1,408
Minority rights	45	39	53	47	53

Balance Sheet items trend from 2018-2022



Total assets increased from 2,727 million riyals in 2018 to 4,499 million riyals in 2022. Total liabilities increased from SAR 1,236 million in 2018 to SAR 3,091 million in 2022. This is mainly due to the company's continued investment in fixed assets for renovation and expansion of existing hospitals as well as investment in new projects.



### 35-4 Cash flow list

The following table shows the company's cash flow list for the year ended December 31, 2022 and previous years

(value in millions SR)

	2019	2019	2020	2021	2022
Net cash flows from operating activities	159	95	(263)	77	76
Net cash flows from investment activities	(355)	(469)	(291)	(417)	(249)
Net cash flows from financing activities	129	380	517	352	161
Net changes in cash	(67)	10	(37)	15	12
Cash at the beginning of the year	111	44	53	17	28
Year-end cash	44	54	17	28	16

### 35-5 Earnings per share

	2021	2022
Earnings per share	0.19	0.82

The company owns a total of 92.04 million shares and its earnings per share increased from 0.19 SR to 0.82 Riyals as a result of increase in profits.

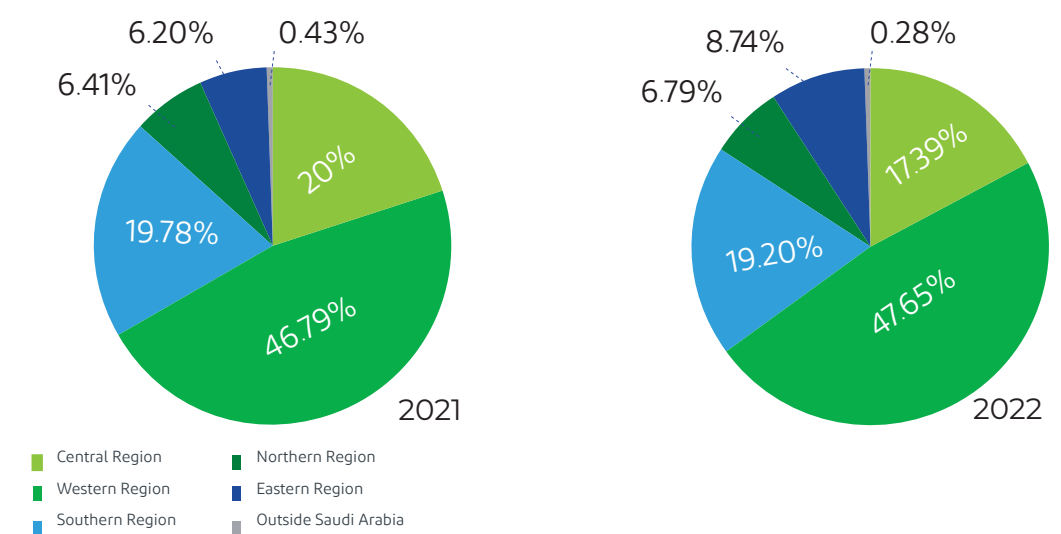
### 35-6 Details of operational activities for 2022.

The company's operating profit increased by 159.3% from Sar 54 million to Sar 140 million.

### 35-7 Geographical analysis of the revenues of the company and its subsidiaries.

Geographical distribution of the company's revenues

(Million Saudi Riyals)	2021	2022
Central Region	378	374
Western Region	876	1,025
Southern Region	347	413
Northern Region	120	146
Eastern Region	116	188
Outside Saudi Arabia	8	6



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

## 36- Differing from the accounting standards adopted by the Saudi Association of Chartered Accountants

There is no difference between the accounting standards adopted by the company and those in force in Saudi Arabia issued by the Saudi Association of Chartered Accountants.

## 37- Adoption of International Financial Reporting Standards (IFRS)

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

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

## 38- Equity and debt securities activities

### Stock activities

The number of the outstanding shares of company and fully listed for trading in Tadawul is 92.04 million shares at the end of 2022m.

### Debt Securities

The company does not have any debt instruments convertible into K-shares on 31/12/2022.

