

TIBBIYAH REPORTS STRONG FULL YEAR RESULTS ACHIEVING A 86.0% YoY INCREASE IN NET PROFITS

Riyadh, Saudi Arabia, 31 March 2024: Arabian International Healthcare Holding Company (“Tibbiyah” or the “Company”, 9530 on the Saudi Exchange’s Nomu - parallel market), a leading integrated healthcare solutions provider in Saudi Arabia, announced its financial results for the full year ended 31 December 2023 (“FY23”). The Company reported a robust performance with a revenue increase of 25.6% and a remarkable net profit increase of 86.0% on the prior comparable period (“FY22”). It is important to note that the comparability with FY22 results was impacted by one-off adjustments related to restatement of acquisition of Innovative Healthcare Company Holding Limited (IHC).

The FY23 results demonstrate the continued strength of Tibbiyah’s core segments, strong margins, focus on operational excellence, and positive contribution from IHC. It highlights Tibbiyah's commitment towards achieving sustainable growth while navigating a challenging market environment marked by rising interest rates, inflationary pressures and future strategic investments.

Tibbiyah’s robust year-on-year revenue growth is driven by two key factors: the continued strong performance of its core business segments, and the growing contribution from its new verticals, notably IHC.

The Medical Equipments Division (FMS) capitalized on a solid project backlog, strengthened by increased private sector demand and addition of new suppliers. Efficient project execution, especially in the second half of the year, further solidified this growth. This momentum is expected to extend into FY24, backed by a healthy order intake including the mega project of Bahrain AGU.

The Medical Supplies Division (Premma) despite facing a challenging first half of the year, registered a positive performance overall, demonstrating the resilience and strength of its fundamentals. In line with Tibbiyah’s strategy to strengthen its core business, it is strategically expanding its portfolio by onboarding new Chinese suppliers which will help the company serve the market better. This move will not only broaden its offerings but also unlock competitive pricing advantages, enhancing Premma’s performance, paving the way for solid revenue growth in the coming year.

Tibbiyah’s strategy of portfolio diversification to balance the inherent cyclicity of its business model has continued to deliver results. IHC, a new vertical consolidated in the latter half of FY22, made positive contribution to Tibbiyah’s revenue growth in FY23. This success is particularly noteworthy considering the challenges of navigating a dynamic market environment and the nuances associated with new business investments.

This year, Tibbiyah undertook a rightsizing initiative, to enhance its operational efficiency and mitigate the challenges posed by rising interest rates and increased cost of capital, by implementing automation and cross-functional synergies. Combined with a focus on inventory optimization and a considerable improvement in the Cash Conversion Cycle, it resulted in

significant productivity gains, reinforcing the company's commitment towards operational excellence and sustained growth.

Mr. Alaa Ameen, Chief Executive Officer at Tibbiyah, commented:

“As we reflect on the achievements of Tibbiyah in 2023, I am pleased to acknowledge the remarkable strides we have made in positioning ourselves as a leader in integrated healthcare solutions. We delivered strong results driven by the strength of our core business, exceeding expectations in several key areas, and established a solid foundation for future growth. Our core business, driven by the exceptional performance of FMS and the steady growth of Premma, along with the contribution of IHC, a part of our new verticals, were the bedrock of this success.

Our commitment to expand the footprint of our core business remains steadfast. The addition of 7 new Chinese suppliers positions Premma for future growth with the potential to have synergies for FMS as well. Furthermore, the recent strategic acquisition of Al-Hammad Medical Services will unlock commercial and operational synergies, strengthening our core business and expanding our market reach.

Our ambition for Tibbiyah extends beyond organic growth. The ongoing development of GenaLive which started commercial operations in December 2023, promises to bring innovative, cutting-edge solutions to the Kingdom for genetic disease prevention.

Looking ahead, we are optimistic about the future of Tibbiyah. We remain focused on optimizing our workforce and maximizing the performance of our core business and strategic investments and partnerships. With a clear vision and unwavering dedication, we are committed to remaining at the forefront of the KSA's healthcare sector, continuously innovating and expanding our offerings to deliver exceptional value to our patients, partners, and stakeholders.”

FINANCIAL REVIEW

Revenues of SAR 806.9 million (FY22: SAR 642.7 million) represented a 25.6% increase year-on-year (YoY). This growth was primarily driven by the medical equipment segment (FMS), which delivered a remarkable 37.4% YoY increase compared to FY22. This robust performance was attributed to FMS's effective management and high conversion rate of its strong project backlog. Consistent with its business trend, project execution ramped up in the second half of the year, contributing significantly to the overall revenue increase, solidifying its market position.

Premma exhibited a strong second-half recovery, registering a remarkable 47.7% increase in revenues over H1-FY23 leading to a steady growth of 0.7% in FY23 YoY compared to FY22. Despite market challenges, stemming from increased supplier production issues and prolonged lead times, Premma has demonstrated its resilience and ability to adapt.

