

**Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)**

Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2022

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Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 31 March 2022

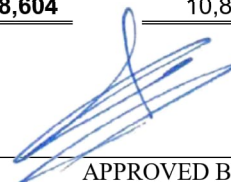
	Notes	31 March 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Assets			
Current assets			
Cash and cash equivalents		3,317,041,159	2,643,829,664
Accounts receivable		893,917,650	899,270,622
Advances to suppliers and contractors		17,468,474	15,866,026
Prepaid expenses and other assets		161,855,174	167,575,020
Inventories		450,017,981	406,888,624
Total current assets		4,840,300,438	4,133,429,956
Non-current assets			
Investments in associates		43,184,201	41,358,409
Investments in debt instruments – Sukuk	6	150,000,000	-
Property and equipment	7	6,892,983,965	6,652,578,893
Total non-current assets		7,086,168,166	6,693,937,302
Total assets		11,926,468,604	10,827,367,258
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	9	283,708,166	317,666,499
Accounts payable		902,195,080	805,131,366
Advances from customers		42,531,601	33,211,656
Accrued expenses and other liabilities		830,714,760	715,804,263
Zakat payable		100,970,214	131,383,111
Current portion of government grant		5,384,843	5,328,414
Current portion of lease liabilities		37,038,815	39,194,713
Dividend payable	8	245,000,000	-
Total current liabilities		2,447,543,479	2,047,720,022
Non-current liabilities			
Long-term loans	9	2,974,627,652	2,444,907,730
Government grant		64,503,446	65,891,978
Lease liabilities		250,254,540	252,636,080
Employees' end-of-service benefits		508,842,448	489,135,445
Total non-current liabilities		3,798,228,086	3,252,571,233
Total liabilities		6,245,771,565	5,300,291,255
Equity			
Issued and paid-up share capital		3,500,000,000	3,500,000,000
Statutory reserve		711,082,326	711,082,326
Retained earnings		1,274,378,734	1,128,089,112
Equity attributable to equity holders of the parent		5,485,461,060	5,339,171,438
Non-controlling interests		195,235,979	187,904,565
Total equity		5,680,697,039	5,527,076,003
Total liabilities and equity		11,926,468,604	10,827,367,258



APPROVED BY:
FAISAL AL NASSAR
CFO



APPROVED BY:
NASSER AL HAQBANI
CEO



APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN

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

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of income
For the three months period ended 31 March 2022

	Notes	For the three months period ended	
		31 March 2022	31 March 2021
		SR	SR
		(Unaudited)	(Unaudited)
Revenue		1,990,861,490	1,694,789,653
Cost of revenue		(1,332,299,916)	(1,145,373,040)
Gross profit		658,561,574	549,416,613
Selling and marketing expenses		(81,995,861)	(46,910,318)
General and administrative expenses		(154,478,381)	(152,873,002)
Operating income		422,087,332	349,633,293
Share of income (loss) of associates		1,825,792	2,582,861
Finance costs		(9,075,973)	(11,987,901)
Other income, net		21,824,933	17,695,625
Income before zakat		436,662,084	357,923,878
Zakat		(38,950,000)	(38,232,168)
Income for the period		397,712,084	319,691,710
Attributable to:			
Equity holders of the Parent		390,504,743	318,995,908
Non-controlling interests		7,207,341	695,802
		397,712,084	319,691,710
Earnings per share:			
<i>Basic and diluted earnings per share from income for the period attributable to equity holders of the parent</i>	10	1.12	0.91



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Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three months period ended 31 March 2022

	For the three months period ended	
	31 March 2022	31 March 2021
	SR	SR
	(Unaudited)	(Unaudited)
Income for the period	397,712,084	319,691,710
Other comprehensive income		
<i>Items that will not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on employees' end-of-service benefits	908,952	(5,936,546)
Other comprehensive Income (loss) for the period	908,952	(5,936,546)
Total comprehensive income for the period	398,621,036	313,755,164
Attributable to:		
Equity holders of the parent company	391,289,622	312,965,315
Non-controlling interests	7,331,414	789,849
	398,621,036	313,755,164



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Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the three months period ended 31 March 2022