## 39- Dividend policy

## 40- Dividend

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

## 42- Credit facilities and loans

## 43- Board member, executive management or shareholders waive their bonus

## 44- Shareholders' equity and the General Assembly

## 45- The actions taken by the Board of Directors to inform its members, especially non-executives, of the suggestions of shareholders and their observations about the company and its performance



## 39- Dividend policy

In accordance with the Company's Statute, the distribution of cash dividends is subject to approval by the General Assembly on the recommendations of the Board of Directors after taking into account various relevant factors in due course, including the company's financial position and obligations that may be restricted from the distribution of cash dividends under the credit facility agreements to which the Company is linked, as well as the results of the business, cash needs and current and anticipated expansion plans.

The decision to distribute dividends to shareholders, which aims to enhance the value of shareholders' investment, is subject to the maximum possible capital expenditure, investment needs, profits and its financial position, as well as market conditions, general economic conditions and other factors, including immediate reinvestment needs, capital, business opportunities and economic activity, as well as other legal and regulatory considerations. The dividends are distributed in Saudi riyals if any.



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

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

**The following table shows the profits distributed by the company in the past five years:**

Historical profits during the last financial years (INSAUDI Riyals)

	2018	2019	2020	2021	2022
Distributions for declared earnings of the year	-	-	-	-	-
Distributions paid during the year	184,080,000	-	-	-	-
Net income per year	170,666,150	97,568,347	81,992,572	17,201,012	75,182,816
Percentage of declared distributions to net income	-	-	-	-	-



## 40- Dividend

### 40-1 Dividends for 2021.

The Board of Directors recommended on 30 March 2022 not to distribute cash dividends to shareholders for the year 2021 to support the company's expansion projects and the recommendation will be submitted to the General Assembly for recommendation.

### 40-2 Dividends for 2022.

The Board of Directors recommended on 30/03/2023 not to distribute cash dividends to shareholders for the year 2022 to support the company's expansion projects and the recommendation will be submitted to the General Assembly for recommendation.

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

The following table shows the ownership of board members and senior executives, including their wives and minor children, from the company's shares and debt instruments, and any changes in that ownership during the financial year 2022.

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

#	Name	Title	Type of membership	Number of shares 1/12/2015	Number of shares 31/12/2017	+ / -	Share (%)	Membership date
1	Sobhi Abdul Jalil Batterjee	Chairman	Non-executive	887,026	887,026	-	0.963%	17/9/2020
2	Khaled Abdel-Jalil Batterjee	Member	Non-executive	1,001	1,001	-	0.001%	17/9/2020
3	Makarem Sobhi Batterjee	Vice President	Non-executive	1,001	1,001	-	0.0011%	17/9/2020
4	Sultan Sobhi Batterjee	Member	Non-executive	1,001	1,001	-	0.0011%	17/9/2020
5	Mohammed Abdul Rahman Moemena	Member	Independent	1,001	1,001	-	0.0011%	17/9/2020
6	Amr Mohammed Khalid Khashoshgy	Member	Independent	1,001	1,001	-	0.00988%	17/9/2020
7	Mohammed Mostafa Mohammed Siddiq	Member	Independent	1,001	1,001	-	0.000108%	17/9/2020

- a- Senior executives do not own any shares in the company.  
b- There are no debt bonds issued by the company.

## 42- Credit facilities and loans

The company has signed a number of credit facilities agreements with local banks to obtain various facilities and loans in Saudi Riyals. The banks financed in accordance with these agreements are entitled to a percentage of the financing profits determined by the prevailing profit rates in the market. In addition, the company obtained loans from the Ministry of Finance and used it to finance the construction of Saudi-German hospitals in Riyadh, Medina and Hail. The following table details the facilities available and their use as on 31/12/2022. It should be noted that all of the company's loans are in accordance with Islamic law.



## Loans Breakdown

(value in millions SR)

Institution	Length	Credit Limit	Withdeawals	Amount paid in advance	Outstanding amount	Paid in 2022
<b>1- Ministry of Finance</b>						
Ministry of Finance	12 YEAR	205	197	-	188	(8)
Total MOF Loans		205	197	-	188	(8)
<b>2- Samba Financial Group</b>						
Samba Financial Group-Long Term	1YEAR	500	500	-	357	(38)
Samba Financial Group-Short Term	6 Month	150	95	-	95	(50)
Total Samba Financial Group Loans		650	595	-	452	(88)
<b>3- Inma Bank</b>						
Inma Bank-Short term	6 Month	250	150	-	150	(22)
Inma Bank-Long term	1YEAR	500	500	-	436	(45)
Total Inma Bank Loans		750	650	-	585	(67)
<b>4- AL-Bilad Bank</b>						
AL-Bilad Bank- Short Term	6 Month	250	146	-	146	(9)
AL-Bilad Bank- Long Term	5 YEAR	100	100	-	66	(16)
Total AL-Bilad Bank Loans		350	246	-	212	(25)

