

Al Hammadi Holding Company
(A Saudi Joint Stock Company)

The Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three-month and nine-month periods ended 30 September 2023

and the Independent Auditor Review Report
on the condensed consolidated interim financial statements

Al Hammadi Holding Company
(A Saudi joint stock Company)

Index of the condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2023 (Unaudited)

	<u>PAGE</u>
Independent auditor's review report on the condensed consolidated interim financial statements	2
Condensed consolidated interim statement of profit or loss	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of financial position	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7-8
Selected notes to the condensed consolidated interim financial statements	9-21

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Al Hammadi Holding Company
"A Saudi Joint Stock Company"
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Hammadi Holding Company ("the Company") and its subsidiaries (together "the Group") as at 30 September 2023 and the related condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS 34") "*Interim Financial Reporting*" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on those condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License No. 362

Riyadh, 25 Rabi Al-Than 1445 (H)
Corresponding to: 9 November 2023 (G)

Al Hammadi Holding Company
(A Saudi joint stock company)
Condensed Consolidated Interim Statement of Profit or Loss
(In Saudi riyals)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Revenues	(6)	297,824,654	246,921,376	873,081,041	779,753,838
Cost of revenues		(184,951,735)	(163,423,281)	(547,722,422)	(491,085,816)
GROSS PROFIT		112,872,919	83,498,095	325,358,619	288,668,022
Selling and marketing expenses		(940,179)	(709,630)	(4,133,142)	(2,020,884)
General and administrative expenses		(26,995,921)	(19,159,973)	(73,480,969)	(63,534,146)
(Provision for) / reversal of allowance for expected credit loss		(5,640,246)	(11,296,796)	6,321,398	(35,603,713)
Other operating income		7,284,165	13,855,328	17,462,648	22,657,624
OPERATING PROFIT		86,580,738	66,187,024	271,528,554	210,166,903
Company's share of (loss) / profit from associate	(10)	(621,142)	1,254,455	1,272,470	3,559,465
Finance cost		(6,085,746)	(5,329,501)	(19,658,733)	(14,557,139)
NET PROFIT BEFORE ZAKAT		79,873,850	62,111,978	253,142,291	199,169,229
Zakat expense		(5,000,000)	(5,000,000)	(15,000,000)	(15,000,000)
NET PROFIT FOR THE PERIOD		74,873,850	57,111,978	238,142,291	184,169,229
Earnings per share:					
Basic and diluted earnings per share based on profit for the period attributable to ordinary equity holders	(7)	0.47	0.36	1.49	1.15

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saif Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Comprehensive Income
(In Saudi riyals)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Note <u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
NET PROFIT FOR THE PERIOD	<u>74,873,850</u>	<u>57,111,978</u>	<u>238,142,291</u>	<u>184,169,229</u>
Items that will not be subsequently reclassified into profit or loss:				
Re-measurement gain / (loss) on defined benefit plans	(17) 2,299,639	(627,879)	1,712,104	(1,125,808)
Share in other comprehensive loss of an associate	(10) (71,217)	(7,940)	(119,000)	(87,356)
Other comprehensive income / (loss) for the period	<u>2,228,422</u>	<u>(635,819)</u>	<u>1,593,104</u>	<u>(1,213,164)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>77,102,272</u></u>	<u><u>56,476,159</u></u>	<u><u>239,735,395</u></u>	<u><u>182,956,065</u></u>

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager

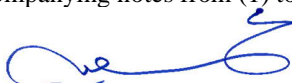


Mohammed Saïed Al Hammadi
Managing Director & CEO

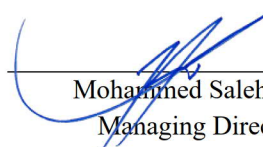
Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Financial Position
(In Saudi riyals)

