



Al Hammadi
Holding

Advancing
HEALTHCARE

Annual Report 2023



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Advancing Healthcare

Annual Report 2023

Al Hammadi is an integrated healthcare company and premier hospital operator providing world-class healthcare services to hundreds of thousands of local and foreign residents.

INTRODUCTION



Al Hammadi at a Glance

Al Hammadi Holding is an integrated healthcare group and a leading hospital operator in Riyadh, Saudi Arabia (KSA). Operating through its two hospitals in the capital city, which collectively house 600 inpatient rooms and 220 outpatient clinics, Al Hammadi provides Riyadh's diverse population with access to high-quality medical services and experts, effectively catering to the healthcare needs of thousands of locals and expatriates each year. Its Al Nuzha and Al Suwaidi facilities are strategically situated in prominent and underserved neighborhoods across Riyadh, enabling the Group to establish itself as the go-to provider in both catchment areas. Today, Al Hammadi caters to a diverse patient mix, primarily consisting of premium patient segments with a particular focus on Class A/VIP patients. The Group also accommodates patients redirected from the Kingdom's Ministry of Health (MoH), capitalizing on its solid relationships and long-standing track record with local authorities.

While focusing on delivering operational excellence, the Group remains committed to expanding its presence in Riyadh. Over the years, Al Hammadi has centered its expansionary plans in the capital to align with the government's ambitious 2030 vision for the city, which aims to establish Riyadh as a regional hub for business, culture, and innovation. Over the coming five years, Al Hammadi plans to inaugurate two new facilities, housing a total of 400 inpatient rooms and 240 outpatient clinics. Thanks to their strategic location in the northern part of the Kingdom's capital, the two facilities will allow the Group to capture

a large share of the expected rise in demand stemming from Riyadh's growing population and will cement the Al Hammadi brand in the city's healthcare landscape.

Complementing its traditional hospital service offering, Al Hammadi is also an active player in the pharmaceutical distribution and manufacturing segments. Today, Al Hammadi offers pharmacy services through a network of physical stores currently located within its two hospitals. Building on this, the Group is aiming to roll out five new retail pharmacy stores in 2024, as well as an online pharmacy service. At the same time, with a 35% stake in Sudair Pharmaceutical Company (SPC) since 2021, the Group is taking on a more direct role in the manufacturing of pharmaceuticals with the goal of supporting the government's ambitions for pharmaceutical and health security. Finally, through its wholly owned subsidiary, Pharma Serve, the Group has become a leading player in the country's vaccine procurement and distribution segments, concluding sales worth more than SAR 525 million since its acquisition of the subsidiary in 2018.

Al Hammadi boasts international accreditations and certificates, including the Association for the Advancement of Blood & Biotherapies, Joint Commission on Accreditation of Healthcare Organizations (JCI), Healthcare Information and Management Systems Society (HIMSS), College of American Pathologists (CAP), Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), the American College of Cardiology (ACC) accreditation.



One of the leading private operators in Riyadh, with substantial market share across upper class patients



Operator of two world-class hospitals in Riyadh



Geographically focused business model with a presence in adjacent segments of the healthcare industry



Efficient procurement system and long-lasting relationships with medical equipment providers



Strong collection framework



Access to a large network of leading medical professionals and in-house training and development capabilities



Proven track record of operational and financial excellence with attractive margin profile supported by appealing pricing dynamics, large operating leverage, supportive patient-mix, and efficiency resource management



Experienced management team encompassing medical and non-medical expertise to ensure the sustainable growth of the business

Riyadh


Al Narjis
Hospital


Al Nuzha
Hospital


Olaya Hospital


Al Suwaidi
Hospital

2023 KEY FACTS



2

Operational Facilities
in Riyadh



+600

Operational Bed
Capacity



+220

Operational
Outpatient Clinics



40.6k

Inpatient Cases Served
in 2023



1.0mn

Outpatient Cases
Served in 2023



2

New Hospitals
Planned



25.8%

Net Profit Margin in
2023 (vs 22.9% in 2022)



1,177^{SAR}_{MN}

Group Revenues in
2023 (up 5% y-o-y)

Our Accreditations



American College of Cardiology (ACC) – Cath Lab Accreditation



College of American Pathologists (CAP)



Association for the Advancement of Blood & Biotherapies



Healthcare Information and Management Systems Society (HIMSS)



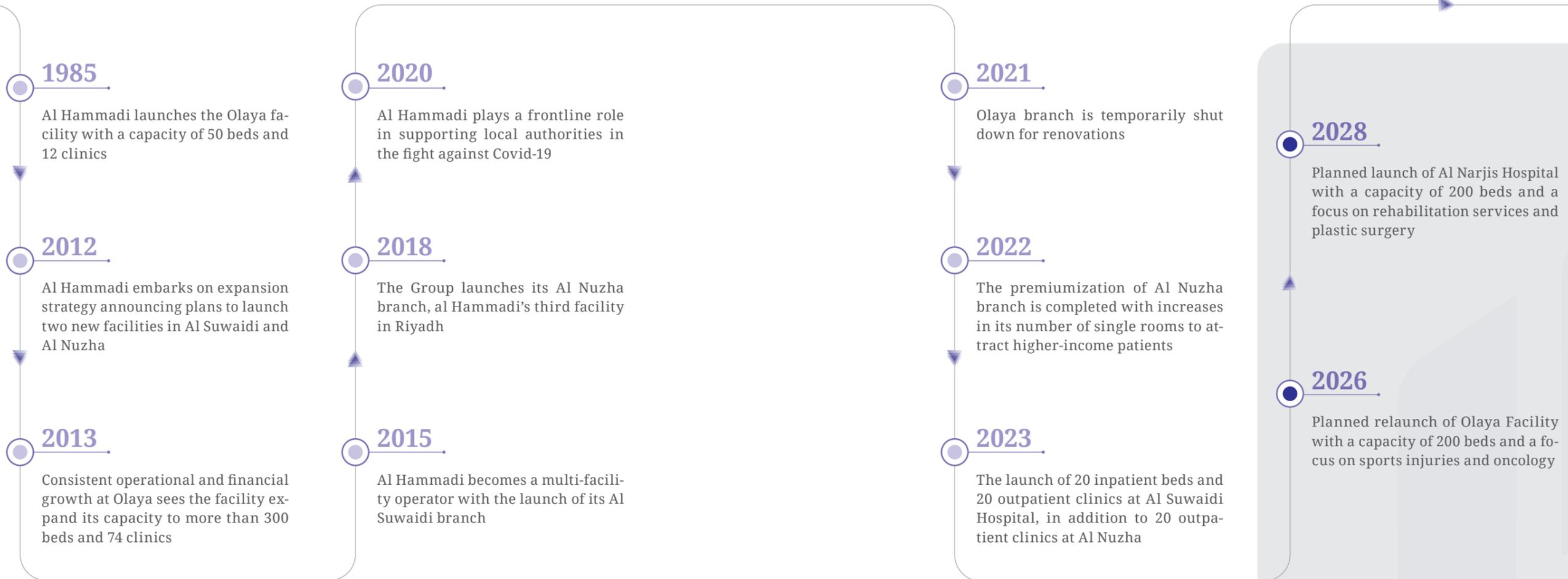
Joint Commission on Accreditation of Healthcare Organizations (JCI)



Saudi Central Board for Accreditation of Healthcare Institutions

Our Story

Al Hammadi boasts a 35-year track record of medical and operational excellence. Today, the Group stands as a trusted healthcare partner for thousands of patients in Riyadh, with ambitious plans to continue expanding its presence across both its traditional hospital business and other adjacent segments of the healthcare industry.



A Message from Our Chairman



Dr. Abdulaziz Bin Mohammed Bin Hamad Al Hammadi
Chairman of the Board

Dear Shareholders,

As we end yet another successful year of operations, I cannot help but reflect on the passing of our revered chairman, Saleh Mohammed Hamad Al Hammadi, whose legacy of leadership, wisdom, and unwavering commitment to our organization will forever inspire us. As we embark on this new chapter, we will honor his memory by continuing to uphold the values he championed and delivering on his vision for the Group.

The Group's journey started back in 1985 when we launched our first 50-bed hospital in Riyadh. While our operations and reach were small, our ambition and visions were not. Fast-forward to 2023, Al Hammadi now stands as a trusted hospital operator in one of the fastest-growing cities in the region, operating two world-class facilities with another two on the way. In parallel, we are rapidly expanding our presence in adjacent segments, including pharmaceutical manufacturing and retail distribution, as well as vaccine importing. Throughout our journey of growth and development, our mission and guiding principles have remained unchanged as we work day in and day out to provide Riyadh's residents with the services and the tools to improve their health and quality of life.

In 2023, we made significant strides in our growth and expansionary strategy, as we increased capacities across our hospitals, broadened our portfolio to encompass a wider range of medical services, and strategically expanded our footprint within Riyadh. In doing so, we cemented our leading position within the capital city's premium

class patients, further establishing the Al Hammadi brand as a partner of choice for patients' healthcare needs.

The year also saw us achieve robust financial and operational results, capitalizing on the strengths of our dynamic business model. Delving deeper into this year's financials, we recorded SAR 1,177 million in revenues, a growth of 5% versus last year. Further down the income statement, we reaped the benefits of our cost management strategies and operational efficiency to record margin enhancements at all levels of profitability, with our bottom line recording a growth of 18% in 2023, with an associated margin of 26%.

As a home-grown company, we are wholeheartedly aligned with the goals of Saudi Vision 2030, particularly the government's aspirations to enhance self-sufficiency in the pharmaceutical and health industries. As such, we continue to invest in cutting-edge technology and state-of-the-art facilities, to be at the forefront of the nation's goals toward innovation and transformation. One example of this is our recent expansion of manufacturing platforms for vaccines and vital medicines, which will see us become a favorable option under the Vision's goals to promote local production and push toward the nation's self-sufficiency in vital medicines.

Looking ahead, we are also excited about the expected trajectory of Riyadh as it evolves into a commercial hub, with a growing local and expat population across the city. Our commitment to doubling our capacities and establishing two new facilities ideally positions us to capture a significant share of the

“While our operations and reach were small, our ambition and visions were not. Fast-forward to 2023, Al Hammadi now stands as a trusted hospital operator in one of the fastest-growing cities in the region.”

rising demand in healthcare services, further solidifying the Group within Riyadh's dynamic healthcare landscape.

In closing, I would like to thank our hard-working team, without whom none of our achievements over the past year would have been possible. Together, I am certain that we will embrace the opportunities and challenges that lie ahead and continue to make a lasting impact on the health and well-being of Riyadh's residents.

STRATEGIC REPORT



CEO Review



Mohammad S. Al Hammadi
Chief Executive Officer

The past twelve months have been marked by robust operational and financial progress for the Company but also by great loss as we mourned our esteemed Chairman and founder, Saleh M. Al Hammadi, who passed away in November 2023. Mr. Al Hammadi was not only a fantastic businessman who successfully grew the Al Hammadi group into the leading player that it is today, but he was also an exceptional father, and we hope to honor his legacy by continuing to serve our patients, communities, and shareholders to the best of our abilities.

Cultivating Profitable Growth

During 2023, we continued to deliver profitable growth while also making significant strides in executing our long-term expansion strategy by increasing our presence in Riyadh and developing our adjacent segments. Most importantly, throughout the year, we delivered world-class quality and care to our patients, driving lasting improvements in the communities we operate in and further establishing the Al Hammadi brand in our chosen markets.

Turning to this year's results, revenue for the year expanded 5% versus the previous twelve months driven by solid growth across our medical services and in-house pharmacies. Throughout 2023, in line with our longer-term pricing strategy, we observed a decline in volumes resulting from the annual reclassification process conducted by insurance companies, which elevated our hospitals' ranking to class A/A+/VIP from the previous

year's class B+/A/VIP. This particularly impacted patient volumes in Al Suwaidi which is located in a catchment area with lower average disposable income than Al Nuzha. We expect volumes to gradually recover in the coming twelve months as corporate patients adjust to our new classification. Lower volumes were more than offset by the strategic price hikes introduced at the start of the year as well as by our service mix optimization efforts, which saw our facilities increasingly focused on more complicated and expensive procedures during the year.