Institution	Length	Credit Limit	Withdeawals	Amount paid in advance	Outstanding amount	Paid in 2022
<b>5- Emirates Dubai Bank</b>						
Emirates Dubai Bank- Short Term	6 Month	150	150	-	150	-
Total Emir-ates Dubai Bank Loans	-	150	150	-	150	-
<b>6- Al-Rajhi Bank</b>						
Al-Rajhi Bank- Short Term	6 Month	120	119	-	119	(1)
Al-Rajhi Bank- Long Term	1YEAR	185	185	-	156	(45)
Total Al-Ra-jhi Bank Loans	-	305	304	-	275	(46)
<b>7- Riyadh Bank</b>						
Riyadh Bank- Long Term	5 YEAR	200	156	-	165	-
Riyadh Bank- Short Term	6 Month	100	100	-	100	-
Total Riyadh Bank Loans	-	300	256	-	265	-
<b>8- Banque saudi fransi</b>						
Bsf - short term	6 Month	50	50	-	50	-
Total bsf Bank Loans		50	50	-	50	-
Total Loans		2,760	2,448	-	2,173	(235)

## 43- Board member, executive management or shareholders waive their bonus

There are no agreements or agreements under which any board members, executives or shareholders of the company waive any remuneration due to them.

## 44- Shareholders' equity and the General Assembly

The company's statutes and rules of governance guarantee shareholders all rights relating to shares, in particular the right to a share of dividends to be distributed, the right to a share of the company's assets at liquidation, the right to attend general assembly meetings of shareholders, participation in its deliberations, voting on its decisions, the right to dispose of shares, and the right to control the work of the Board of Directors. The company is keen to attend the largest number of its shareholders for general assembly meetings and the company has adopted a remote electronic voting system to facilitate shareholders' exercise of the right to vote if they cannot attend in person.

The company's statutes and governance system relating to the General Assembly of Shareholders, which guarantees the necessary procedures and precautions to ensure that all shareholders exercise their statutory rights and considers the General Assembly of Shareholders to be the highest authority in the company.

## 45- The actions taken by the Board of Directors to inform its members, especially non-executives, of the suggestions of shareholders and their observations about the company and its performance

The Board of Directors adopted a policy and disclosure procedures that included procedures to ensure that shareholders have the right to inquire and request information and answer their queries in a way that does not harm the interests of the company, and the shareholders' proposals and notices that are serious are submitted to the Board through appropriate channels to see them and take appropriate action.

## 46- General Assembly meetings

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

## 48- Disclosure policies and procedures

## 49- Important contracts and agreements with relevant parties

## 50- Zakat Position



## 46- General Assembly meetings

The following is a list of the General Assembly meetings held during the last fiscal year and the names of the board members who attended:

#	Name	First meeting 16/06/2022
1	Sobhi Abdul-Jalil Ibrahim Batterjee	✓
2	Makarem Sobhi Batterjee	✓
3	Khaled Abdel-Jalil Batterjee	✓
4	Sultan Sobhi Battejee	✓
5	Mohammed Abdul Rahman	✓
6	Amr Mohamed Khalid Khashoshgy	✓

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

#	Order date	Reason for request
1	31/03/2022	Company's procedures
2	16/06/2022	General Assembly
3	30/06/2022	Company procedures
4	30/09/2022	Company's procedures
5	31/12/2022	Company's procedures



## 48- Disclosure policies and procedures

The company applies an approved regulation for disclosure and transparency of information of the company in accordance with the requirements of the corporate governance regulation issued by the Capital Market Authority in accordance with the regulations of the companies and the rules of the securities offering and continuous obligations and the company's statutes and through the system followed by the company to classify the information in terms of its nature and the necessity and periodic disclosure the company is keen to provide updated and accurate information regularly to all parties concerned without discrimination through the website of the Saudi financial market (Tadawul) and the company's website taking into account the need to respond reasonably to the periodic questions of the All parties with interest and media without violating the requirements of regulations and regulations and in a manner that does not constitute a breach of legal professionalism or a source of serious harm to the market or competitive position of the company.