The IHC acquisition continues to yield positive results, contributing 12.0% of FY23 revenue, demonstrating its strategic value despite evolving market trends like rise in alternative solutions, shifting insurance coverage patterns, and increased competition within hospital settings. Internally, the integration and operationalization of a new business also brought its own set of challenges. To address them, Tibbiyah is implementing a strategic turn-around plan paving the

way for IHC's continued growth and unlocking its full potential.

Gross profit of SAR 190.0 million (FY22: SAR 154.2 million), represented a 23.3% increase YoY. This growth was predominantly a result FMS's solid performance, further supported by IHC's contribution, partially offset by inflationary factors that raised the cost of sales and suppliers' prices, which slightly impacted the margins.

In FY23, Tibbiyah's **SG&A expenses** rose by 20.4% YoY, primarily due to the full-year impact of integrating IHC's operations, compared to the 4 months of operations in FY22. These efforts include targeted marketing to boost customer footfall, establishing collaborations with hospitals for insurance coverage and expanding recruitment of high performing and well reputed doctors. On the other hand, the core business demonstrated improved cost efficiency, reflected in a decrease in their SG&A expenses as a percentage of revenue compared to FY22, highlighting the effectiveness of Tibbiyah's rightsizing and productivity initiatives.

In the acquisition agreement of IHC, Tibbiyah implemented pre-defined financial safeguards to mitigate potential shortfalls in performance targets. Due to early operational challenges, these targets were not achieved, activating the safeguards leading to changes in the fair value of contingent consideration along with financial adjustments related to the IHC performance gaps.

Notably, **finance charges** rose by SAR 18.0 million YoY, due to increased interest rates and loans for stabilizing and funding new acquisitions, particularly IHC.

The GenaLive JV, inaugurated in June FY23 and operationalized in December FY23 contributed to a decrease in **share in earnings from affiliates**, due to startup costs and limited operational time. expect to see a significant improvement in its performance as it secures licenses and taps into key government tenders. This decline was partially offset by the robust performance of the Philips JV.

It is important to note that there was an increase in **impairment loss on trade receivables**. This move reflects Tibbiyah's commitment to adopting a more proactive approach to manage potential risks in the current environment.

As a result, Tibbiyah's **net income** excluding non-controlling interests rose by 86.0% YoY to SAR 38.1 million in FY23, from SAR 20.5 million in FY22, reflecting its strong performance and commitment to growth amidst challenges.

Cash and cash equivalents decreased from SAR 83.6 million in FY22 to SAR 82.4 million in FY23.

Total borrowings increased by 9.0% to SAR 471.5 million compared to SAR 432.5 million at the end of FY22, reflecting continued investment in growth initiatives. This increase supported GenaLive's launch and operations, establishment of new JVs, and ongoing business needs. Notably, loan repayments increased in the second half compared to the first half of FY23.

OPERATIONAL REVIEW

FMS (Medical Equipment) demonstrated operational excellence in FY23 driven by a higher

project backlog conversion rate, effective cost management and strategic expansion efforts. It successfully extended its reach in the private sector and strengthened its supplier base by adding new suppliers. This strategic growth, coupled with the landmark AGU Bahrain project and a robust project pipeline, has fueled a solid increase in order intakes (OIT), positioning FMS for continued momentum and even greater performance in FY24.

Premma Health (Medical Supplies) displayed remarkable resilience and adaptability in FY23, successfully navigating challenges of rising supplier prices and supply chain disruptions through strategic cost management and the expansion of its product portfolio. The addition of 7 Chinese suppliers strengthens Premma's future outlook, potentially unlocking opportunities in the Chinese market for Tibbiyah.

The recent acquisition of Al Hammad Medical Services aligns with Tibbiyah's strategy to strengthen and grow its core business segments, paving the way for market share growth and expansion. This move expands its reach by allowing them to distribute medical supplies and consumables to both public and private sectors. Additionally, the acquisition enables Tibbiyah to offer integrated solutions to clients and diversify its product portfolio, solidifying its position as a comprehensive medical solutions provider.

To further enhance its operational performance, Tibbiyah plans to upgrade to S4 HANA ERP in FY24, enabling improved data driven decision making and streamlining operations through enhanced automation, optimized workflows, and a modernized IT infrastructure.

Progress on strategic initiatives to ensure long term growth: In FY23, Tibbiyah continued to make significant progress on its strategic initiatives, reinforcing its commitment to both portfolio diversification and sustainable growth.