Further down the income statement, we recorded gross profits of SAR 433 million, marking a 3% y-o-y increase, with an associated margin of 37%, unchanged from the previous year. Our focus on cost control and prudent management, alongside lower SG&A expenses for the year, resulted in a 17% y-o-y expansion in our operating profit, totaling SAR 347 million in 2023. Finally, net profit booked SAR 303 million in 2023 representing an 18% increase compared to the previous year and a three-percentage-point increase in our bottom-line margin, showcasing the success of our expansion strategies in delivering sustainable growth for the Group.

A Future-ready Business

In line with our long-term targets to grow inpatient and outpatient capacity, during 2023 we expanded across both our existing hospitals providing them with the room to absorb the expected rise in demand as the

“**Most importantly, throughout the year, we delivered world-class quality and care to our patients, driving lasting improvements in the communities we operate in and further establishing the Al Hammadi brand in our chosen markets.**”

government realizes its long-term vision for Riyadh. More specifically, at our Al Suwaidi facility we inaugurated 20 new outpatient clinics as well as 20 new inpatient rooms, while at Al Nuzha hospital we added 20 new outpatient clinics. It is worth noting that across our newly launched clinics in Al Nuzha hospital we successfully maintained utilization rates of 100% throughout the year, highlighting our ability to effectively ramp up new expansions.



While growing our traditional hospital segment, we remained focused on our diversification strategy aimed at expanding across adjacent segments of the healthcare industry to both provide our patients with an integrated experience and support the government's long-term healthcare strategy. On this front, I am happy to report that our in-house pharmacies saw sales rise by 10% y-o-y in 2023. Meanwhile, in October, Sudair Pharmaceuticals, in which Al Hammadi holds a 35% stake, signed a landmark agreement with the National Unified Procurement Company for Medical Supplies (NUPCO) and Sanofi to localize the insulin industry in the Kingdom. As part of the agreement, a new specialized manufacturing and packaging plant for insulin will be established in Saudi Arabia, which will both reduce the import burden on the government and boost access to vital medicine for patients across the country.

A Responsible Business

Recognizing its influential role within the community, Al Hammadi is steadfast in its commitment to uphold responsible business practices, environmental awareness, and social responsibility. We firmly believe that true economic success is intertwined with ethical, social, and environmental considerations, all of which contribute to the long-term sustainability of our organization as a trusted partner for all stakeholders. Our dedication extends beyond delivering exceptional care to the hundreds of thousands of patients we serve annually; but we also prioritize the well-being of our communities through continuous investments of time and resources. Through targeted CSR initiatives, we aim to foster knowledge and perception within our community, ensuring access to essential healthcare awareness for

all. Furthermore, we are unwavering in our commitment to train the next generation of medical professionals and volunteers, looking to elevate the Saudi Arabian healthcare landscape. By continually progressing our Environmental, Social, and Governance (ESG) strategy, we strive to make a positive impact on society, both within and beyond the healthcare sector.

Looking Ahead

We are excited about the opportunities that lie ahead for Al Hammadi in 2024. Across our existing facilities, we will look to drive revenue growth by introducing strategic price increases and supporting a recovery in patient volumes. In parallel, we are looking to bring online another 20 outpatient clinics at Al Suwaidi hospital, taking the total number of new clinics added in the last two years to 40.

At the same time, we will continue to make progress on our longer-term expansions, which will see us launch two new facilities by 2028, adding 400 inpatient rooms and 240 outpatient clinics to our current capacity. Construction work at our Olaya facility is scheduled to begin after the holy month of Ramadan in 2024 and terminate by year-end 2026. Meanwhile, construction work at our facility in Al Narjis is scheduled to kick-off in the final part of 2024 subject to the receipt of all needed regulatory approvals. Both facilities will be tactically located in the northern part of the capital city, allowing us to capitalize on the area's fast growth in the coming years. These efforts are geared towards maximizing value for our shareholders and further cementing our position as a trusted healthcare partner for our growing patient base.

Furthermore, we remain committed to growing our pharmaceutical business, aligning with our overarching goal of becoming a one-stop-shop provider of medical services, while supporting the government's aspirations to enhance self-sufficiency in the pharmaceutical industry. On this front, we are particularly looking forward to the launch of our retail and online pharmacy services, which we are looking to bring online later in 2024.

Dividend Policy

We are committed to prioritizing the interests of our shareholders and maximizing their value, which we achieve by adhering to a clear dividend policy of distributing no less than 60%. With solid results and continuous growth throughout the year, the Company distributed SAR 224 million in cash dividends during FY 2023.

A Big Thank You

The strong results we have achieved over the year wouldn't have been possible without the incredible efforts of our hardworking team. I want to express my heartfelt gratitude to each and every one of you for your exceptional work throughout 2023. Our ability to collaborate harmoniously towards both short-term and long-term targets enhances our collective process, and together, we have laid the groundwork necessary to reach any goal and vision, constantly elevating the Hammadi brand to new heights. Furthermore, I would like to extend my sincere appreciation to the thousands of patients who continue to entrust us with their healthcare needs. We are committed to continuing to serve as your trusted healthcare provider at Hammadi Hospitals in the coming year and beyond.

Our Market

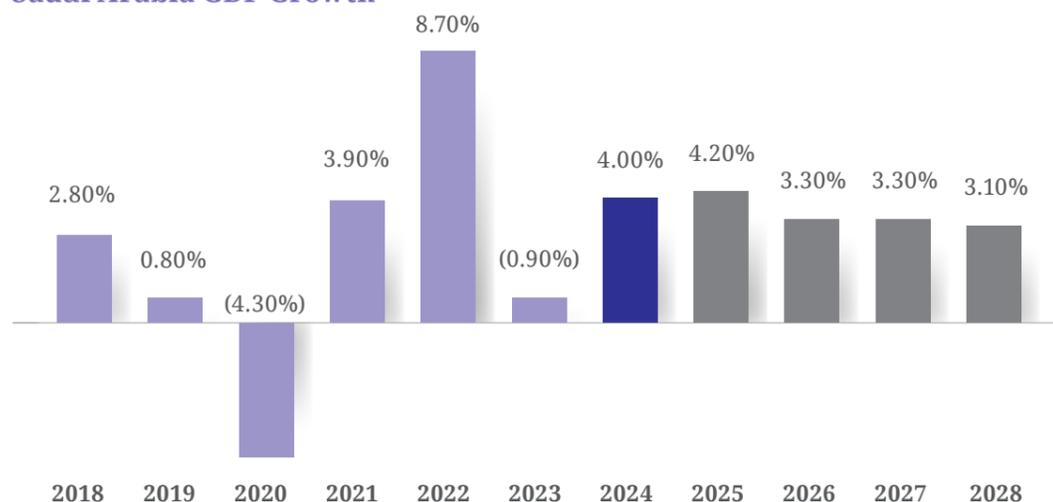
Saudi Arabia: The Macro Picture^{1,2}

In the aftermath of the 2020 pandemic and its global economic impact, KSA demonstrated strong economic recovery with the Kingdom's real GDP growth standing at 7.6% growth. Meanwhile, oil production cuts coordinated with other OPEC+ members saw the country's growth decelerate to 0.8% in 2023. Despite the overall economic slowdown, a closer look at KSA's non-oil sector reveals a positive trend. The non-oil private sector accelerated by 4.8% in 2022 and by 4.6% in 2023 on the back of strong domestic demand. This solid performance in the non-oil sector is further exemplified through the country's Non-Oil Private Sector Purchasing Manager Index (PMI), which has been in strong expansionary territory since mid-2020.

The impressive growth reported by the Kingdom is a testament to KSA's ongoing commitment to Vision 2030, aimed at cultivating a diverse and dynamic economy that is built on self-reliance and sufficiency. The nation has been actively moving away from its historical dependence on oil and building an economy less susceptible to global volatility, ensuring long-term sustainability and prosperity for the Kingdom and its citizens.

Looking ahead, the Kingdom's economic outlook, which combines both oil and non-oil sectors, is promising. Projected real GDP growth currently stands at 4.0% in both 2024 and 2025. At the midway point of Vision 2030, that would leave the Kingdom well-placed to complete its transformation and deliver on its ambitious strategy.

Saudi Arabia GDP Growth¹



¹ International Monetary Fund

² S&P Global

Saudi Arabia Healthcare, Health Insurance, and Pharma Industry^{1,2,3,4,5,6,7,8,9}

Healthcare

KSA boasts one of the fastest-growing populations in the region, characterized by an aging demographic, sedentary lifestyles, and prevalent non-communicable diseases (NCDs). These factors, combined with rising income levels, have led to a steady increase in demand for high-quality healthcare services, a trend expected to persist in the coming years. With this in mind, Vision 2030 has positioned higher quality of life, the well-being of the population, and healthcare transformation at the core of its strategic initiatives. It plans on achieving this by expanding medical services through the wider privatization of the healthcare system, which will, in turn, guarantee the highest standards of care for its residents and address the evolving needs of a growing and aging population.

In 2022, the Saudi government partnered up with the Health Holding Company and the National Health Insurance Center (NHIC) to promote health clusters across the Kingdom. This collaboration aims to decentralize the provision of healthcare services to the population, easing the burden on the public sector and narrowing its responsibilities to only being a regulator within the system.

Prior to that, the Saudi government had also mandated health insurance coverage for all, including both nationals and non-nationals. This initiative was implemented through the mandatory unified health insurance scheme in July 2016, which became fully effective in 2017. This mandate, coupled with the healthcare privatization trend, has made a significant portion of the Saudi Arabian population a target for private providers. As such, current statistics indicate that the health and medical insurance industry, valued at USD 7 billion in 2023, is projected to register a compound annual growth rate (CAGR) of 6% to reach USD 10 billion by 2028.

Insurance

Today, the Saudi private health insurance market is highly monopolized, where the two leading companies, Bupa Arabia and Tawuniya, account for 75% of the market share. Moreover, health insurance providers currently cover only 30% of the working population, a figure that is expected to increase in the coming years. Growth is set to also be supported by the recent governmental policies aimed at fostering a competitive market, which have not only attracted new players but have also spurred increased M&A activity among existing players.

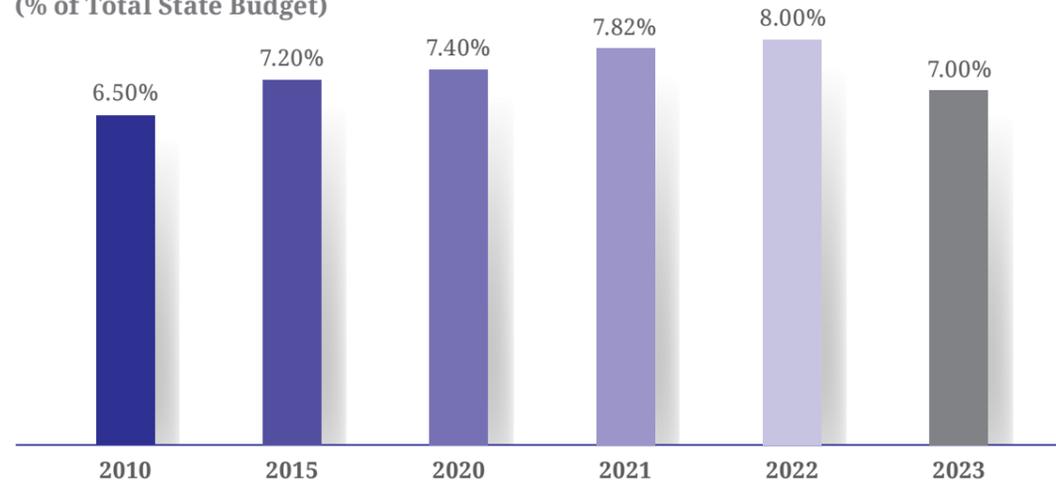
Insurance providers have a wide spectrum of possibilities in the market, as they offer a diverse range of services across various income groups. As an insurance provider, facilitating the accessibility of services to insured residents according to income group and package is an integral part of the role. This involves making services available at private hospitals that may target one or two specific insurance classes based on demographic.