	Attributable to equity holders of the parent				Non-controlling interests	Total equity
	Issued and paid-up share capital	Statutory reserve	Retained earnings	Total	SR	SR
	SR	SR	SR	SR	SR	SR
As at 1 January 2022	3,500,000,000	711,082,326	1,128,089,112	5,339,171,438	187,904,565	5,527,076,003
Income for the period	-	-	390,504,743	390,504,743	7,207,341	397,712,084
Other comprehensive income (loss)	-	-	784,879	784,879	124,073	908,952
Total comprehensive income	-	-	391,289,622	391,289,622	7,331,414	398,621,036
Dividends (note 8)	-	-	(245,000,000)	(245,000,000)	-	(245,000,000)
As at 31 March 2022 (Unaudited)	3,500,000,000	711,082,326	1,274,378,734	5,485,461,060	195,235,979	5,680,697,039
As at 1 January 2021	3,500,000,000	573,420,806	838,322,887	4,911,743,693	176,785,443	5,088,529,136
Income (loss) for the period	-	-	318,995,908	318,995,908	695,802	319,691,710
Other comprehensive income (loss)	-	-	(6,030,593)	(6,030,593)	94,047	(5,936,546)
Total comprehensive income (loss)	-	-	312,965,315	312,965,315	789,849	313,755,164
Dividends (note 8)	-	-	(210,000,000)	(210,000,000)	-	(210,000,000)
As at 31 March 2021 (Unaudited)	3,500,000,000	573,420,806	941,288,202	5,014,709,008	177,575,292	5,192,284,300



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CHAIRMAN

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

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the three months period ended 31 March 2022

	2022 SR (Unaudited)	2021 SR (Unaudited)
Operating activities		
Income before zakat	436,662,084	357,923,878
Non-cash adjustments to reconcile income before zakat to net cash flow		
Depreciation	76,602,968	78,560,221
Share of income of associates	(1,825,792)	(2,582,861)
Allowance for expected credit loss	54,049,053	25,526,695
Finance costs	9,075,973	11,987,901
Employees' end-of-service benefits	30,578,936	73,014,537
	<u>605,143,222</u>	<u>544,430,371</u>
Working capital adjustments:		
Accounts receivable	(48,696,081)	(76,572,881)
Advances to suppliers and contractors	(1,602,448)	(12,151,889)
Inventories	(43,129,357)	(27,198,263)
Prepaid expenses and other assets	5,924,241	9,631,435
Accounts payable	97,063,714	85,771,646
Advances from customers	9,319,945	6,673,386
Accrued expenses and other liabilities	115,827,261	(31,360,049)
Cash generated from operations	<u>739,850,497</u>	<u>499,223,756</u>
Zakat paid	(69,362,897)	(66,747,062)
Employees' end-of-service benefits paid	(9,962,981)	(7,804,154)
Net cash from operating activities	<u>660,524,619</u>	<u>424,672,540</u>
Investing activities		
Purchase of property and equipment	(310,723,228)	(212,212,565)
Investments in debt instruments – Sukuk	(150,000,000)	-
Net cash used in investing activities	<u>(460,723,228)</u>	<u>(212,212,565)</u>
Financing activities		
Proceeds from long-term loans, net	494,429,486	37,601,721
Lease liabilities paid	(11,026,645)	(10,560,068)
Finance costs paid	(9,992,737)	(11,987,901)
Net cash used in financing activities	<u>473,410,104</u>	<u>15,053,752</u>
Net increase in cash and cash equivalents	673,211,495	227,513,727
Cash and cash equivalents at the beginning of the period	2,643,829,664	2,339,263,767
Cash and cash equivalents at the end of the period	<u>3,317,041,159</u>	<u>2,566,777,494</u>
Non-cash transactions:		
Recognition of right-of-use assets	6,489,207	30,277,900
Recognition of lease liabilities	6,489,207	30,277,900
Dividends payables	245,000,000	210,000,000

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

1. Corporate information and activities

Dr. Sulaiman Al Habib Medical Services Group Company (the "Company") (a Saudi joint stock company) is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010118330 dated 11 Jumad Thani 1414H (corresponding to 25 November 1993). The registered office is located at Olaya District, P.O. Box 301578, Riyadh 11372, KSA, and the Company was listed In the Saudi Stock Exchange (Tadawul) on 22 Rajab 1441H (corresponding to 17 March 2020), and the Company's head-office is located at Olaya District, King Fahad Road, P.O. Box 301578, Riyadh 11372, KSA.

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

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

The Company capital number of shares is 350,000,000 and the share value is 10 Saudi riyals.

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

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS as endorsed in Kingdom of Saudi Arabia").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
31 March 2022

3. Basis of consolidation

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

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

3. Basis of consolidation (continued)

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2021.

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
31 March 2022

5. Segment Information

Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group.