	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	(8)	1,674,409,466	1,606,179,197
Advance payments for acquisition of property and equipment	(9)	-	95,803,611
Intangible assets		25,894,862	28,538,729
Investment in associate	(10)	125,397,894	124,244,424
Total non-current assets		1,825,702,222	1,854,765,961
Current assets			
Inventories		55,062,760	56,232,718
Other receivables		9,787,382	7,182,309
Prepayments		14,310,217	14,755,274
Contract assets		9,236,912	7,254,486
Trade receivables	(11)	486,454,108	481,054,832
Cash and cash equivalents		185,742,634	60,602,485
Total current assets		760,594,013	627,082,104
TOTAL ASSETS		2,586,296,235	2,481,848,065
EQUITY AND LIABILITIES			
EQUITY			
Share capital	(12)	1,600,000,000	1,600,000,000
Statutory reserve		37,022,854	37,022,854
Retained earnings		201,275,230	73,539,835
TOTAL EQUITY		1,838,298,084	1,710,562,689
LIABILITIES			
Non-current liabilities			
Loans – Non current portion	(14)	162,430,918	202,958,673
Government grants	(15)	108,110,731	114,937,924
Lease liabilities	(16)	113,191,810	114,510,325
Employees' terminal benefits	(17)	83,349,095	78,826,036
Total non-current liabilities		467,082,554	511,232,958
Current liabilities			
Loans – Current portion	(14)	28,845,537	29,163,829
Government grants	(15)	9,102,925	9,102,925
Lease liabilities	(16)	12,617,109	14,469,351
Accrued zakat		15,215,228	16,898,535
Trade payables	(18)	69,021,258	87,043,622
Accrued expenses		46,546,294	35,503,787
Other payables	(19)	34,058,270	25,041,463
Contract liabilities		65,508,976	42,828,906
Total current liabilities		280,915,597	260,052,418
TOTAL LIABILITIES		747,998,151	771,285,376
TOTAL EQUITY AND LIABILITIES		2,586,296,235	2,481,848,065

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO


Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Equity
(In Saudi riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total equity
As at 1 January 2022 (Audited)		1,200,000,000	73,230,165	386,059,072	1,659,289,237
Net profit for the period		-	-	184,169,229	184,169,229
Other comprehensive loss for the period		-	-	(1,213,164)	(1,213,164)
Total comprehensive income for the period		-	-	182,956,065	182,956,065
Transferred to increase share capital	(12)	400,000,000	(61,940,928)	(338,059,072)	-
Dividends	(13)	-	-	(144,000,000)	(144,000,000)
As at 30 September 2022 (Unaudited)		1,600,000,000	11,289,237	86,956,065	1,698,245,302
As at 1 January 2023 (Audited)		1,600,000,000	37,022,854	73,539,835	1,710,562,689
Net profit for the period		-	-	238,142,291	238,142,291
Other comprehensive income for the period		-	-	1,593,104	1,593,104
Total comprehensive income for the period		-	-	239,735,395	239,735,395
Dividends	(13)	-	-	(112,000,000)	(112,000,000)
As at 30 September 2023 (Unaudited)		1,600,000,000	37,022,854	201,275,230	1,838,298,084

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)