Pharmaceuticals

In the aftermath of the Covid-19 pandemic, countries worldwide have made an increasing push to boost domestic manufacturing and distribution of pharmaceuticals and ensure self-sufficiency of vital medicines. Aligning with this trend, Saudi Arabia's Vision 2030 has prioritized the growth of the country's pharmaceutical market. According to Fitch Solutions, the Kingdom's pharmaceutical market was valued at SAR 44.0 billion in 2022 and is anticipated to reach SAR 56.6 billion by 2027, reflecting a CAGR of 5.2%. In 2022, only 30% of the total drugs in the Saudi market were locally manufactured. Under the Kingdom's ambitious plans, this will increase by 10 percentage points, supported by numerous partnerships and investments directed at enhancing self-capacity and improving manufacturing platforms. Other factors, such as increased penetration of health insurance companies and healthcare reforms, including permitting 100% foreign ownership of pharmaceutical companies, are also expected to contribute to the expansion of the market.

³Ministry of Health (MoH) ⁴World Health Organization (WHO) ⁵Current and future prospective of pharmaceutical manufacturing in Saudi Arabia ⁶Fitch Solutions ⁷Arab News ⁸Future market insights ⁹Mordor Intelligence Industry Reports

Saudi MoH Budget³ (% of Total State Budget)

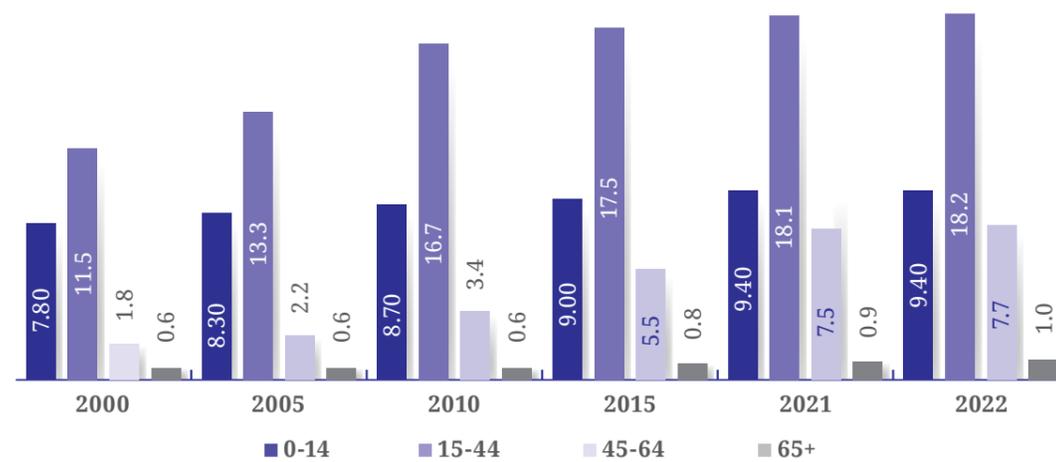


High Demand for Quality Healthcare^{10,11}

KSA's fast-growing and aging population is particularly vulnerable to diseases such as cardiovascular issues, diabetes, cancer, obesity, and other NCDs. According to the World Health Organization (WHO), KSA holds the second-highest diabetes prevalence rate in the Middle East and the seventh-highest diabetes prevalence rate in the world. More specifically, around seven million individuals are believed to have diabetes, with an additional three million having pre-diabetes. Meanwhile, the ongoing demographic shift will see the population aged 40 to 59 increase

by 1.5 times and the population over the age of 60 increase by more than 3 times in the coming decade. This is expected to lead to further increases in the prevalence rates of lifestyle-related diseases and NCDs. In light of the rising demand, the Kingdom's healthcare system has been under escalating pressure to meet the growing needs of its residents. This has seen the government increasingly turn to private sector providers to help bridge the gap, in turn creating more opportunities for private sector players to capitalize on.

KSA Population Demographics¹² (mn)



³Ministry of Health (MoH)

¹⁰Localizing pharmaceuticals manufacturing and its impact on drug security in Saudi Arabia

¹¹Noncommunicable diseases and health system responses in Saudi Arabia: focus on policies and strategies ¹²UN World Population Prospects



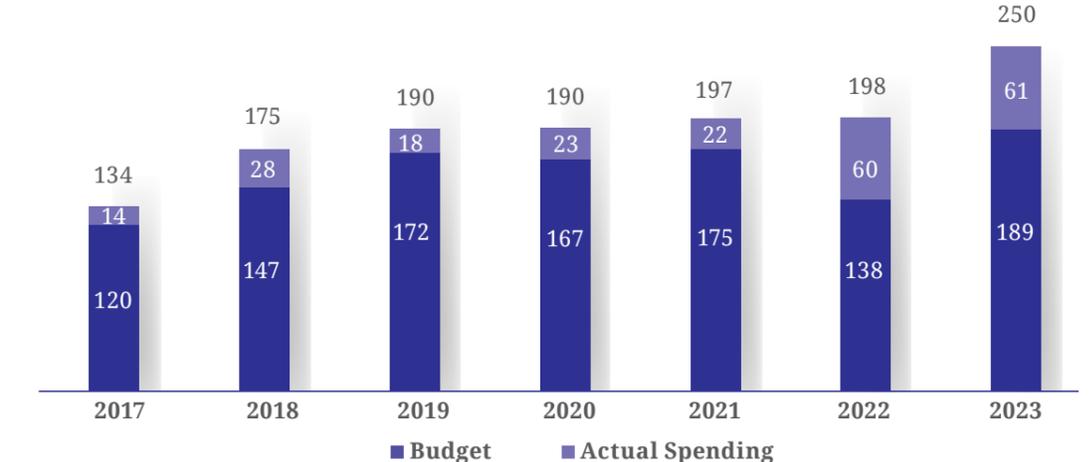
A Growing Need for Private Healthcare Providers¹³

Over the past few decades, the public healthcare system has heavily relied on the government's oil revenues for financing. While this approach sustained healthcare expenditure and effectively served the population in the past, the Saudi economic landscape has undergone considerable changes since then. The recent decline in oil prices, coupled with escalating medical costs, has placed an ongoing burden on public finances and a strain on the Kingdom's economy. Moreover, as standards of living in the Kingdom continue to rise, so do patients' expectations for quality of healthcare and overall experience. This situation has compelled the government to seek a more sustainable and long-term

solution to address the challenges and demands posed by the evolving economic and demographic landscape.

The solution materialized in the form of privatization. To ensure quality healthcare services and higher efficiency to meet the needs of KSA's growing local and expatriate population, the government implemented reforms to enhance private sector participation in this vital sector. Today, private healthcare providers and insurers have become integral components of the Kingdom's healthcare system.

Saudi Arabia Health and Social Development Budget and Expenditure¹⁴ (SAR bn)



¹³The privatization of Healthcare System in Saudi Arabia

¹⁴Saudi Arabia Ministry of Finance

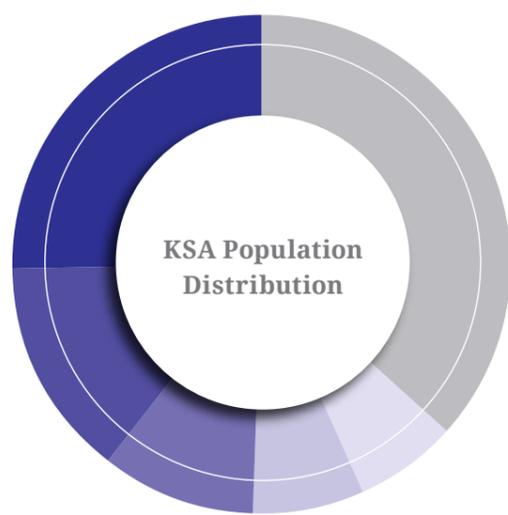
Riyadh – A Fast-growing Market¹⁵

The Saudi government has an ambitious vision for the Kingdom’s capital, Riyadh, as it aims to position it as a regional hub for business, culture and entertainment. To realize this, the government has put increasing emphasis on growing the city’s population, requiring multinationals doing business in KSA to relocate their headquarters to the capital. Initiatives like this are expected to push up the city’s population from the current 8.9 million residents to an expected population in excess of 20 million by 2030.

The opportunities for healthcare players stemming from this transformation are ample. Today, expatriates form just under half of Riyadh’s population, and with 80% of the city’s expatriates covered by a private health insurance plan, this provides a large customer base for private healthcare providers to tap into. The expatriate population in the city is expected to rise further, driving greater traffic toward premium healthcare providers operating in the city. Private healthcare providers, particularly those focused on medium and medium-upper class insurance patients, also stand to benefit from the increasing private insurance coverage in the city. Today,

only 16% of Saudis in Riyadh are covered by private health insurance plans. However, there are several initiatives and projects set to rapidly accelerate this figure in the coming decade. On the one hand, the government’s push toward privatization and the high- and rising-income levels of Saudis in Riyadh are expected to drive up demand for private insurance. On the other hand, massive investments to build mega development projects and host globally renowned events is set to support a large increase in the medically insured population, from engineers and consultants to administration works and laborers. Mega and giga projects on the government’s agenda include Diriyah and Qiddiya mega cities, King Salman Park, King Abdullah International Gardens, The Cube, and King Salman Airport, among many others. KSA has also been selected to host the 2034 Football World Cup, the 2030 Expo, and the 2027 AFC Asian Cup. All three events will not only help position the Kingdom and Riyadh as global culture and entertainment hubs but will translate into thousands of private job opportunities, growing the medically insured patient pool up in the process.

Saudi Arabia Population Distribution¹⁶

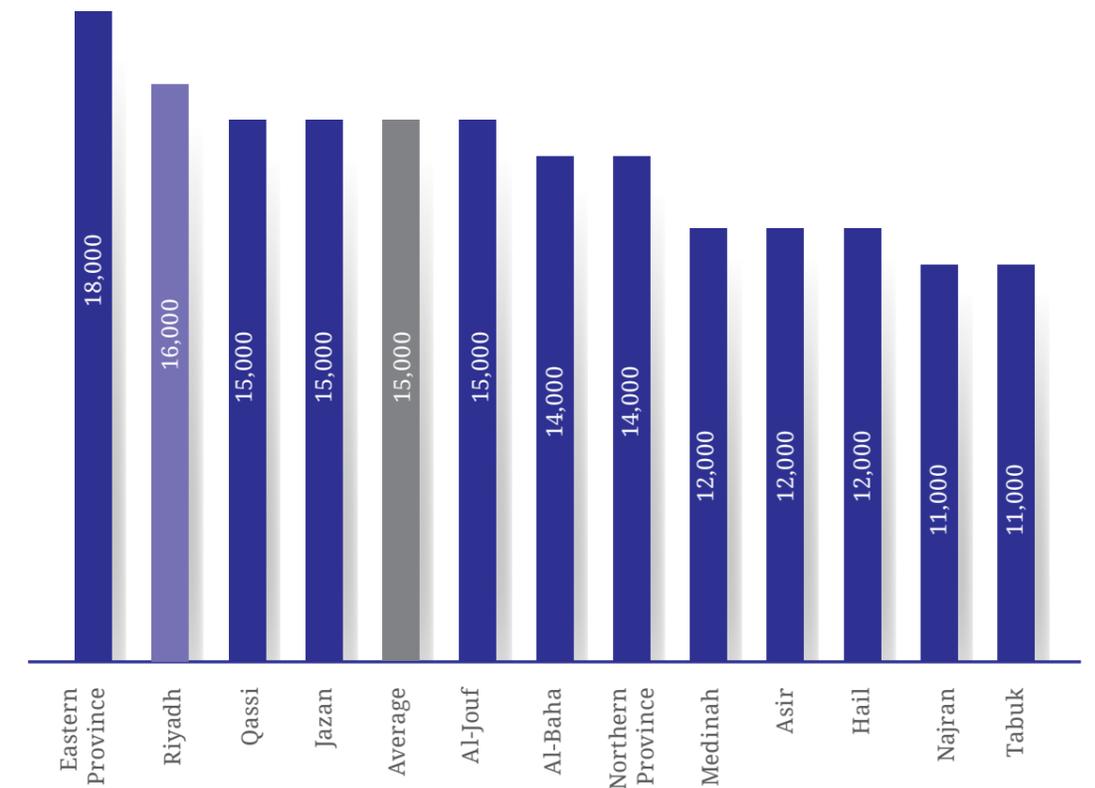


Riyadh	25.30%
Jeddah	14.40%
Eastern Province	10.00%
Makkah	7.20%
Medinah	6.50%
Other	36.60%