- GenaLive, a 50:50 JV with BGI Almanahil Health for Medical Services (BGI), commenced operation in December 2023. With an ambition to be the Kingdom's premier laboratory, GenaLive aims to provide comprehensive solutions using cutting-edge diagnostic tools for genetic disease prevention. This venture aligns with the Kingdom's Vision 2030, particularly the Healthcare Transformation Program, focused on disease prevention, reduced healthcare expenditure, and enhanced healthcare access.
- Nephroplus, a 49:51 JV with Nephrocare Health Services Private Ltd, an India based dialysis clinic network, for the investment, operations, management and maintenance of dialysis care centres for public and private customers in KSA. This partnership will enable Tibbiyah to enter another attractive healthcare market segment that has strong fundamentals, is conducive to growth and strengthen its position as a leading player in the Kingdom's healthcare sector.
- The acquisition of Al-Hammad Medical Services Co. has been finalized. Its integration into Tibbiyah is expected to generate operational and commercial synergies across FMS and Premma.

STRATEGY AND OUTLOOK

Building on a strong foundation, Tibbiyah is actively implementing a three-pronged transformation strategy to solidify its position as a leading and diversified healthcare service provider in Saudi Arabia.

1. Protect and expand the core – Strengthening the core business by accelerating organic growth, venturing into new therapeutic areas, and strategically the supplier base. This will diversify revenue streams, mitigate supply chain risks and capitalize on evolving market needs.
2. Portfolio diversification - Tibbiyah remains focused on diversifying its portfolio to balance the inherent cyclicity of its business model. It is proactively taking steps for stabilizing and kickstarting operations at IHC and GenaLive respectively, and launching its newly established JVs, while constantly exploring nascent, high-growth opportunities.
3. KSA privatization – Recognizing the push towards increasing privatization of the healthcare market, Tibbiyah’s aim is to participate in PPP projects to broaden its reach through business investments like Unilabs.

Looking ahead, the outlook for Tibbiyah remains positive. Favorable demographics in KSA are expected to drive increased demand for healthcare services, leading to a rise in healthcare spending. Additionally, the government's ambitious plans to bring health infrastructure at par with global standards and expand the role of the private sector in healthcare from 25% to 35% by 2030 present significant opportunities for growth.

Tibbiyah is well-positioned to capitalize on these favorable trends through its strategic initiatives, operational excellence, and commitment to delivering high-quality healthcare services.

Summary Financials (for the period ended 31 December 2023)

BALANCE SHEET (SAR million)	31 December 2023	31 December 2022
Current Assets	1,115.3	1,121.6
Non-Current Assets	286.1	287.2
Total Assets	1,401.4	1,408.8
Current Liabilities	874.2	885.4
Non-Current Liabilities	167.7	185.1
Total Liabilities	1,042.0	1070.5
Total Equity	359.4	338.3
Total Liabilities and Shareholder Equity	1401.4	1,408.8

INCOME STATEMENT (SAR million)	FY23	FY22
Revenue	806.9	642.7
Cost of revenue	(616.9)	(488.5)
Gross Profit	190.0	154.2
Selling and marketing expenses	(78.1)	(70.7)
General and administrative expenses	(58.7)	(42.9)
Impairment of goodwill	(17.2)	0.0

Reversal/(impairment loss) on trade receivable	(6.5)	3.5
Other income, net	12.6	8.7
Share of profit of joint venture	(2.0)	7.8
Operating (Loss) / Profit	40.1	60.6
Finance charges	(36.6)	(18.6)
Finance income	5.1	0.7
Fair value change in contingent consideration	45.3	(6.1)
(Loss) / Profit Before Zakat	53.9	36.6
Zakat	(11.6)	(10.9)
Net Income for the year	42.3	25.7
Non-controlling interests	(4.3)	(5.2)
(Loss) / Profit for The Period	38.1	20.5
EPS (earnings per share)	1.92	1.02

CASH FLOW STATEMENT (SAR million)	FY23	FY22
Net cash from (used in) operating activities	12.1	60.2
Net cash from (used in) investing activities	(24.2)	(79.5)
Net cash from (used in) financing activities	10.9	91.9
Cash and cash equivalents at the beginning of the period	83.6	11.0
Cash and cash equivalents at the end of the period	82.4	83.6

-Ends-

ABOUT TIBBIYAH

TIBBIYAH is a diversified healthcare holding Company founded in 2013 by Al Faisaliah Group to bring all its subsidiaries working in the healthcare sector under one umbrella. With 50 years of leadership supporting Saudi healthcare service providers improve the lives of Saudi Arabia's population, TIBBIYAH continues to build on its enviable track-record of providing state-of-the-art fully integrated healthcare solutions and turnkey projects, including mega healthcare developments in Saudi Arabia.

TIBBIYAH has three business divisions: Core business including 100% owned Al Faisaliah Medical Systems Company (FMS) and International Healthcare Supplies Company (Premma); Philips Healthcare Saudi Arabia Company, a 50:50 joint venture with Philips; and its Health-tech vertical, including 51% owned IHC Medical Center and GenaLive, a 50:50 JV with BGI Almanahil Health for Medical Services (BGI).

For more information, please visit us on: <https://www.tibbiyah.com/>