		For the nine- month period ended	
		30 September	30 September
		2023	2022
	Note	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Net profit of the period		238,142,291	184,169,229
Adjustments for non-cash items:			
Depreciation of property and equipment and right of use assets		72,741,089	74,337,904
Amortization of intangible assets		2,668,868	2,794,056
Loss on disposal of property and equipment		1,441,926	-
Gains on disposal of right of use assets		(489,462)	-
Share of profit from associate	(10)	(1,272,470)	(3,559,465)
(Reversal of) / provision for allowance for expected credit loss		(6,321,399)	35,603,713
Government grants amortization	(15)	(6,827,193)	(15,137,934)
Current services cost of employees' terminal benefits	(17)	8,859,454	9,290,995
Contract liability formed during the period		36,251,514	38,136,445
Finance cost		19,658,733	14,557,139
Zakat expense		15,000,000	15,000,000
		379,853,351	355,192,082
Working capital adjustments:			
Inventories		1,169,958	5,982,304
Other receivables		(2,600,637)	(2,951,613)
Prepayments		615,564	(23,697,088)
Contract assets		5,302,207	(6,748,208)
Net changes in related parties		(9,118,564)	(365,552)
Trade receivables		(6,059,623)	(147,487,824)
Trade payables		(9,949,496)	(1,659,872)
Accrued expenses		11,042,507	(2,314,574)
Other payables		8,392,655	(4,496,758)
Contract liabilities		(13,571,444)	(44,816,947)
Cash from operations		365,076,478	126,635,950
Employees' terminal benefits paid	(17)	(5,896,716)	(7,653,378)
Zakat paid		(16,683,307)	(18,207,612)
NET CASH FLOWS FROM OPERATING ACTIVITIES		342,496,455	100,774,960

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)

		For the nine- month period ended	
		30 September	30 September
		2023	2022
	Notes	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES			
Purchase of property and equipment		(47,070,238)	(11,229,317)
Advance payments for acquisition of property and equipment		-	(95,803,611)
Purchase of intangible assets		(25,000)	(83,125)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(47,095,238)	(107,116,053)
FINANCING ACTIVITIES			
Proceeds from short term loans		54,118,000	146,239,637
Repayment of long and short term loans		(101,455,000)	(63,576,637)
Lease liabilities paid	(16)	(7,826,441)	(7,454,973)
Finance cost paid		(3,721,779)	(3,196,343)
Dividends paid		(111,375,848)	(143,316,940)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(170,261,068)	(71,305,256)
Net changes in cash and cash equivalents		125,140,149	(77,646,349)
Cash and cash equivalents at 1 January		60,602,485	120,857,509
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		185,742,634	43,211,160

Supplementary information for non-cash transactions

Additions to property and equipment		-	3,891,391
Transfer from advance payments for acquisition of property & equipment to property & equipment	(9)	95,803,611	-
Transfer from lease liabilities to trade payables	(16)	592,865	348,608
Amounts due from related parties		-	55,764
Dividends payable	(13)	2,245,005	683,060

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

1. Corporate information

Al Hammadi Holding Company (the “Company”) is a Saudi joint stock company registered under Commercial Registration No. 1010196714 issued on 23 Safar 1425H (corresponding to: 13 April 2004) in Riyadh city. The Company’s shares are listed in Saudi Stock Exchange (Tadawul) since 17 Ramadan 1435H (corresponding to 15 July 2014).

The Company’s registered address is P.O. Box 10112, Riyadh 11443, Saudi Arabia.

The main activities of the Company are represented in managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to them, investing its money in shares and other securities in accordance with legal and regulatory controls, owning real estate and movables necessary to conduct its activities, and providing loans, guarantees and financing to its subsidiaries, Owning property rights including patents, trademarks, industrial rights, franchises and other intangible rights, exploiting and leasing them to its subsidiaries or others, and owning, developing and investing real estate by selling, buying, renting, leasing, managing, operating and maintaining it. The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent agencies, if any.

On 20 June 2022, the Company’s shareholders in the general assembly agreed to change the Company’s name from Al Hammadi Company for Development and Investment to Al Hammadi Holding Company, and to amend the Company's objectives. The Company's fiscal year begins on the first of January of each year and ends at the end of December of each calendar year.

On 27 Muharram 1444H (corresponding to: 25 August 2022), the Company completed the statutory procedures to approve the amendments to the Company's Articles of Association and Commercial Register.

Details of subsidiary the companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest	
				2023	2022
Medical Support Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Pharmaceutical Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Al-Hammadi for Hospitals Operations and Management Company Limited*	Saudi Arabia	Trading Company	Saudi Riyals	-	100%
Medical Industries Company Limited	Saudi Arabia	Industrial Company	Saudi Riyals	100%	100%

*On 15 Jumada Al-Akhirah 1444H (corresponding to: 8 January 2023), Al-Hammadi for Hospitals Operations and Management Company Limited transformed into a branch under Al-Hammadi Holding Company and its name was changed to Al-Hammadi for Hospitals Operations for Management for Operation and Maintenance.