The identified key segments are Hospitals/Healthcare Facilities, Pharmacies and HMG Solutions / Others. The segment results for the period ended 31 March 2022 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial information are as follows:

For the period ended 31 March 2022 (Unaudited)	Hospitals/ Healthcare Facilities	Pharmacies	HMG Solutions / Others	Total
	<i>SR' millions</i>			
Saudi Arabia:				
Revenue	1,400	398	67	1,865
Gross profit	476	135	28	639
Outside Saudi Arabia:				
Revenue	106	19	1	126
Gross profit	15	4	1	20
Total				
Revenue	1,506	417	68	1,991
Gross profit	491	139	29	659
Unallocated income (expenses)				
Selling and marketing				(82)
General and administrative				(155)
Operating income				422
Share of income of associates				2
Finance costs				(9)
Other income				22
Income before zakat				437
Zakat				(39)
Income for the period				398
As at 31 March 2022 (Unaudited)				
Saudi Arabia:				
Total assets	8,150	356	2,854	11,360
Total liabilities	4,682	531	897	6,110
Outside Saudi Arabia				
Total assets	508	41	17	566
Total liabilities	118	15	3	136
Total				
Total assets	8,658	397	2,871	11,926
Total liabilities	4,800	546	900	6,246

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
31 March 2022

5. Segment Information (continued)

For the period ended 31 March 2021 (Unaudited)	Hospitals/ Healthcare Facilities	Pharmacies	HMG Solutions / Others	Total
<i>SR' millions</i>				
Saudi Arabia:				
Revenue	1,212	302	61	1,575
Gross profit	401	107	20	528
Outside Saudi Arabia:				
Revenue	108	11	1	120
Gross profit	18	2	1	21
Total				
Revenue	1,320	313	62	1,695
Gross profit	419	109	21	549
Unallocated income (expenses)				
Selling and marketing				(47)
General and administrative				(153)
Operating income				349
Share of income of associates				3
Finance costs				(12)
Other income				18
Income before zakat				358
Zakat				(38)
Income for the period				320
As at 31 December 2021 (audited)				
Saudi Arabia:				
Total assets	7,411	320	2,526	10,257
Total liabilities	4,040	435	686	5,161
Outside Saudi Arabia				
Total assets	514	40	16	570
Total liabilities	123	13	3	139
Total				
Total assets	7,925	360	2,542	10,827
Total liabilities	4,163	448	689	5,300

6. Investment in debt instrument – Sukuk

The Group invested in Sukuk with a value of SR 150 million issued by a local bank, accounted at amortized cost, which will be due on January 2027.

7. Property and equipment

	As at 31 March 2022 SR (Unaudited)	As at 31 December 2021 SR (Audited)
Property and equipment	6,602,579,773	6,357,131,922
Right-of-use assets	290,404,192	295,446,971
	6,892,983,965	6,652,578,893

8. Dividends

The Board of Directors, in their meetings on 19 February 2022 resolved to distribute interim dividends of SR 0.7 per share totaling to SR 245,000,000 (2021: SR 0.60 per share totalling to SR 210,000,000). This will be endorsed by the Company's upcoming general assembly.

9. Long-term loans

	As at 31 March 2022 SR (Unaudited)	As at 31 December 2021 SR (Audited)
Current-portion of loans:		
Loans from local banks (i)	259,504,760	293,463,093
Loans from Ministry of Finance (ii)	24,203,406	24,203,406
	283,708,166	317,666,499
Non-current portion of loans:		
Loans from local banks (i)	2,600,535,690	2,062,371,403
Loans from Ministry of Finance (ii)	374,091,962	382,536,327
	2,974,627,652	2,444,907,730

i) Loans from local banks

The Group is financed through Islamic facilities in the form of long-term and short-term loans (Murabaha / Tawarruq) from local banks. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SIBOR" plus an agreed margin. The facilities are secured by corporate promissory notes.

ii) Loans from Ministry of Finance (MoF)

The Group's long-term financing includes MoF non-interest bearing loans to finance the capital expenditures related to the Company and its subsidiaries. The loan repayment instalments are settled on equal yearly installments. Certain assets are pledged against the loans obtained from the MoF .

10. Earnings per share

Basic and diluted earnings per share ("EPS") is calculated by dividing the income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as the regular or basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

The following table reflects the income for the period attributable to equity holders of the parent and share data used in the basic and diluted EPS computations:

	For the three months period ended 31 March 2022 SR	31 March 2021 SR
<i>Income for the period attributable to equity holders of the parent</i>	390,504,743	318,995,908
Weighted average number of ordinary shares	350,000,000	350,000,000
Basic and diluted earnings per share from income for the period attributable to equity holders of the parent	1.12	0.91

11. Fair values

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents and accounts receivable. Financial liabilities consist of long-term loans, accounts payable, advances from customers, amounts due to related parties, accrued expenses and other liabilities and zakat payable.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values at reporting date largely.

12. Subsequent events

In the opinion of management, no significant events have occurred subsequent to 31 March 2022 that would have a material impact on financial position or financial performance of the Group.

13. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved for issuance by the Board of Directors on 22 Ramadan 1443H (corresponding to 23 April 2022).