## 49- Related Party Transaction

### 49-1 Contracts and Agreements with Relevant Parties

The following table summarizes transactions with related parties in 2022 (value in millions of Saudi riyals):

#	The name of the related party	The nature of the transaction	Amount of transaction		Terms of dealing	Duration
			Due from	Due to		
1	UAE HealthCare and Development Company (Sobhi Abdul-Jalil Batterjee, Khaled Abdul-Jalil Batterjee, Makarem Sobhi Batterjee own stakes in the company and are members of its board of directors)	Management fees	5,760,236	-	Ordinary business without any conditions or preferential benefits	10 years from 6/3/2015, renewed annually
2	Bait Al-Batterjee College of Medical Sciences and Technology (Sobhi Abdul-Jalil Batterjee, Khaled Abdel-Jalil Batterjee, Makarem Sobhi Batterjee and Sultan Sobhi Batterjee own stakes in the company and are members of its board of directors)	Training fee	390,012	-	Ordinary business without any conditions or preferential benefits	One year
3	Bait Al-Batterjee Medical Company (main shareholder in MEAHCO Sobhi Abdul Jalil Batterjee and Khaled Abdul Jalil Batterjee own stakes in the company and are members of its board of directors)	Consulting fees	-	6,300,895	Ordinary business without any conditions or preferential benefits	10 years from 24 May 2015, renewed annually
4	Bait Al-Batterjee Education and Training Company (Sobhi Abdel-Jalil Batterjee and Khaled Abdel-Jalil Batterjee own stakes in the company)	Training fees	-	-	Ordinary business without any conditions or preferential benefits	One year

#	The name of the related party	The nature of the transaction	Amount of transaction		Terms os dealind	Duration
			Due from	Due to		
5	Abdul Jalil Khalid Batterjee Medical Equipment Maintenance Company (Khaled Abdul-Jalil Batterjee owns a stake in the company)	Maintenance of devices	-	1,284,564	Ordinary business without any conditions or preferential benefits	One year
6	Bait Al- Batterjee Pharmaceutical Industries Co. (Sobhi Abdul Jalil Batterjee and Radwan Khaled Batterjee own a stake in the company)	Supply of medicines	-	42,673,880	Ordinary business without any conditions or preferential benefits	One year.
7	Gulf Youth Real Estate Investment and Development Company (JAN-PRO)- (Makarem Sobhi Batterjee owns a stake in the company)	Cleaning services	-	14,881,326	Ordinary business without any conditions or preferential benefits	One year.
8	Al Bayt International Company (Sobhi Batterjee and Khaled Batterjee are partners in the company)	Medical services	-	-	Ordinary business without any conditions or preferential benefits	One year
9	Bait Al-Batterjee Fitness Company (Gold's gem) / Sobhi Batterjee, Khaled Batterjee and Makarem Batterjee (partners in the company).	Medical services	-	-	Ordinary business without any conditions or preferential benefits	One year
10	International Hospital Construction Company (Sobhi Abdul Jalil Batterjee, Khaled Abdel-Jalil Batterjee and Sultan Sobhi Batterjee own stakes in the company)	Construction and restoration work	-	149,898,920	Ordinary business without any conditions or preferential benefits	One year

#	The name of the related party	The nature of the transaction	Amount of transaction		Terms os dealind	Duration
			Due from	Due to		
11	Saudi-German Hospital in Sana'a (Sobhi Abdul-Jalil Batterjee, Khalid Abdul-Jalil Batterjee and Makarem Sobhi Batterjee members of the board of directors of the company and indirect shareholders)	Medical services	-	-	Ordinary business without any conditions or preferential benefits	10 years from 24 May 2015, renewed annually
12	Egyptian-Saudi Healthcare Company (Sobhi Abdul Jalil Batterjee, Khaled Abdel-Jalil Batterjee and Makarem Sobhi Batterjee are members of the company's board of directors and indirect shareholders)	Management fees	3,017,107	-	Ordinary business without any conditions or preferential benefits	10 years from 05/24/2015, renewed annually
13	Hail National Medical Services Company (Sobhi Abdul Jalil Batterjee, Khaled Abdel-Jalil Batterjee and Makarem Sobhi Batterjee are members of the company's board of directors and shareholders)	Administrative fees	-	-	Ordinary business without any conditions or preferential benefits	10 years from 24 May 2015, renewed annually
14	Saudi-German Hospital Sharjah (Sobhi Abdul Jalil Batterjee and Khalid Abdul Jalil Batterjee as partners in Beit Al-Batterjee Medical Company, which owns most of the hospital's shares)	Medical services	-	-	Ordinary business without any conditions or preferential benefits	10 years from 24 May 2015, renewed annually