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

1. Corporate information- Continued

These condensed consolidated interim financial statements include the accounts of the Group and the following branches, which operate under separate commercial registrations:

Branch Name	Commercial Registration No.	City
Al Hammadi Hospital, Olaya – branch	1010263026	Riyadh
Al Hammadi Hospital, Al-Suwaidi- branch	1010934227	Riyadh
Al Hammadi Hospital, Al-Nuzha – branch	1010374270	Riyadh
Al Hammadi Hospitals Group	1010740187	Riyadh
Al-Hammadi for Hospitals Operations and Management for Operation and Maintenance	1010374269	Riyadh
Maintenance & Operations	1010374273	Riyadh
Arabian Hospitality	1010610529	Riyadh
Medical Support Services Training Center	1010500366	Riyadh
Medical Support Services Female Training Center	1010651084	Riyadh
Home Medical Care	1010610897	Riyadh
Continuous Medical Education Center	1010503393	Riyadh
Medical Diagnostic Center for Medical Services	1010610524	Riyadh
Telemedicine Limited	1010610532	Riyadh
Unified Procurement Limited	1010610555	Riyadh
Bio and Pharmaceutical Industries Complex	1126105966	Sudair

2. Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Report” endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the group as of 31 December 2022 (the “Last year annual financial statements”). These condensed consolidated interim financial statements do not include all the information required to prepare a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Accounting policies and specific explanatory notes to explain events and transactions important to understand changes in the financial position and financial performance of the group have been included in the financial statements for the previous year. The results for the nine-month period ending on 30 September 2023 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2023.

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the employee's terminal benefits which is measured at the present value of future obligations using the Projected Unit Credit method.

2.3 Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

The assumptions and estimates are continually evaluated and they are based on past experience and other factors, including expectations of future events that are relevant to the circumstances. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group. Unless otherwise stated all figures are rounded to the nearest Riyal (Saudi Riyal).

4. Basis of consolidation

These condensed consolidated interim financial statements comprising the condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows and notes to the condensed consolidated interim financial statements of the Group including assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill in condensed consolidated interim statement of financial position. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

5. Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Group last year annual consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements as at 30 September 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)

6. Segment information

Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker.

The Group's operations consist mainly of the medical services and pharmaceuticals products segment.

The following are selected financial information as at 30 September 2023, 30 September 2022 and 31 December 2022 by business segment:

- Medical Services segment: Fees imposed on hospitals' services for inpatient and outpatient.
- Pharmaceutical's products segment.

	Medical Services		Pharmaceutical Products		Total	
	2023	2022	2023	2022	2023	2022
For the nine-month period ended 30 September (Unaudited)						
Revenue	699,363,116	629,525,882	173,717,925	150,227,956	873,081,041	779,753,838
Gross Profit	284,309,584	254,265,469	41,049,035	34,402,553	325,358,619	288,668,022
Depreciation and amortization	73,135,712	74,835,233	2,274,245	2,296,727	75,409,957	77,131,960
Net profit for the period	223,691,878	178,085,038	14,450,413	6,084,191	238,142,291	184,169,229

	Medical Services		Pharmaceutical Products		Total	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
For the period / year ended as at						
Total assets	2,292,863,000	2,187,944,648	293,433,235	293,903,417	2,586,296,235	2,481,848,065
Total liabilities	683,954,613	717,028,573	64,043,538	54,256,803	747,998,151	771,285,376

7. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Net profit for the period	238,142,291	184,169,229
Weighted average number of ordinary shares	160,000,000	160,000,000
Basic and diluted earnings per share	1.49	1.15

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.