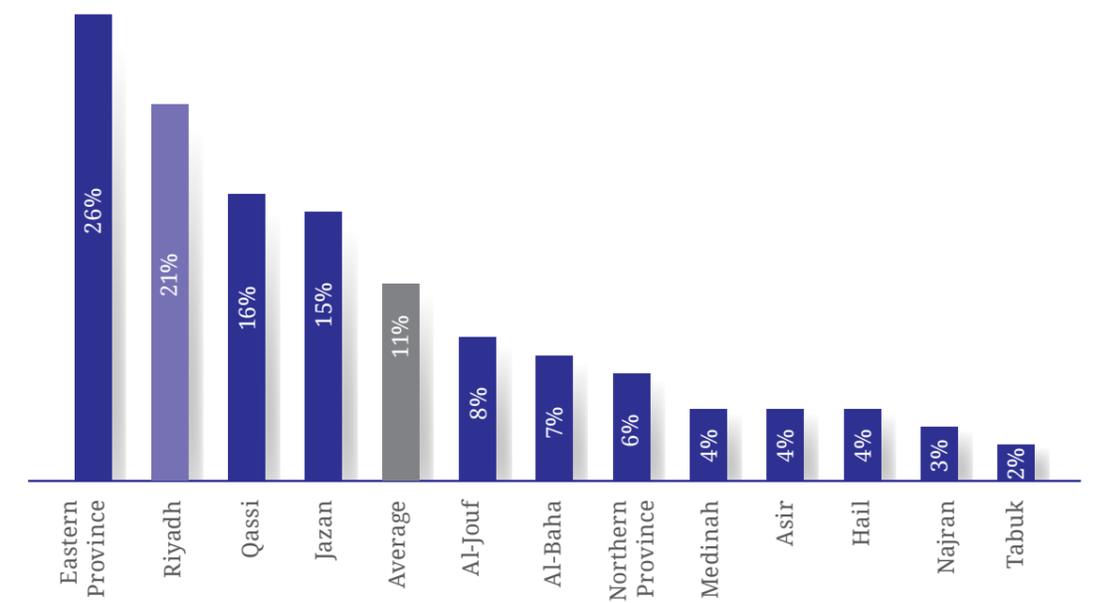
¹⁵JP Morgan

¹⁶JP Morgan (2019)

Saudi Arabia Average Household Monthly Income per City¹⁷ (SAR)



Insurance Coverage Among Saudis¹⁸ (%)



¹⁷JP Morgan

¹⁸JP Morgan (2018)

Our Facilities

Al Suwaidi Hospital

Al Suwaidi hospital was launched in 2015 and is located in a strategic southwest neighborhood of Riyadh. Today, the facility houses 300 inpatient beds, 100 outpatient clinics, and 13 operating rooms. The facility also has a cardiac catheterization room, two upper and lower endoscopy rooms, a kidney stone treatment room, a lithotripsy room, and a Group-operated pharmacy. It is equipped with high-quality machinery and

the latest medical technology on the market, and its staff encompasses a wide range of highly trained and experienced medical professionals. As of year-end 2023, the facility operated 300 rooms, with the remaining unutilized beds offering easy-to-ramp-up capacity to match growing demand. In terms of utilization rates, the Al Suwaidi hospital registered 60% and 85% in the inpatient and outpatient segments, respectively.



Strategically Located

Al Suwaidi Hospital's location has proven strategic over the years. Situated in an area with a relatively high population density, a high share of MoH patients, and a substantial number of cash payers, Al Suwaidi has effectively served a diverse patient base.



2023 Performance

In 2023, Al Suwaidi Hospital delivered revenues of SAR 403 million driven by growing inpatient and outpatient volumes. This represents a 13% year-on-year expansion versus the previous 12 months when the facility had booked revenues of SAR 357 million. This year saw the Group launch 20 new outpatient clinics at the Al Suwaidi Hospital in the fourth quarter of 2023, with an additional 20 slated for completion in 2024. At its inpatient segment, the hospital launched 20 new beds at the beginning of the year.

Outlook

In the coming years, Al Suwaidi Hospital is looking to attract more diverse and higher-margin patients by focusing on more complex and costly procedures and continuing to uphold its quality standards. The facility is well-equipped to meet the increasing demand for both existing and new patient segments, leveraging its currently unutilized capacity.



300 beds

Operational Inpatient Capacity



100

Operational Outpatient Clinics



300 beds

Spare Capacity



16.2k

Inpatient Cases Served in 2023



395.3k

Outpatient Cases Served in 2023



SAR 403 mn

Revenues in 2023 (up 13% versus 2022)

Our Facilities

Al Nuzha Hospital

Located in a northeast neighborhood in Riyadh, Al Nuzha Hospital was officially inaugurated in 2018. The hospital was originally launched to cater to medium and upper-medium class patients, with an overall capacity of 600 beds (300 rooms) and 120 outpatient clinics. However, in 2022, the facility was converted to a more premium facility, with its capacity decreasing to 300 beds as all double rooms in the facility

were transformed to single rooms. Following this premiumization process, the facility now caters increasingly to Class A/VIP patients. This enabled the Group to capitalize on the important growth opportunities and expand its reach within this attractive segment. Today, Al Nuzha Hospital offers a broad range of medical services, all provided by the facility's highly experienced medical staff.



Strategically Located

Catering to a more niche segment within the region, Al Nuzha Hospital benefits from relatively low competition compared to other players in its catchment area. Despite the presence of several active players offering similar services, Al Nuzha has successfully captured a significant market share among premium, medium, and medium-upper patients due to its strong brand equity and broad range of first-class services. Similarly, this has played a role in the facility's ability to absorb the patients coming from the Group's Olaya Hospital, which was temporarily shut down in late 2021 to undergo renovations.



2023 Performance

In 2023, Al Nuzha Hospital recorded revenues of SAR 548 million, a 5% year-on-year increase that came on the back of strategic price increases and complex procedures. At the start of the year, the Group ramped up 20 new outpatient clinics at Al Nuzha, maintaining a 100% average utilization rate across its newly launched clinics throughout the year.



Outlook

Al Nuzha Hospital continues to focus its services on premium patients in its catchment area. The Group is always searching for new ways to fuel demand, deliver on its targets, and maintain its leading position, particularly among higher-income patients. The recently relaunched specialized services like plastic surgery, which are particularly popular among premium patients, are expected to support the facility's performance going forward.



300 beds

Inpatient Capacity



120

Operational Outpatient Clinics



24.4k

Inpatient Cases Served in 2023



635.4k

Outpatient Cases Served in 2023



SAR 548 mn

Revenues in 2023 (up 5% versus 2022)

An Exciting Hospital Pipeline

As a leading operator in the fast-growing city of Riyadh, Al Hammadi is gearing up to capitalize on the important growth opportunities offered by the city's growing population and the government's Vision 2030. To complement its ongoing efforts to boost the capacity of existing facilities, the Group plans to add two

more hospitals to its network, strategically locating them in the northern part of the city. As with its currently operational hospitals, the new facilities will both offer a comprehensive range of services while also housing multiple individual centers of excellence focused on highly demanded specialties.

Olaya Hospital Expected Launch in 2026

Originally launched in 1985, Olaya Hospital was the Group's first facility, and at its peak, the facility was home to 300 inpatient beds and 74 outpatient clinics. In the final months of 2021, the facility was temporarily shut down for renovations. The ambitious project aims to revamp the hospital's infrastructure and service offering to match the standards of care and quality that patients have come to expect from the Al Hammadi brand. The revamped facility, which is planned to reopen in 2026, will have a capacity of 200 beds and 120 clinics and will operate two centers of excellence focused on sports medicine and oncology. The facility is located in the Olaya neighborhood,



which is expected to become the central business district of Riyadh. Consequently, the facility will attract a large influx of expats, as well as Saudi citizens, once it is officially reinaugurated.



200 beds

Planned Inpatient Capacity



120

Operational Outpatient Clinics

Al Narjis Expected launch in 2028

Al Hammadi is expecting to launch its fourth hospital in 2028 in the Al Narjis neighborhood, situated in the north of Riyadh and known for its booming real estate market. The facility will have a capacity of 200 beds and 120 clinics and will house two centers of excellence focused on rehabilitation and plastic surgery. It is important to note that the Group is carefully assessing demand patterns in the facility's catchment area, and the official launch date of the hospital could be brought forward if demand growth were to accelerate.



200 beds

Planned Inpatient Capacity



120

Operational Outpatient Clinics

Our Business Model

Ever since the launch of its first hospital three decades ago, innovation, transformation, and excellence have been at the center of the Al Hammadi business. This commitment extends not only to the services it offers, which are consistently aligned with the latest trends and technologies, but also when it comes to reforming its strategy and

business model to ensure optimal efficiency levels. Al Hammadi's well-crafted, dynamic, and regularly revised business model has been the engine behind its continued success, improving its competitive edge and enabling it to capitalize on advantageous market trends to solidify the Group's position in the Saudi Arabian healthcare market.



Operator of two leading hospitals in Riyadh



Strong exposure to upper-class patient segments



Robust margins outlook



Strong collections framework



Access to top-tier medical professionals and in-house training and development capabilities



Integrated business model with exposure to adjacent segments of the healthcare market



Efficient procurement system and long-lasting relationships with medical equipment providers



Geographically focused footprint, enabling efficient resource management and scalability



Operator of two leading hospitals in Riyadh

Al Hammadi operates two leading hospitals in Riyadh with a combined capacity of 600 inpatient rooms and 220 outpatient clinics. Through these facilities, the Group provides a diverse range of services that comply with the highest global standards for safety and quality. Despite operating in a highly competitive market, the Group's extensive and distinctive offering has kept it ahead of the competition. This advantage stems from a broader portfolio compared to its competitors, coupled with the superior service quality delivered to patients. By catering to various segments across its hospitals, the Group taps into a large addressable market including MoH patients, cash payers, and insurance patients within the Class A/VIP segment, unlocking significant potential.



Strong exposure to upper-class patient segments

Al Hammadi maintains a strong foothold as a provider of medical services catering to class A/A+/VIP segments in Riyadh. Its leading position and brand equity, coupled with its provision of increasingly complex and expensive procedures, ideally position the Group to capture a larger share of the expected rise in demand over the coming years. More specifically, the population of Riyadh is expected to witness a significant increase in the number of locals entering the private workforce and opting for private health insurance plans, as well as a rapidly increasing expat and local population in line with the government's 2030 strategy. Moreover, with the vast number of giga and mega projects currently under construction or in the pipeline, and the multiple globally renowned events scheduled to take place in the coming decade, the city is set to witness a further acceleration in its private workforce and, thus, in its medically insured patient pool. Meanwhile, similar to trends seen elsewhere in the country, healthcare providers are also expected to benefit from changing consumer preferences and favorable demographics. On the one hand, the health-conscious trends witnessed across younger segments of the population are increasing demand for preventative medicine. On the other hand, the increasing prevalence of lifestyle diseases and a growing number of elderly people are driving demand for long-term care solutions.



Robust margins outlook

Al Hammadi has historically reported strong margins on the back of supportive pricing dynamics, an optimized case mix, and steadily high utilization rates. Looking at Al Hammadi's case mix, the Group has devoted increasing focus to serving MoH, Class A, and cash patients over the years. This strategic decision has helped maximize margins for the Group due to the extended hospital stays typically associated with MoH patients and the higher prices typically associated with Class A and cash patients. Meanwhile, the hospital's high utilization rates and significant spare capacity allow Al Hammadi to capture a substantial share of the growing demand for high-quality medical services in a cost-effective manner. These factors are expected to continue enhancing profitability in the coming years, safeguarding the Group against short-term cost pressures.



Strong collection framework

Across its operations, the Group strives to maintain robust collection rates. To this end, in 2021 the Group completed a full revamp of its revenue management cycle framework to boost the quality of its claims processing and collection procedures. The new framework, which standardizes the revenue collection process across both Al Hammadi hospitals, operates as a multi-stage one-stop shop process covering all aspects of the revenue cycle from classifying the Group's service offering and obtaining pre-approvals for credit and insurance patients to the claim submission, review, and management process. Since its rollout two years ago, the system has driven steady improvements. In 2023, credit loss provisions continued their normalization, decreasing by 65% y-o-y to SAR 19 million versus SAR 54 million in 2022. Looking ahead, the significant resources invested in improving its collection frameworks are expected to play a key role in helping Al Hammadi maintain strong claims processing and collection times, especially as the Group grows its operations and remains significantly exposed to MoH patients. Simultaneously, the Group's efforts to further diversify its revenue mix to include more premium and cash patients are also expected to support improvements in collection periods going forward.