#	The name of the related party	The nature of the transaction	Amount of transaction		Terms of deal	Duration
			Due from	Due to		
15	Saudi-German Hospital Ajman (Sobhi Abdul Jalil Batterjee and Khalid Abdul Jalil Batterjee as partners in Ajman Health Care and Development Company)	Medical services	-	-	Ordinary business without any conditions or preferential benefits	10 years from 24 May 2015, renewed annually
16	MEGAMIND Company (Sobhi Abdul Jalil Batterjee and Makarem Sobhi Batterjee partners in a company participating in the company)	IT Services	-	-	Ordinary business without any conditions or preferential benefits	3 years
17	Humania Capital North Africa Holding Company Ltd. (Sobhi Abdul-Jalil Batterjee, Makarem Sobhi Batterjee as partners in Humania capital North Africa Holding Company Ltd. and are members of its board of directors)	Administrative fees	-	-	Ordinary business without any conditions or preferential benefits	10 years

## 49-2 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..

	Board member engaging in competing business	Relationship type with the Company	Nature of Competing Business
1	Eng. Sobhi Abduljallel Batterjee	Board Chairman	<ul style="list-style-type: none"> <li>• AlSoboh new medical LLC is a limited liability company operating in the field of public hospitals.</li> <li>• Bab Al-Khair Medical Services Company is a limited liability, not for-profit company working in the field of establishing and operating hospitals, medical centers, government and private clinics.</li> </ul>
2	Dr. Makarem Sobhi Batterjee	Board Vice Chairman	<ul style="list-style-type: none"> <li>• Bab Al-Khair Medical Services Company is a limited liability, not for-profit company working in the field of establishing and operating hospitals, medical centers, government and private clinics.</li> </ul>
3	Dr. Khalid Abdel-Jalil Batterjee	Board Member	<ul style="list-style-type: none"> <li>Company procedures • Bab Al-Khair Medical Services Company is a limited liability, not for-profit company working in the field of establishing and operating hospitals, medical centers, government and private clinics.</li> </ul>
4	Mr. Sultan Sobhi Batterjee	Board Member	<ul style="list-style-type: none"> <li>• Bab Al-Khair Medical Services Company is a limited liability, not for-profit company working in the field of establishing and operating hospitals, medical centers, government and private clinics.</li> </ul>

- Participation of the Chairman of the Board Eng. Sobhi Abduljallel Batterjee in a business competing with the Company's business approved in the Shareholders' Extraordinary General Assembly meeting which was held on Thursday 07 Dhu al-Qidah 1442H corresponding to 17 June 2021.
- Participation of the Vice Chairman of the Board Dr. Makarem Sobhi Batterjee in a business competing with the Company's business approved in the Shareholders' Extraordinary General Assembly meeting which was held on Thursday 07 Dhu al-Qidah 1442H corresponding to 17 June 2021.
- Participation of the Board Member Dr. Khalid Abdel-Jalil Batterjee in a business competing with the Company's business approved in the Shareholders' Extraordinary General Assembly meeting which was held on Thursday 07 Dhu al-Qidah 1442H corresponding to 17 June 2021
- Participation of the Board Member Mr. Sultan Sobhi Batterjee in a business competing with the Company's business approved in the Shareholders' Extraordinary General Assembly meeting which was held on Thursday 07 Dhu al-Qidah 1442H corresponding to 17 June 2021