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

8. Property and equipment

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Property and equipment	1,547,160,575	1,470,140,010
Right of use assets	127,248,891	136,039,187
	1,674,409,466	1,606,179,197

Land and buildings disclosed above basically include a part of lands with a value of SAR 152.5 million (31 December 2022: SAR 152.2 million) and a part of buildings with a net book value of SAR 889.3 million as at 30 September 2023 (31 December 2022: SAR 912.4 million) pledged as a collateral for a long-term loan from the Ministry of Finance to fund part of the construction of the hospital in Al-Suwaidi area and its housing compound in addition to the construction of the hospital in Al Nuzha area.

9. Advance payments for the acquisition of property and equipment

On 28 March 2022, the Company (“the buyer”) signed with Al-Narjes Community Real Estate Developer (the “Developer”) a land purchase agreement (“the Block”) with a total area of 19,202.68 sqm in Al Narjis District, for the purpose of establishing a hospital on it, with a total amount of 115,600,133 Saudi Riyals, excluding real estate tax and commission fees; so that the first payment in the amount of 92,480,106 Saudi riyals (80% of the price of the land) is due upon signing the contract in addition to commission fees of 3,323,505 Saudi Riyals, and the second payment with the amount of 23,120,026 Saudi Riyals (20% of the price of the land) is to be paid upon title transfer.

On 12 February 2023, the Company paid the remaining amount of 23,120,026 Saudi Riyal from the price of the Narjis land in addition to real estate tax of 5,780,007 Saudi Riyal accordingly, the land title deeds ownership has been transferred to the Company, and the balance has been transferred to the property and equipment during the period.

10. Investment in associate

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	124,244,424	120,258,664
Company’s share of net profit	1,272,470	4,075,422
Company’s share of other comprehensive loss	(119,000)	(89,662)
Balance at the ending of the period / year	125,397,894	124,244,424

11. Trade receivables

		30 September 2023	31 December 2022
	Note	(Unaudited)	(Audited)
Trade receivables		645,873,723	639,814,100
Amounts due from related parties	(20)	477,830	-
		646,351,553	639,814,100
Allowance for expected credit loss		(159,897,445)	(158,759,268)
Net trade receivables		486,454,108	481,054,832

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

11. Trade receivables - continued

The summary for the movement of allowance for expected credit loss is as follows:

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	158,759,268	243,344,449
Charge during the period / year	1,138,177	44,480,432
Written off bad debts during the period / year	-	(129,065,613)
Balance at the ending of the period / year	159,897,445	158,759,268

Indicators of impairment in the value of trade receivables are reviewed at the end of the reporting period. The allowance expected credit loss is adjusted in proportion to the periodic changes that occur in these indicators. In the management opinion, there was no decrease in the value of trade receivables other than what was recorded as an allowance for expected credit loss.

12. Share capital

The Company's share capital as at 30 Sep 2023 is 1,600 million Saudi riyals (31 December 2022: 1,600 million Saudi riyals) consisting of 160 million ordinary shares (31 December 2022: 160 million ordinary shares), fully paid up with a nominal value of 10 Saudi riyals.

During 2022, the Company has completed the procedures and statutory requirements to increase the Company's capital by 33%, by granting free shares to the shareholders by capitalizing the retained earnings and part of the statutory reserve with a total amount of 400 million Saudi riyals, after the approval of the Capital Market Authority (CMA) that was issued on 18 May 2022 in light and approval of the Extraordinary General Assembly of the Company held on 20 June 2022.

13. Dividends

The Board of Directors of the Company approved, in its meeting held on 21 Sha'ban 1443H (corresponding to: 24 March 2022), the distribution of interim cash dividends of 48 million Saudi Riyal to the Company's shareholders for the first quarter of 2022 at a rate of 0.40 Saudi riyals (40 Halalas) per share. The Company's General Assembly, held on 21 Dhu Al-Qa'dah 1443H (corresponding to: 20 June 2022), approved the dividends.