Access to top-tier medical professionals and in-house training and development capabilities

Al Hammadi's strong brand name, efficient recruitment process, and reputation as an employer of choice ensure that the Group consistently secures top medical and non-medical talent for its hospitals and back-office operations. Strong recruitment capabilities are complemented by a world-class in-house training and development program, which focuses on providing the Group's staff with the tools and knowledge to advance their careers. At the same time, this also ensures that the Group's hospitals continue to deliver the highest quality of care possible while performing increasingly advanced procedures in line with international best practices.



Integrated business model with exposure to adjacent segments of the healthcare market

Aligned with its ambitious growth and diversification plans, the Group has recently expanded into multiple adjacent segments of the healthcare market. Today, the Group actively engages in the supply, distribution, and manufacturing of pharmaceuticals, including importing vital products into the Saudi market.

On the pharmaceutical retail distribution front, today, the Group's operations encompass two operational pharmacies located inside its two hospitals. In the coming year, Al Hammadi plans to extend this to include retail and online stores across Riyadh. The Group's pharmacy offering further develops the Group's one-stop shop model, enabling it to capture and retain patients throughout their treatment journey, fostering long-term loyalty and relationships in the process. This model will also enhance medical record tracking and obtaining medical history, boosting the Group's service quality and treatment outcomes.

In parallel, the Group is directly involved in pharmaceutical manufacturing through its 35% stake in Sudair Pharmaceutical Company. This venture into the manufacturing segment aligns with the Saudi Vision 2030, which is steadfast on ensuring the Kingdom's pharmaceutical and medical self-sufficiency. The first phase involves localizing the manufacturing of basic children's vaccines, establishing self-capacities, and manufacturing platforms to address future pandemics, along with a concentration on insulin production for diabetes treatment and support for plasma collection centers. The second phase targets the localization of immunological and cancer treatment technologies, a sector estimated at over USD 2 billion annually.

Finally, through Al Hammadi's wholly owned subsidiary, Pharma Serve, the Group has become a leading player in the country's vaccine procurement and distribution segments, a crucial sector for the Saudi population that is currently wholly dependent on imported vaccines. In 2023, the Group supplied over 1.8 million vaccines to the Saudi market and achieved over SAR 15 million in sales.



Efficient procurement system and long-lasting relationships with medical equipment providers

Al Hammadi leverages a vast network of long-term partnerships with its primary medical equipment providers to streamline the procurement process and guarantee a seamless and cost-effective supply of resources and equipment. The Group employs a centralized procurement framework, which allows it to hold large-scale negotiations with vendors and suppliers that involve a comprehensive overview of bids, offers, and supplies, resulting in improved negotiation outcomes. These relationships place Al Hammadi at a competitive edge over smaller market players and have proven instrumental in mitigating the impact of high inflation and global supply chain disruptions in the past. They continue to shield the business against future challenges stemming from the macroeconomic landscape.



Geographically focused footprint enabling efficient resource management and scalability

Since inception, Al Hammadi has been focused on building its operations entirely in Riyadh. To date, the Group owns two operational hospitals strategically located in the northeastern and southwestern regions of the city. Over the next five years, Al Hammadi aims to expand its footprint by establishing two additional facilities in upcoming vibrant districts within the Saudi capital. This expansion aligns with the Group's strategy to capitalize on the expected population growth in Riyadh. Moreover, the locations of both hospitals and their proximity to each other have proven to be instrumental in facilitating seamless and efficient resource management, ultimately enhancing the overall patient experience. This proximity also allows for the swift and effective reallocation of medical staff between both hospitals during periods of peak demand and subsequent staffing shortages. Furthermore, it enables the easy transfer of patients from one facility to another, ensuring they receive the highest level of care and gain access to specialized centers of excellence and medical professionals tailored to best address their specific medical conditions. Finally, the existing back-office infrastructure supporting the two hospitals also allows for cost-effective scalability, ensuring that the soon-to-come online hospitals are able to rapidly and efficiently ramp-up operations and begin generating value for the Group and the wider community.



Our Strategy

To ensure Al Hammadi’s continued growth and value creation for patients and stakeholders, management adheres to a dynamic strategy that looks to expand the Group’s business while maintaining service quality and financial prudence.

Al Hammadi’s multi-pillar strategy is predicated on its ongoing responsibility and commitment to creating sustainable value for both its patients and stakeholders. This

mission guides the Group across all strategic decisions from organic and inorganic growth to quality enhancement and financial management.



Capacity expansion with continued focus on Riyadh’s growing market



Launch of lucrative new specialization to drive growth and gain market share



Adhere to prudent financial policies to hedge against volatility



Develop pharmacy business



Maintain world-class service quality and international accreditations



Diversify patient mix



Capacity expansion with continued focus on Riyadh’s growing market

To further solidify its presence in Riyadh and reinforce its position in upper-class segments, the Group plans to introduce two additional facilities over the next five years. Collectively, these new facilities will increase the Group’s capacity by adding 400 new inpatient rooms and 240 outpatient clinics. Capitalizing on Riyadh’s expanding population and the increasing demand for healthcare services among health-conscious residents, the Group aims to strategically position the new facilities in neighborhoods expected to experience substantial population growth in the coming years. More information on the new hospitals is available on pages 26-29 of this report. Besides the launch of new facilities, the Group has also been expanding its capacity across its two existing hospitals. In the last two years, the Group added 20 inpatient rooms and 40 outpatient clinics across its Al Nuzha and Al Suwaidi hospitals. Building on this, 20 new outpatient clinics are expected to be added in 2024 at the Group’s Al Suwaidi facility.



Launch of lucrative new specialization to drive growth and gain market share

The Group is also looking to further develop its portfolio mix by expanding its range of specialized services and endorsing popular market trends in the healthcare industry. These initiatives will complement its expansive geographic footprint in Riyadh and its ongoing capacity additions. As part of this initiative, the Group is looking to inaugurate several more centers of excellence across its new facilities that will be focused on high-growth service segments, such as rehabilitation, plastic surgery, sports medicine, and oncology.



Adhere to prudent financial policies to hedge against volatility

Ensuring long-term financial stability is at the core of Al Hammadi’s strategy. As such, management has been closely monitoring the Company’ debt profile and is unwavering in its commitment to ensuring efficient cash management. This is achieved through maintaining certain financial ratios at specific thresholds, leading to high levels of liquidity and ensuring continuous growth. In the past, this allowed Al Hammadi to hedge against prevailing macroeconomic challenges and inflationary pressures. The Group intends to continue strategically using short- and long-term financing tools alongside its cash flow from operations to finance future cash needs and fuel the business’ growth.



Develop pharmacy business

Recognizing the growth potential of adjacent segments of the healthcare industry, Al Hammadi has been increasingly exploring opportunities that complement its traditional hospital business. Venturing in these avenues not only helps to cement the Group within Riyadh’s healthcare market but also sees it deliver on its long-term vision of becoming a one-stop shop provider of medical services. Thanks to several strategic investments, the Group has been steadily expanding its exposure to the pharmaceutical industry all the way from manufacturing and distribution to the import of vital medicines and vaccines. As part of its expansionary strategy, the Group is looking to open a network of retail pharmacy shops and online stores to complement its existing pharmacies located within its hospitals. The new pharmacies will offer a more attractive sales-mix given the higher share of over the counter (OTC) products, such as cosmetics, skin care, and impulse buying. In parallel, the Company is also heavily invested in developing its manufacturing arm and becoming a local manufacturer of high-quality medications that cover a range of therapeutic areas. This dynamic approach underscores Al Hammadi’s commitment to seizing growth opportunities, contributing to the healthcare landscape, and aligning with broader strategic initiatives.



Maintain world-class service quality and international accreditations

Al Hammadi has earned international recognition for its impressive track record, high-quality services, and superior medical outcomes. To uphold its reputation and continually surpass these standards, the Group has adopted a proactive approach. It conducts real-time feedback reviews of patient outcomes and satisfaction, promptly addressing any identified shortcomings. Moreover, a dedicated team is committed to ensuring the successful renewal of these accreditations upon expiry, emphasizing the organization’s upkeep toward maintaining and enhancing the quality of its services.



Diversify patient mix

The Group actively explores ways to broaden its patient base and cater to a more diverse range of income groups. In line with this goal, the Group is targeting both Class A/VIP patients and increasing the share of cash-paying patients. To attract Class A/VIP patients, Al Hammadi recently completed the premiumization of Al Nuzha Hospital. This involved a transformation of the facility’s 300 inpatient rooms from doubles to singles, coupled with a higher delivery of premium and specialized services. This not only aligns with the Group’s diversification strategy but also positions it to capture a larger market share in the high-end patient demographic.

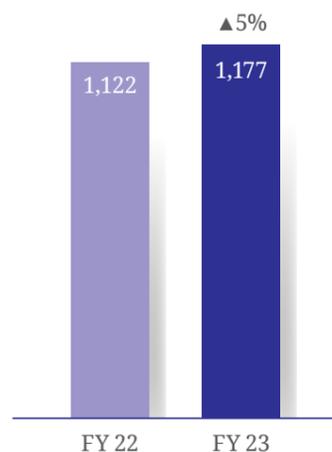


2023 Operational & Financial Review

During the past twelve months, the Group continued to deliver profitable growth and made significant strides in executing its long-term expansion strategy. Most importantly, throughout the year, the company delivered world-class quality and care to patients, driving lasting improvements in the communities it operates in and further establishing the Al Hammadi brand in its chosen markets



Group Revenue (SAR mn)



Financial Performance

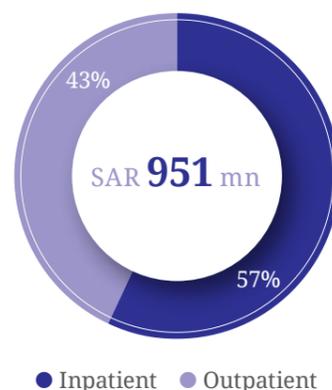
Income Statement Analysis

Al Hammadi recorded SAR 1,177 million in revenues in FY 2023, up 5% y-o-y. Top-line was boosted by strong revenues from Al Hammadi’s medical services during the period as well as increased sales at the Group’s in-house pharmacies. Medical services, encompassing both inpatient and outpatient operations at both Al Nuzha and Al Suwaidi hospitals, contributed 81% of the Company’s consolidated revenue for FY 2023, compared to 78% in FY 2022. Together, Al Nuzha and Al Suwaidi brought in SAR 951 million in revenues for the period, an 8% increase from the SAR 880 million recorded in the previous year. Al Suwaidi hospital contributed the majority to revenue growth, with revenues from the hospital up by 13% y-o-y. Meanwhile, Al Nuzha’s revenue grew by 5% y-o-y in FY 2023.

On a patient type basis, growth was primarily driven by higher revenues generated by insurance patients followed by Ministry of Health (MOH) patients in FY 2023. On a segmental basis, both of Al Hammadi’s inpatient and outpatient segments grew year-on-year in FY 2023. Inpatient revenues increased by 10% y-o-y to reach SAR 544 million, while outpatient revenue increased by 5% y-o-y to reach SAR 407 million over the period.

The Company’s pharmaceutical segment contributed 19% of consolidated revenues, generating SAR 226 million in FY 2023, down 7% y-o-y. In FY 2023, sales at Al Hammadi’s in-house pharmacies (located in Al Nuzha and Al Suwaidi) totaled SAR 199 million, reflecting a 10% increase from the previous year. Revenues at Al Hammadi’s subsidiary Pharma Serve stood at SAR 27 million for the year, a 57% y-o-y decline. Lower sales at Pharma Serve partially reflect a high base effect with results in Q4 2022 having been boosted by a SAR 38 million contract secured in the final months of the year.

Medical Services Revenue Breakdown (FY 2023)



Cost of revenue reached SAR 744 million for FY 2023, reflecting a 6% y-o-y increase from the SAR 703 million recorded in the previous year. This rise was mainly attributed to higher salaries for medical staff and increased maintenance costs during the period. The Company incurred higher salary expenses due to new staff hires at Al Nuzha’s new outpatient clinics and Al Suwaidi’s inpatient rooms, as well as annual salary increases for existing staff. It is worth noting that staff for new capacity expansions is hired several months prior to the roll out of new clinics or rooms to allow for proper training to occur. This results in a temporary increase in salaries as a share of revenue, which is expected to normalize as all new additions fully ramp up. As a percentage of revenue, total cost of revenue for the year remained stable at 63% in FY 2023.