## 50- Zakat Position

- The company ended its position until 2008.
- For the year 2014: ZATCA issued the final assessment, showing Zakat differences of SR 4.62 million due from the Company. The Company objected against ZATCA assessment and transferred its objection to GSTC. Recently the TVDAC issued its decision and accepted Company's appeal. Accordingly, the Company finalized its Zakat status for the said year with output in the favor of the company.
- For the years 2015 to 2018: ZATCA issued the Zakat and withholding tax (WHT) assessment with total amount of SR 150 million. The Company submitted an appeal against ZATCA's assessment with the Tax violation and Dispute Resolution Committee (TVDRC). The TVDRC decision partially accepted the Company's appeal related to Zakat differences and rejected the Company's objection in relation to WHT and delay penalty. Based on the ZATCA amnesty the Company settled the WHT due of SR 38,5 million to wave the delay penalty of SR 14 million as advance tax and continue its objection on the same. Accordingly, The Zakat liability based on the TVDRC decision was reduced to SR 122 million (SR 83 million related to Zakat differences and SR 39 million related to WHT). The Company escalated the appeal to the Tax Violation and Dispute Appellate Committee (TVDAC). The management believes that it has a strong chance to win the case regarding the said objection.
- For the years 2019 to 2020: ZATCA issued the Zakat assessment with total amount of SR 68 million. The Company submitted an appeal against ZATCA's assessment with the TVDRC. The TVDRC decision rejected the Company's appeal. The company is in the process to file an appeal against TVDRC decision with TVDAC. The management believes that it has a strong chance to win the case regarding the said objection. The authority issued the preliminary evaluation for 2014, which showed zakat differences of 4,617,370 Saudi riyals due by the company. The differences resulted from the refusal to apply Fatwa No. 23408 by the General Authority for Zakat and Income. In the fatwa, it is stated that zakat is calculated on the Zakat base even if it is less than the net proceeds of the year.
- For the year ended 31 December 2021: The Company filed the Zakat/tax return and obtained the Zakat/tax certificate for the said year. The ZATCA did not issue the Zakat/tax assessment for the said years till date.

### 50-1 Zakat for Hail National Health Services Company (subsidiary)

The subsidiary has finalized its Zakat assessment up to the year ended 31 December 2012. The subsidiary filed the Zakat return for the year ended 31 December 2013 and obtained the unrestricted Zakat and tax certificate for the said year. The ZATCA issued the Zakat assessment for the said year, which showed Zakat differences of SR 0.059 million due from the subsidiary. The subsidiary filed an objection against the said assessment, which is still under review by ZATCA. The Subsidiary filed the Zakat/tax returns for the years ended 31 December 2014 to 2021 and obtained the Zakat/tax certificate for the said years.