The Board of Directors of the Company approved, in its meeting held on 3 Dhu Al-Qa'da 1443H (corresponding to 2 June 2022), the distribution of interim cash dividends of 48 million Saudi Riyal to the Company's shareholders for the second quarter of 2022 at a rate of 0.40 Saudi riyals (40 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends for the fiscal year 2022 in accordance with the decision of the Ordinary Assembly on 5 Jumada Al-Awwal 1443H (corresponding to 9 December 2021).

The Board of Directors of the Company approved, in its meeting held on 15 Safar 1444 (corresponding to 10 September 2022), the distribution of interim cash dividends of SAR48 million to the Company's shareholders for the third quarter of 2022 at a rate of 0.30 Saudi riyals (30 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends for the fiscal year 2022 in accordance with the decision of the Ordinary Assembly on 05 Jumada Al-Awwal 1443 (corresponding to: 09 December 2021).

The Board of Directors of the Company approved, in its meeting held on 10 Shaban 1444H (corresponding to: 2 March 2023), the distribution of interim cash dividends of 56 million Saudi Riyal to the Company's shareholders for the first quarter of 2023 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2023 in accordance with the decision of the Ordinary Assembly on 21 Dhu al-Qi`dah 1443H (corresponding to: 20 June 2022).

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

13. Dividends - continued

The Board of Directors of the Company approved, in its meeting held on 29 Dhu Al-Qa'da 1444H (corresponding to: 18 June 2023), the distribution of interim cash dividends of 56 million Saudi Riyal to the Company's shareholders for the second quarter of 2023 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2023 in accordance with the decision of the Ordinary Assembly on 21 Dhu al-Qi'dah 1443H (corresponding to: 20 June 2022)

14. Long term loans

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Current portion		
Loans from Ministry of Finance	28,845,537	29,163,829
Total current portion	28,845,537	29,163,829
Non-current portion		
Loans from Ministry of Finance	162,430,918	171,667,309
Loans from commercial banks	-	31,291,364
Total non-current portion	162,430,918	202,958,673
Total	191,276,455	232,122,502

Aggregate maturities of loans are as follows:

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Within one year	18,714,240	20,005,604
From one year but to five years	93,571,200	93,571,200
More than five years	172,236,856	219,573,858
Total	284,522,296	333,150,662

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Future loans payment	284,522,296	333,150,662
Less: un-amortized finance costs	(93,245,841)	(101,028,160)
Present value of loans payment	191,276,455	232,122,502
Less: current-portion of loans	(28,845,537)	(29,163,829)
Non-current-portion of loans	162,430,918	202,958,673

14.1 Loans from Commercial Bank

On 12 Ramadan 1443 (corresponding to: 13 April 2022), the Company signed a Sharia-compliant bank loan agreement with a local commercial bank, amounting to 365 million Saudi riyals for a financing period of 7 years, including 3 grace years starting from 31 March 2022, to finance expansions and the Company's projects. The loan is collateralized by promissory notes and any other guarantees required by the Bank.

On 8 Ramadan 1444H (corresponding to: 30 March 2023), the Company repaid the non-current part of the long-term loan with amount of 30,000,000 Saudi riyals, in addition to the financing costs due.

On 24 Shaaban 1444H (corresponding to: 16 March 2023), the Company withdrew a short-term financing amount from a bank facilities agreement with a commercial bank with amount of 50,000,000 Saudi riyals that will be repaid within six months from withdrawal date. This financing was repaid on 2 Dhu al-Hijjah 1444H (corresponding to: 20 June 2023).