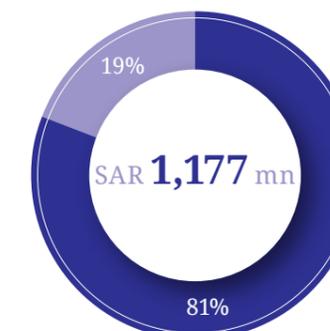
Moving further down the income statement, Al Hammadi’s gross profit for the year recorded SAR 433 million, up 3% y-o-y from FY 2022 and with a gross profit margin (GPM) of 37%, unchanged from the previous year.

The company’s sales, general & administrative (SG&A) expenses amounted to SAR 98 million, representing a 5% y-o-y decrease. As a percentage of revenues, SG&A expenditures stood at 8% in FY 2023, lower than the 9% recorded in the previous year.

Operating profit reported SAR 347 million in FY 2023, up 17% compared to SAR 296 million booked during last year, while operating margin expanded by three percentage points to reach 30% in FY 2023.

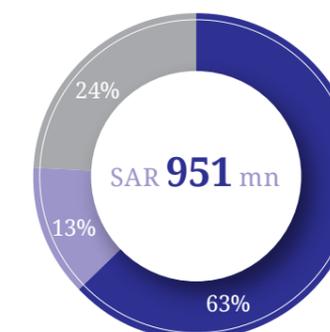
Al Hammadi generated SAR 303 million in net profit in FY 2023, reflecting an 18% y-o-y increase from FY 2022. The Company’s net profit margin rose by three percentage points

Revenue Breakdown (FY 2023)



● Medical Services ● Pharmaceuticals

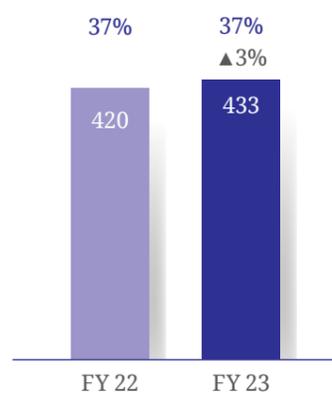
Medical Services Revenue by Patient Type (FY 2023)



● Insurance ● Cash ● MOH

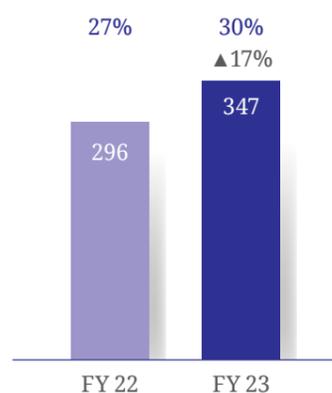


Gross Profit, GPM
(SAR mn, %)



to 26% during the year, compared to the 23% recorded in FY 2022. Improved net profitability for the year reflected robust top-line growth coupled with increased cost efficiencies at the SG&A level and a decline in expected credit loss provisions as the Company's efforts to boost collection rates delivered notable improvements.

Operating Profit, Margin
(SAR mn, %)



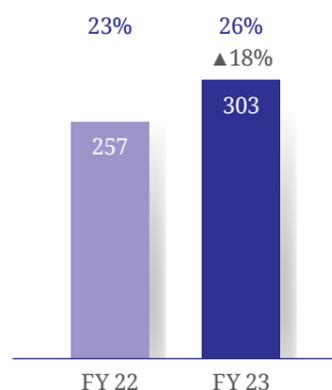
Balance Sheet Analysis

As of year-end 2023, Al Hammadi's total assets recorded SAR 2,594 million as of 31 December 2023, up from SAR 2,482 million as of year-end 2022. Inventories as of 31 December 2023 remained largely unchanged at SAR 57 million.

The Company's cash and cash equivalents stood at SAR 125 million as of 31 December 2023, up from SAR 61 million as of 31 December 2022, yielding improved current and quick ratios of 2.8 and 2.6 as of 30 December 2023, versus 2.4 and 2.2, respectively, as of year-end 2022.

With regards to Al Hammadi's liabilities, the Company recorded total debt of SAR 193 million as of 31 December 2023, down from SAR 232 million as of year-end 2022. Total debt is composed of SAR zero million in commercial loans and SAR 193 million in zero-interest government grants. Meanwhile, net debt stood at SAR 67 million as of 31 December 2023, down from SAR 172 million as at year-end 2022.

Net Profit, Margin
(SAR mn, %)



Finally, Shareholders' equity stood at SAR 1,845 million as of 31 December 2023, up from the SAR 1,711 million recorded as of year-end 2022. The Company recorded debt/equity of 10.4% as of 31 December 2023 compared to 13.6% as at year-end 2022. Meanwhile, net debt/equity came in at 3.7% as of 31 December 2023, down from 10.0% at the end of FY 2022.

Operational Review

On a Group level, Al Hammadi recorded 40,561 inpatient admissions during the year, representing a 10% y-o-y decline primarily due to the reclassification of Al Hammadi's facilities with insurance companies. However, revenues remained robust as the Company implemented strategic price increases

and admitted a higher volume of complex cases throughout the year. Al Nuzha hospital contributed 60% of total inpatient admissions in FY 2023, up from a 58% contribution in FY 2022. The Company's Al Suwaidi hospital accounted for the remaining 40% of inpatient admissions during the year (versus 42% during FY 2022).

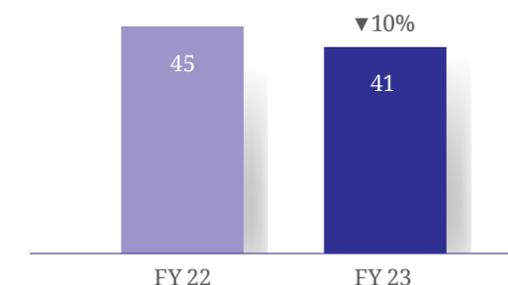
In FY 2023, Al Hammadi recorded 1,030,731 outpatient admissions, down marginally compared to FY 2022. Al Nuzha hospital accounted for 62% of all outpatient examinations during the year, while Al Suwaidi hospital contributed the remaining 38% of total outpatient visits for the twelve-month period, consistent with last year's figure.

Al Hammadi reported high and steady utilization rates across both its hospitals and patient segments throughout 2023. At the inpatient segment, the Company's Al Nuzha hospital recorded an average utilization rate of 80% across its currently operational beds, while Al Suwaidi hospital registered 60%. At the outpatient segment, utilization rates stood at 100% at Al Nuzha Hospital and 85% at Al Suwaidi hospital, respectively.

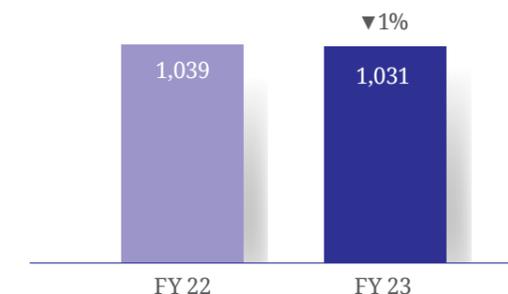
Throughout 2023, the Group continued to deliver on its expansion strategy. At the start of the year, Al Hammadi introduced 20 new inpatient beds at Al Suwaidi Hospital. On the outpatient front, Al Hammadi launched the first phase of its outpatient expansion at Al Suwaidi with the roll out of 20 new clinics in the final months of 2023. This will be followed by an additional 20 clinics later in 2024. At Al Nuzha hospital, the Group also launched 20 new outpatient clinics which have ramped up very effectively, maintaining average utilization rates of 100% throughout 2023. As part of its long-term growth strategy, Al Hammadi aims to inaugurate two new hospital facilities across Riyadh. The first, scheduled for

inauguration in 2026, will be the Olaya facility, featuring 200 inpatient rooms, 120 outpatient clinics, and two specialized centers in sports medicine and oncology. The second, Al Narjis hospital, slated for 2028, will also comprise 200 inpatient rooms, 120 outpatient clinics, and two centers specializing in rehabilitation and plastic surgery.

Inpatient Admissions ('000)



Outpatient Visits ('000)



Our People

Our HR Strategy

The Group's HR strategy is built on the principles of diversity, opportunity, and transparency, creating the foundation for Al Hammadi's success. The organization thrives on the collective efforts of its workforce, ranging from experienced medical professionals to ambitious back-office staff and skilled management. Together, these elements are persistent in elevating the Al Hammadi brand to new heights.

Al Hammadi's HR department is focused on three main goals: fostering a transparent and cooperative work environment, investing in the development of its workforce and unlocking their fullest potential, and continuing to create a diverse and inclusive culture.

At the heart of the HR department lies a dynamic and experienced team dedicated to and keen on keeping Al Hammadi and its staff members at the forefront of industry trends and technological advancements, ultimately expanding the Group's operational capabilities and reinforcing its leading position in Riyadh.

Transparent Work Culture

At Al Hammadi, the HR department is dedicated to promoting a healthy and transparent work culture. It actively seeks ways to encourage open dialogue, provide a safe space for staff to voice concerns, and carry out activities that boost morale and ensure the highest levels of satisfaction for its employees.

In line with this goal and to assess its outcomes, the HR department has been consistent in

conducting surveys to ensure full transparency and synchronization between the Group's employees and management. These surveys provide an accurate measure of progress and identify where actions are necessary to promote a healthier environment. Furthermore, the HR department sets staff interactions guidelines, upholding the Al Hammadi standard of professionalism and comfort in the workplace. Lastly, a well-defined corporate hierarchy is in place, accompanied by a clear code of conduct that undergoes regular dissemination and revision to ensure ongoing compliance.

Nurturing Training Programs

Al Hammadi realizes the importance of cultivating a nurturing environment and is cognizant of the opportunities that stem from it. With the correlation between staff training and service quality being undeniable, Al Hammadi prioritizes professional development through comprehensive training programs. From lectures that encompass the latest medical research to mentorship programs that ensure smooth integration for new employees, the Group invests in its teams to enhance their understanding of and adaptability to the Company's streamlined processes, ultimately unlocking their full potential. Another one key area is leadership development, where Al Hammadi provides training courses to prospects for promotions, ensuring that they are prepared to adopt their new roles and are aligned with the Company's goals. By promoting individual growth and investing in employees' skills, Al Hammadi supports its ambitious business strategies and overall growth.



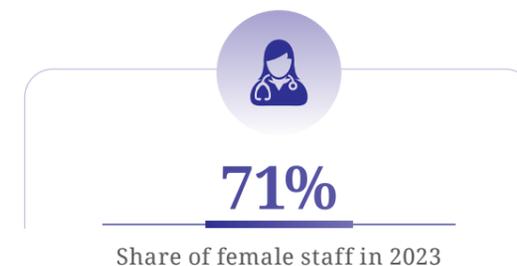
Our in-house training and external programs operate within a framework designed to fully engage and align employees and management. Not only do we set company-wide KPIs, but also departmental and individual KPIs that set clear goals, targets, and responsibilities. This structure establishes trust between management and our people, ensuring accountability and further paving the way for employee growth. Additionally, it plays a crucial role in identifying potential candidates for promotions.

Diversity and Inclusion

Mirroring their broader importance throughout the Kingdom, diversity and inclusion are a top

priority at Al Hammadi. With over 60% women participation in our management team, we actively promote equal employment opportunities throughout our hiring process. Our commitment goes beyond the hiring process and extends to monitoring employee conduct and compliance, ensuring a workplace that prioritizes safety, comfort, and professionalism.

In essence, our HR strategy is a commitment to fostering an environment where diversity is celebrated, opportunities for growth are abundant, and transparency is paramount. By investing in our people and promoting a culture of inclusion, we lay the groundwork for continued success at Al Hammadi.



Management Biographies



Mr. Mohammed Al Hammadi
Chief Executive Officer/Managing Director

A seasoned executive with almost three decades of management experience, Mr. Mohammed Al Hammadi has been serving as the Group Chief Executive Officer and Managing Director since 1996. Mr. Al Hammadi also serves as the General Manager of several other companies, including Al Hammadi Information Technology Co., Al Hammadi Contracting Company, Construction and Maintenance Company, among others. He holds a Bachelor's Degree in Business Administration from Weber University, USA.