## 51- Social Insurance

## 52- Board members' statements

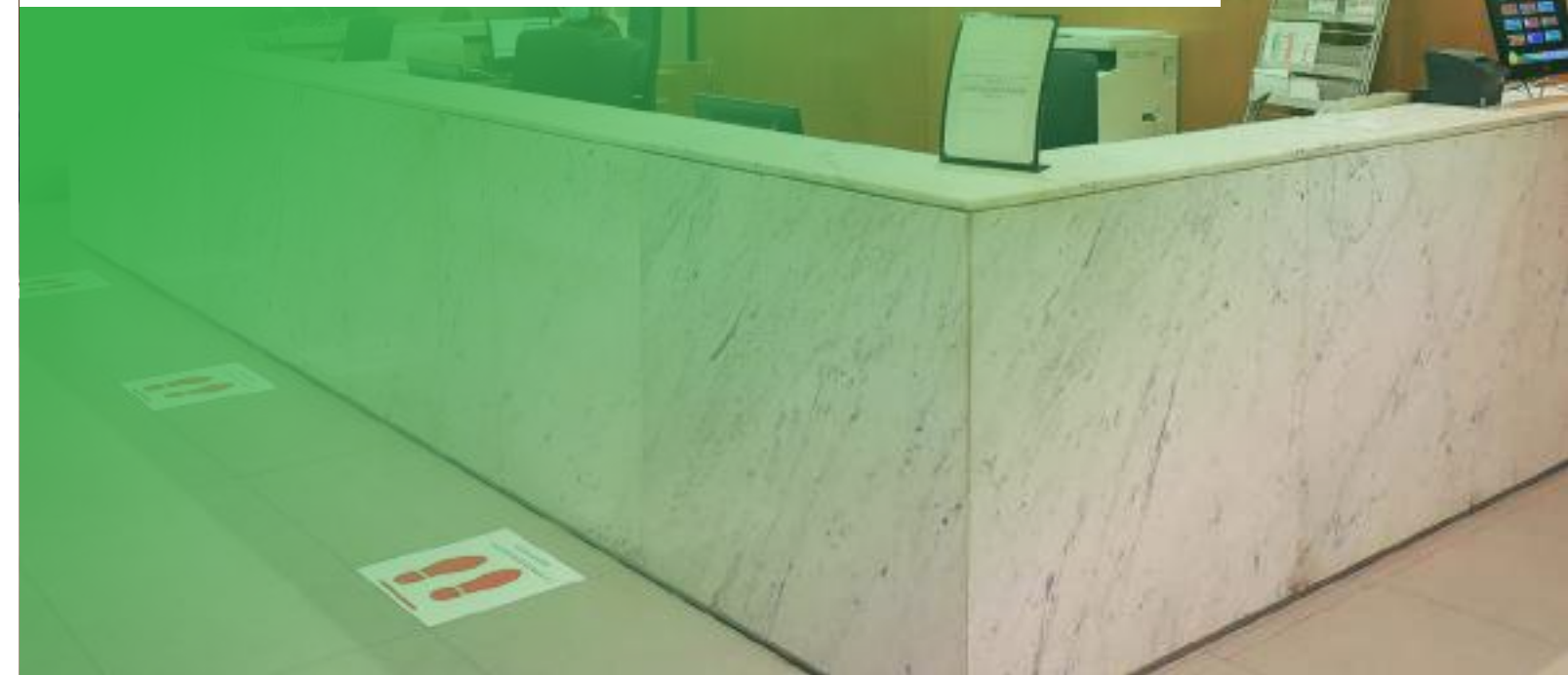
## 53- Penalties and restrictions

## 54- Results of the annual audit of the efficiency of the company's internal control procedures

## 55- Internal Audit

## 56- Company External Auditor's Report

## 58- Concluding Remarks





## 51- Social Insurance

The amount paid to the General Social Insurance Corporation as of 31/12/2022 is SR 32,951,530 for all branches of the company.

## 52- Board members' statements

The board members of Middle East Healthcare Company acknowledge:

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

## 53- Penalties and restrictions

There are no Penalties or reservation restrictions on the company from the CMA or any other supervisory, regulatory or judicial authority during the year 2022.

## 54- Results of the annual audit of the efficiency of the company's internal control procedures

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

## 55- Internal Audit

In addition to the company's internal audit function, some jobs are assigned to Ernst & Young.

## 56- Company External Auditor's Report

Based on the report of the company's external auditor, Ernst & Young, which presented the company's financial after reviewing the company's annual and preliminary financial statements for the financial year ended 31/12/2022

1. The The company's current financial statements fairly and in all fundamental respects reflect the consolidated financial position of Middle East Healthcare Company (listed joint stock company) as of 31/12/2022 and the combined results of its operations and cash flows for the financial year ended in accordance with the international accounting standards approved by the Saudi Association of Chartered Accountants (SOCPA).
2. Meets the requirements of the corporate system and the company's statutes in relation to the preparation of consolidated financial statements and its presentation.

There are no comments for the company's external auditor, Earnst & Young, on the financial statements for the financial year ended 31/12/2022.

## 57- Concluding Remarks

According to the results highlighted in this report, based on the audited financial statements for 2022, the company continued to achieve significant growth despite difficult market conditions and there is a positive indication that the company is operating in a sector and market with strong foundations, and the company continues to implement major expansion plans over the two years. Short and medium by increasing its capacity in the domestic market and also working on geographical expansion in foreign markets it is important to note that the company has a relatively low debt element as a percentage of its capital, and this gives the company the flexibility to obtain loans from banks in order to increase its capacity to support expansion plans.

## Thanks and appreciation

In conclusion, the Board of Directors of The Middle East Healthcare Company (Saudi German Health) is pleased to express its deep appreciation for the sincere efforts made by the employees at all levels, and to thank the company's shareholders and all banks which deal with the company and its suppliers and all other entities and thanks to all government agencies for their continued support, which has always been a source of strength for the company.



# Annual Report

Saudi German Health  
Middle East Healthcare Company