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

15. Government Grants

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	124,040,849	136,744,609
Government grants amortized for the period/year	(6,827,193)	(17,413,665)
Adjustments	-	4,709,905
Balance at the end of the period/year	117,213,656	124,040,849
Current portion	9,102,925	9,102,925
Non-current portion	108,110,731	114,937,924
	117,213,656	124,040,849

16. Lease Liabilities

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	128,979,676	8,504,226
Additions during the period/year	7,997,683	135,465,060
Disposals during the period/year	(2,749,134)	-
Payments during the period/year	(7,826,441)	(8,155,460)
Transferred to trade payables	(592,865)	(34,150)
Transferred to related parties payables	-	(6,800,000)
Balance at the end of the period/year	125,808,919	128,979,676

Following are the aggregate maturities of un discounted lease liabilities:

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Within one year	13,618,300	15,144,268
From one year to five years	68,009,151	69,108,077
More than five years	108,800,000	115,600,000
Total lease liabilities	190,427,451	199,852,345

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Future minimum lease payment	190,427,451	199,852,345
Less: un-amortized finance lease	(64,618,532)	(70,872,669)
Present value of minimum lease liabilities	125,808,919	128,979,676
Less: current-portion of lease liabilities	(12,617,109)	(14,469,351)
Non-current-portion of lease liabilities	113,191,810	114,510,325

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

17. Employees' terminal benefits

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Present value of defined benefit obligation at beginning of the period \ year	78,826,036	65,853,216
Current service cost	8,859,454	11,903,783
Special commission cost	3,272,425	3,556,072
Remeasurement (gain) / loss on a defined benefit plan recognized in the consolidated statement of comprehensive income	(1,712,104)	5,973,054
Benefits paid during the period / year	(5,896,716)	(8,460,089)
Present value of defined benefit obligation at end of the period / year	83,349,095	78,826,036

18. Trade payable

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Vendors payable	68,544,568	77,926,198
Amounts due to related parties	476,690	9,117,424
	69,021,258	87,043,622

19. Other payable and accruals

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Dividend payable	2,245,005	1,620,853
Retention from others	15,482,485	15,188,907
Legal provisions	2,305,000	2,305,000
VAT	9,041,275	-
Other	4,984,505	5,926,703
	34,058,270	25,041,463

20. Related party transactions and balances

The Group in the normal course of business carries on business with other enterprises and individuals that fall within the definition of a related party as per IFRS. These transactions are carried out in normal course of the business and are measured at exchange amounts, being the amounts agreed by both parties. The transactions are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the period/ year are unsecured, interest free and to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties for the period ended as at 30 September 2023 (31 December 2022: nil).

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

20. Related party transactions and balances – continued

During the ordinary course of business, the Group engaged in several significant transactions with related parties (i.e., major shareholders of the Group) as disclosed below:

	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
Compensation to key management members	5,739,466	6,888,767
Purchases from companies owned by shareholders	5,395,212	5,481,174
Rental expense paid to shareholders	12,900,000	8,075,000
Rental expense paid to relatives of shareholders	700,000	630,000
Clinical services rendered to shareholders	86,900	13,054

Significant period/ year-end balances from transactions with related parties are as follows:

Amounts due from related party

		30 September 2023	31 December 2022
	Note	(Unaudited)	(Audited)
Main shareholders and relatives	(11)	477,830	-
		477,830	-

Amounts due to related party

		30 September 2023	31 December 2022
	Note	(Unaudited)	(Audited)
Main shareholders and relatives	(18)	476,690	9,117,424
		476,690	9,117,424

21. Commitments and Contingencies

Letters of guarantee

The Group has letters of guarantee issued in the course of the normal business of the group with a total value of approximately 23 million Saudi Riyals (31 December 2022: approximately 11.6 million Saudi Riyals).

Legal cases provision

There are some legal cases, in the normal course of business, that are still pending in front of the competent authorities, and the management works to resolve them, but the final outcome of these cases is not certain. The management closely monitors the updates and takes the necessary provision, based on the principle of conservatism. The management believes that the current provisions are sufficient and it does not expect that the results of these cases will be material to the condensed consolidated interim financial statements of the Group.