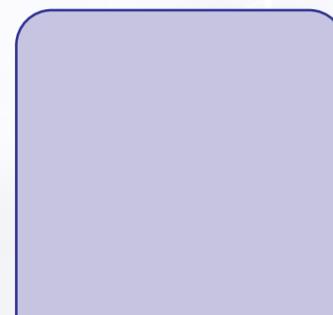
Dr. Abdulaziz Al Hammadi
Chief Operating Officer

Dr. Abdulaziz Al Hammadi is a member of the Board of Directors and the Chief Operating Officer of Al Hammadi Holding. He worked at the King Saud University Hospital for Chest Diseases until 2008 and the King Khalid University Hospital until 2005. Dr. Al Hammadi holds a Bachelor's of Medicine and General Surgery from Al-Azhar University in Egypt.



Mr. Mohammed Al Saafeen
Chief Financial Officer

Mr. Mohammed Al Saafeen is the Group Chief Financial Officer, boasting over 20 years of audit, finance, and accounting experience. His experience includes previous stints at Abdullatif Alissa Group Holding Co., Zahran Operations and Maintenance Co., and Deloitte, Jordan. He is a Certified Fraud Examiner (CFE) and holds an MBA in Finance from the University of Jordan.



Dr. Reema Al Hammadi
Chief Medical Officer

A consultant OB-GYN at Al Hammadi hospitals since 2004, Dr. Reema Al Hammadi has assumed the position of Group Chief Medical Officer since 2014. She also sits on the Board of the Royal Commission for Riyadh City and King Abdullah bin Abdulaziz University Hospital. She obtained her MBBS degree at King Saud University, Riyadh, in 1993 and was certified as a consultant OB-GYN from the Saudi Council Commission in 2001.



Mr. Wahid Raafat
Chief Internal Audit Executive

Mr. Wahid Raafat boasts extensive experience in internal and external auditing, with over 18 years of practical experience. He previously worked as the Senior Manager of Assurance Services at PwC, Saudi Arabia. He holds a Bachelor's Degree in Commerce, with a major in Accounting, Alexandria University. He is also a Certified Public Accountant (CPA) from the American Institute of Certified Public Accountants in the United States of America.



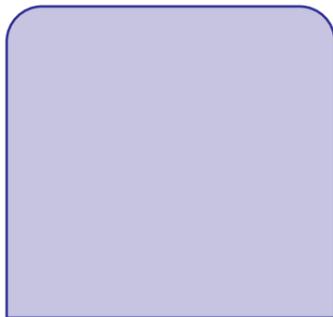
Dr. Safug Al Koraisi
Head of Intensive Care Units

The Head of Al Hammadi Holding's Intensive Care Units since 2016, Dr. Safug Al Koraisi has been accumulating healthcare experience for over a decade. He previously assumed the roles of Consultant and Chief of the Department of Critical Care Medicine at the Security Forces Hospital Program, Director of Critical Care Fellowship at the Saudi Council of Health Specialty, among others. He received his MBBS from King Saud University, Riyadh, in 1994.



Mr. Majid Al Nahdi
Human Resources Manager

Serving as HR manager since 1999, Mr. Majid Al Nahdi has over 24 years of extensive experience in the Human Resources field. He is an expert at directing staff and developing strategies for professional development, as well as providing advice to senior managers related to HR management. Mr. Al Nahdi holds a Bachelor's Degree from King Saud University and a Health Leadership and Quality Certificate accredited by the Saudi Commission for Health Specialties.



Ms. Kamar Khalifa
Quality Manager

Ms. Kamar Khalifa has been serving as Group Quality Manager since 2016. Ms. Khalifa has a broad range of experience in the development, maintenance, and evaluation of Hospital quality management, as well as risk management and patient safety. She holds a Bachelor's Degree in Information Technology and Computing and is a Certified Professional in Healthcare Quality (CPHQ).



Dr. Abdullah Al Sueibi
Interim Medical Director of Al Nuzha Hospital

Dr. Abdullah Al Sueibi currently serves as the Acting Director of Medical Affairs at Al-Nuzha Hospital. Previously, he has held various roles at Prince Sultan Military Medical City Hospital, the Ministry of Health, and the Crescent Authority, including Director of Medical Affairs and Director of Occupational Health. He is actively involved in committees for the Saudi Health Council and is a member of the Saudi Center for Accreditation of Health Facilities. He earned a bachelor's degree in medicine and surgery from King Saud University in 2009, followed by a Saudi and Arab fellowship in family medicine in 2016. Additionally, he obtained an executive master's degree in health administration from King Saud University in 2022.



Dr. Daifallah Al Nakhli
Medical Director of Al Suwaidi Hospital
Head of Infection Control

With years of experience in the medical field, Dr. Daifallah Al Nakhli is the Head of Infection Control for Al Hammadi Hospitals and the Medical Director of Al Suwaidi Hospital. Previously, he served as Internal Medicine and Infectious Disease Consultant and Director of the Infection Control Department at Prince Sultan Military Medical City (PSMMC). He obtained his MBBS from King Khalid University, KSA, in 1995 and was accredited by the Jordanian Board for Internal Medicine in 2002.



Environmental and Social Initiatives

Al Hammadi contributes to its community by delivering high-quality healthcare services and actively engaging in environmental and social initiatives to shape a better future for Riyadh and its residents. The Group continues to lead various

environmental, social, and corporate social responsibility (CSR) initiatives, focusing on reducing its carbon footprint, raising healthcare awareness, promoting diversity, and fostering the training and development of the Kingdom's local youth.

Environmental Initiatives

The Group has implemented sustainability measures across its hospitals to protect and preserve natural resources as it remains on a strict eco-conscious path. Initiatives on this front are plentiful, starting with the intelligent adiabatic cooling system installed at both of the Group's locations. This has contributed to significantly reducing electricity consumption over the past year.

In line with its commitment to combating pollution in the rapidly growing capital, and as part of initiatives set in the previous year, the Company planted 365 trees in 2023. Building on this, the Group has decided to establish this as an annual practice, continuing to plant a tree every day throughout 2024 and years to follow. Al Hammadi is determined to keep responsible practices and sustainability initiatives a focal point within its overarching strategy.

Al Hammadi also remains steadfast in its paper waste management initiative, witnessing substantial reductions in printing through the introduction of electronic forms

and signatures as alternatives to traditional hard copies. The Company is well on track to achieve its goal of 99% electronic paperwork by 2025, placing these initiatives at the forefront of its environmental endeavors to achieve lower emissions and carbon pollution.

After a successful year of hitting environmental targets, management is eager to dedicate more time and effort to further reducing the Group's carbon footprint. This aim is fueled by the intent to mirror 2023's outstanding performance in the coming years, paving the way for a more sustainable community.



CSR Initiatives

Front and center in Al Hammadi's CSR strategy are promoting diversity and inclusion, raising healthcare awareness, and nurturing the future generations of healthcare professionals through research and training.

Female Empowerment

The Kingdom's 2030 Vision strategy places diversity and inclusion at the forefront, and as a locally rooted, responsible, and ethical business, Al Hammadi inherently also makes them a top priority. The Group takes pride in advocating for female empowerment in Riyadh through actively raising awareness, implementing training programs, and expanding opportunities for women in its workforce. By the end of 2023, over 71% of the Group's total staff comprised females, totaling 1,997 members out of 2,805. Moreover, two of Al Hammadi's six c-suite executives are women, currently holding the positions of Chief Medical Officer and Chief Financial Officer for the Medical Support Service Company.

To further promote gender diversity in the workplace, the Group consistently initiates campaigns to encourage female workforce participation, including participation in employment fairs and the provision of training programs for promising young talent.

Healthcare Awareness

As a prominent player in Riyadh's healthcare industry, Al Hammadi promotes healthcare awareness through a series of planned initiatives throughout the year. Mainly, it continues to build on its past research and publications concerning the prevalence of NCDs in the Saudi market, outlining their risks and the lifestyle conditions in which they arise. The diseases include obesity, diabetes, hypertension, among others.

The Group is also an active participant in many worldwide and internationally recognized health awareness days. These occasions



provide the Group with a platform to disseminate knowledge and preventive measures to the community. In 2023, Al Hammadi engaged in campaigns for cervical cancer awareness, diabetes awareness, breast cancer awareness, breastfeeding awareness, and hygiene awareness, among others. The Company set up external booths in shopping centers and public areas for specific awareness days. Additionally, the Group was a partner in the International Labor Market conference held on 13 and 14 December.

Training Future Generations

Al Hammadi implements a comprehensive training program for all new staff members, incorporating mentorship programs and lectures in line with its commitment to deliver high-quality medical services. These courses are continuously updated to stay current with the times and latest trends, ensuring the alignment of employees and cementing the Group's leading position in medical research and technology.

Al Hammadi remains resolute in attracting talented individuals to the medical profession through various channels, including employment fairs, guest lectures, and awareness campaigns. This allows Al Hammadi to offer tailored training programs, courses, and seminars to community members aspiring to pursue a career in the medical field.

GOVERNANCE REPORT



Governance Report

Introduction

a. Corporate Governance

Al Hammadi Holding implements its own internal corporate governance framework, including all of the framework's articles that were approved by the Company's General Assembly of Shareholders on 26/12/2017. Al Hammadi regards the compliance with its corporate governance framework as a core contributor to the Company's success, as the framework seeks to enhance and regulate the Company's financial and operational performance, as well as safeguard the rights of all its shareholders. The framework also facilitates the presentation and disclosure of the Company's financial results accurately and transparently through the implementation of the below:

- Managing the Company with the purpose of increasing its value and setting in place a system of accountability
- Implementing an effective supervisory role in cooperation with executives in order to achieve the interests of the Company and its shareholders, including minor investors, and working toward increasing shareholders' rights in an appropriate manner
- Disclosing information with complete transparency and setting in place effective internal controls and risk management systems
- The Company confirms that every shareholder has all the rights related to the Company's shares, which include:
 - The right to receive a share of the profits that are to be distributed
 - The right to receive a share of the Company's assets in the event of liquidation
 - The right to attend shareholder meetings, participate in their deliberations, and vote on their outcomes.
 - The right to manage their shares
 - The right to oversee the Board of Directors' operations and hold Board Members accountable
 - The right to inquire about and ask for information as long as this does not harm the Company's interests and does not conflict with the Capital Markets Authority's laws and regulations

b. Corporate Governance Policies

The Company's corporate governance framework consists of the following policies:

- Corporate Governance Policy
- General Assembly of Shareholders Policy
- Board of Directors Policy
- Audit Committee Policy
- Nomination and Remuneration Committee Policy
- Transparency and Disclosure Policy
- Internal Audit Policy
- Risk Management Policy
- Dividend Distribution Policy
- Stakeholder Engagement Policy
- Conflict of Interest Policy

1. Implementation of Provisions of CGR

The Company fully complies with all of the laws listed in the Capital Markets Authority's corporate governance laws and regulations, except for the below:

Article/ Paragraph Number	Article/ Paragraph Stipulation	Reason for Non-Implementation
13/c	The Board of Directors shall convene the Ordinary General Assembly if so requested by a number of shareholders whose ownership represents (10%) of the Company's shares.	This paragraph contradicts with the provisions of Article (30) of the Company's Articles of Association, which stipulates that the request shall be from a number of shareholders whose ownership represents (5%) of the company's shares.
21/1	Risk Management Policies and Procedures	The company is currently researching the necessary competencies at the appropriate cost to establish a risk management unit and prepare its own policies and procedures
21/2/C	The Board of Directors shall ensure that appropriate control systems are in place to measure and manage risks.	The company is currently researching the necessary competencies at the appropriate cost to establish a risk management unit and prepare its own policies and procedures
21/14	Determine the types of bonuses granted to employees	The company's management is currently conducting a comprehensive review of all types of privileges granted to employees, which will result in the issuance of a policy specifying all privileges, including bonuses that can be granted to employees.
32/B	The Board of Directors shall hold at least four meetings per year, at least one meeting every three months.	The company's management is currently reviewing the company's articles of association and amending it in line with the amendments to the corporate governance regulations.
36	Determine the conditions to be met by the secretary	This article is indicative The secretary shall be appointed in accordance with the provisions of Article (23) of the Company's Articles of Association.
37	Training of Board Members , Committee Members and Executive Management	This article is indicative
39	Evaluation of Board of Directors , Committee Members and Executive Management	This article is indicative
44/3	Criteria for competition of members of the Board of Directors and committees of the company in its work or one of its branches of activity	The company's management is currently preparing the standards document to be presented to the General Assembly for approval.
63/B	Number of nominees for the Board of Directors	This article is indicative

67 68 69	Formation of the Risk Management Committee Terms of reference of the Risk Management Committee Risk Management Committee Meetings	The Company's management continuously reviews the Company's policies related to risk management to ensure the implementation of approved policies and programs in order to reduce the risks that the Company may face. The company's senior management also ensures that the risk management processes and systems are working efficiently at all levels of the company.
71/A	Establish an independent risk assessment and management unit or department	The company is currently searching for the necessary competencies at the appropriate cost to establish this unit as soon as possible
80	Procedures for regulating the relationship with stakeholders	This article is indicative
82	Employee Development and Motivation Programs	This article is indicative
84	Social Responsibility	This article is indicative
86/3	The company's website shall include all the information required to be disclosed, and any other data or information published through other means of disclosure	This paragraph is indicative The company publishes any information and data required to be disclosed in accordance with the laws and regulations in the manner determined by the Capital Market Authority.
92	Formation of the Corporate Governance Committee	This article is indicative The company publishes any information and data required to be disclosed in accordance with the laws and regulations in the manner determined by the Capital Market Authority.