22. Financial assets and financial liabilities

Financial instruments risk management objectives and policies

The main financial instruments carried on the Group's statement of financial position include cash and cash equivalents, trade receivables, other receivables, due from related parties, trade payables, loans, due to related parties, accrued expenses and other payables. The main purpose behind the Group's financial liabilities is to finance the operations and to provide guarantees to support the operations.

The Group's activities exposed it to various risks. These risks are: Market risk (which includes: Currency risk, fair value and cash flow interest rate risks and price risk), Credit risk and Liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include: loans, borrowings and deposits.

Currency Risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk. The Group has also some transactions in EURO which were not significant as at 30 September 2023 and 31 December 2022.

Fair value and cash flow interest rate risks

The exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group monitors the commission rate fluctuations on a continuous basis and acts accordingly. The Group's commission rates principally relate to its borrowings and are subject to change on periodic basis.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is currently not exposed to price risk as it has no investments in marketable securities.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group places its cash with banks that have sound credit ratings. Trade receivables and due from related parties are carried net of allowance for expected credit loss.

The maximum credit risk for the Group is as follows, and most of them are unsecured:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	486,454,108	481,054,832
Other receivables	9,787,382	7,182,309
Cash held in banks	185,540,109	60,151,375
Total	681,781,599	548,388,516

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

22. Financial assets and financial liabilities - continued

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The table below summarizes the maturities of the Company's financial liabilities, based on contractual payment dates and current market interest rates:

As at 30 September 2023 (Unaudited)	Payment required	Within one year	From 1 year to 5 years	More than five years	Total as of 30 Sep 2023
Loans	-	18,714,240	93,571,200	172,236,856	284,522,296
Trade payables	69,021,258	-	-	-	69,021,258
Accrued expenses	46,546,294	-	-	-	46,546,294
Other payables	34,058,270	-	-	-	34,058,270
Lease liabilities	-	13,618,300	68,009,151	108,800,000	190,427,451
	<u>149,625,822</u>	<u>32,332,540</u>	<u>161,580,351</u>	<u>281,036,856</u>	<u>624,575,569</u>

As at 31 December 2022 (Audited)	Payment required	Within one year	From 1 year to 5 years	More than five years	Total as of 31 December 2022
Loans	-	20,005,604	93,571,200	219,573,858	333,150,662
Trade payables	87,043,622	-	-	-	87,043,622
Accrued expenses	35,503,787	-	-	-	35,503,787
Other payables	25,041,463	-	-	-	25,041,463
Lease liabilities	-	15,144,268	69,108,077	115,600,000	199,852,345
	<u>147,588,872</u>	<u>35,149,872</u>	<u>162,679,277</u>	<u>355,173,858</u>	<u>680,591,879</u>

Capital Management

The Group's objective when managing capital is to preserve the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintaining a strong capital base to support the sustainable development of its business.

The ratio of the Group's adjusted net liabilities to the Group's equity is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Total liabilities	747,998,151	771,285,376
Less: Cash at banks	(185,540,109)	(60,151,375)
Net liabilities	<u>562,458,042</u>	<u>711,134,001</u>
Total equity	<u>1,838,298,084</u>	<u>1,710,562,689</u>
Net liabilities to Total equity	<u>0.31</u>	<u>0.42</u>

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. There have been no changes to the objectives, policies and procedures for capital management during the period /years ended as at 30 September 2023 and to 31 December 2022.

22. Financial assets and financial liabilities - continued

Fair Value

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents and trade receivable. Financial liabilities consist of loans, trade payable, accrued expenses and other payables 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.

23. Subsequent events

The Board of Directors of the Company approved, in its meeting held on 20 Rabi Al-Thani 1445H (corresponding to: 4 November 2023), the distribution of cash dividends of 56 million Saudi Riyals to the Company's shareholders for the third quarter of year 2023 at a rate of 0.35 Saudi Riyals (35 Halalas) per share.

24. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved by the board of directors on 20 Rabi Al-Thani 1445H (corresponding to: 4 November 2023).