2. Board of Directors, Committees, and Executive Management

a. Board of Directors Responsibilities

The Company's Board of Directors represents all of the Company's shareholders and must exercise the highest levels of care and loyalty when managing the Company, working toward protecting its interests, developing its operations, and maximizing its value.

- I. Developing the Company's strategies, plans, and main objectives while supervising their implementation and reviewing them on a regular basis, as well as ensuring the availability of all the necessary human and financial resources.
- II. Setting in place and supervising the Company's internal control systems and regulations.
- III. Preparing clear and specific policies, standards, and procedures for membership in the Board of Directors, in a manner that does not conflict with the mandatory provisions of the Governance Regulations issued by the Capital Market Authority, and putting them into effect after being approved by the General Assembly.
- IV. Developing a written policy that regulates relationships with stakeholders.
- V. Developing policies and procedures that ensure the Company's compliance with laws and regulations, as well as its commitment to disclosing material information to shareholders and stakeholders, while verifying that the Company's executive management adheres to these policies.
- VI. Overseeing the Company's financial management, its cash flows, and its financial and credit relationships with third parties.
- VII. Ensuring the accuracy and integrity of the data being disclosed in accordance with the policies of disclosure and transparency being enforced.

- VIII. Establishing effective communication channels that allow shareholders to have continuous and periodic access to the various aspects of the Company's activities and material events.

b. Executive Management Responsibilities

- I. Implementing the internal policies and procedures set forth by the Board of Directors.
- II. Suggesting a company-wide, comprehensive strategy that includes general and specific action plans, policies, and mechanisms for investment, financing, risk management, and management of administrative emergencies, while ensuring their implementation.
- III. Suggesting the ideal capital structure for the Company and its financial goals.
- IV. Implementing and supervising internal controls systems.
- V. Suggesting the Company's organizational and employment structure and presenting it to the Board for approval.
- VI. Effectively implementing the Company's governance policies and suggesting amendments when necessary.
- VII. Implementing the policies and procedures that ensure the Company's compliance with laws and regulations, as well as its commitment to the disclosure of material information to shareholders and stakeholders.
- VIII. Managing the Company's daily operations and activities, as well as managing resources in an efficient manner in line with the Company's goals and strategies.

c. Board of Directors Biographies

Name	Dr. Abdulaziz Bin Mohammed Bin Hamad Al Hammadi
Current Position	Chairman of the Board of Directors
Nationality	Saudi
Appointment Date	18/12/2023
Qualifications	Bachelor's Degree in Medicine from Faculty of Medicine Kasr Al Ainy – Cairo
Experience	Riyadh Central Hospital / Ministry of Health 1979–1982 Vice-Chairman of Al Hammadi Holding Company

Name	Mr. Mohammed Bin Saleh Bin Mohammed Al Hammadi
Current Position	Vice-Chairman of the Board of Directors, Managing Director and Chief Executive Officer
Nationality	Saudi
Appointment Date	18/12/2023
Qualifications	Bachelor's Degree in Management from Weber State University – USA – 1996 Bachelor's Degree in Marketing from Weber State University – USA – 1996
Experience	Chairman of Al Baha Investment and Development Company Chairman of Saudi Automotive Services (SASCO) 2006–2009 Member of the Board of Directors at Saudi Chemical 2007 – 2009

Name	Dr. Abdulaziz Saleh Mohammed Al Hammadi
Current Position	Member of the Board of Directors and Chief Operations Officer
Nationality	Saudi
Appointment Date	22/06/2022
Qualifications	Bachelor's Degree in Medicine and General Surgery – Al Azhar University
Experience	King Khaled University Hospital King Saud University Chest Diseases Hospital

Name	Mr. Saad Abdul-muhssin Alhamidi
Current Position	Member of the Board of Directors
Nationality	Saudi
Appointment Date	22/06/2022
Qualifications	Bachelor's Degree in Accounting from the University of Northern Colorado
Experience	General Manager of Al-Zaman Al-Mutatawur Company 2014–to date Chief Compliance Officer and Board Secretary at Aman Cooperative Insurance 2009–2014 Assistant Head of Risk Department at Ernst and Young 2007–2009 Credit Officer at Al Rajhi Bank 2006–2007 External Auditor at PWC 2005–2006

Name	Mr. Aziz Muhammed Algahtani
Current Position	Member of the Board of Directors
Nationality	Saudi
Appointment Date	22/06/2022
Qualifications	Master's Degree in Accounting from King Fahd University of Petroleum and Minerals – 2000 Bachelor's Degree in Accounting from King Fahd University of Petroleum and Minerals – 1994
Experience	Financial Accounting Advisory Financial and Administrative Advisor at Takamol Holding Chief Audit Executive at Saudi Technology Development and Investment Company (TAQNIA) Chief Audit Executive at Petroleum, Chemicals & Mining Company (PCMC) CFO at Business Triangle Company Group Chief Audit Executive at Saudi Research and Marketing Company, Chief Audit Executive at National Agriculture Development Company (Nadec), Internal Audit Manager at Saudi Telecom Company (STC) Internal Auditor at Saudi Arabian Oil Company (Saudi Aramco)

Name	Dr. Nasser Hamd Mohammed Binsaif
Current Position	Member of the Board of Directors
Nationality	Saudi
Appointment Date	22/06/2022
Qualifications	Bachelor's Degree in Accounting from King Saud University, 1999 Master's Degree in Management with an accounting major from Johnson & Wales University – USA – 2009 PHD in Business Information Systems – Cork College – Republic of Ireland, 2018
Experience	Faculty Member at Saudi Electronic University Alsalam Aerospace Industries, 2001–2006 Faculty Member at Prince Sultan University, 1999 –2000

Name	Dr. Ahmed Bin Ibraheem Bin Mohammed Alsagheir
Current Position	Member of the Board of Directors
Nationality	Saudi
Appointment Date	22/06/2022
Qualifications	Bachelor's Degree in Medicine and Surgery from King Saud University, 1996 Canadian American Fellowship in Proctology from University of Manitoba – Canada – 2001 Canadian American Fellowship in Hematology from McMaster University – Canada – 2003 Canadian American Fellowship in Oncology from McMaster University – Canada – 2005 Executive Master's Degree in Health Management from University of Alabama – USA – 2013
Experience	CEO of Madinah Health Cluster 2022–to date Research Team Leader and Manager of Hematopoietic stem cell transplantation at Johns Hopkins Aramco Healthcare, 2016–2022 General Manager of the General Directorate of Health Affairs of Madinah Faculty Member at King Saud University School of Medicine, 1997 – 2001

Name	Mr. Fahad Suliman Alnuhait
Current Position	Member of the Board of Directors
Nationality	Saudi
Appointment Date	22/06/2022
Qualifications	Bachelor's Degree in Business Administration from King Saud University – 2003 Master's Degree in Megaproject Management from Oxford University Master's Degree in Finance from Newcastle University – 2009 Chartered Financial Analyst (CFA) – 2017 Executive Program for Leadership from Harvard Business School – 2018
Experience	CEO of Halal Products Development Company, February 2023 to date Head of Industrial Investments and Funding at NEOM, 2019–2023 Director of Investments for Emerging Sectors at Dussur, 2017–2019 Head of Investments at TAIC, 2014–2017 Board Member at IFC MENA Fund, 2014–2017 Board Member at MEFIC Capital, 2013–2015 Investment Manager at TAIC, 2010–2014 Senior Credit Manager – Saudi Fund for Development, 2005 - 2010

d. Executive Management Biographies

Name	Mr. Mohammed Saleh Mohammed Al Hammadi
Current Position	Vice-Chairman of the Board of Directors, Managing Director, and CEO
Qualifications	Bachelor's Degree in Management from Weber State University – USA – 1996 Bachelor's Degree in Marketing from Weber State University – USA – 1996
Experience	Chairman of Al Baha Investment and Development Company Chairman of Saudi Automotive Services (SASCO), 2006–2009 Member of the Board of Directors at Saudi Chemical, 2007–2009

Name	Dr. Abdulaziz Saleh Mohammed Al Hammadi
Current Position	Member of the Board of Directors and Chief Operational Officer
Qualifications	Bachelor's degree in Medicine and General Surgery – Al Azhar University
Experience	King Khaled University Hospital King Saud University Chest Diseases Hospital

Name	Mr. Mohammed Saeed Al Saafeen
Current Position	Chief Financial Officer
Qualifications	Bachelor's Degree of Administrative Sciences, major in Accounting and minor in Financial and Banking Services – Yarmouk University Master of Business Administration (MBA) in Finance – University of Jordan
Experience	Financial Reporting and Budgeting Manager – Abdullatif Alissa Group Financial Manager – Zahran Operations & Maintenance Co. Financial Manager – Golden Group Co.

Name	Dr. Reema Bint Salah Al Hammadi
Current Position	Chief Medical Officer
Qualifications	MBBS Degree – King Saud University
Experience	Board Member at the Royal Commission for Riyadh City Board Member at King Abdullah bin Abdulaziz University Hospital

Name	Mr. Wahid Raafat Mohamed
Current Position	Chief Internal Audit Executive
Qualifications	Bachelor's Degree in Commerce, major in Accounting – Alexandria University Certified Public Accountant (CPA) – American Institute of Certified Public Accountants
Experience	Senior Manager of Assurance Services – PwC, KSA

Name	Dr. Safug Al Koraisi
Current Position	Head of Intensive Care Units
Qualifications	MBBS Degree – King Saud University
Experience	Security Forces Hospital Program Saudi Council of Health Specialties Saudi Critical Care Society

Name	Mr. Majid Al Nahdi
Current Position	Human Resources Manager
Qualifications	Bachelor's Degree in Business Administration – King Saud University
Experience	General Manager – Real Estate Company

Name	Ms. Kamar Khalifa
Current Position	Quality Manager
Qualifications	Bachelor's Degree in Information Technology and Computing Certified Professional in Patient Safety (CPHQ) Certified Risk Management Professional (CRMP)
Experience	Maintenance and evaluation of hospital quality management, risk management, and patient safety

Name	Dr. Abdullah Al Suebi
Current Position	Interim Medical Director of Al Hammadi's Nuzha Hospital
Qualifications	MBBC Saudi Fellowship in Family Medicine Arab Fellowship in Family Medicine Executive Master of Health Administration
Experience	Medical Director – Red Crescent Authority Director of the General Department of Occupational Health – Red Crescent Authority Intern Surveyor at The Saudi Central Board for Accreditation of Healthcare Institutions

Name	Dr. Daifallah Al Nakhli
Current Position	Medical Director of Al Hammadi's Suwaidi Hospital Head of Infection Control
Qualifications	MBBS – King Khalid University Fellowship in Infectious Diseases – McMaster University Fellowship in Infection Control and Clinical Epidemiology – McMaster University
Experience	Gulf Cooperation Center of Infection Control Advisory Board National Infection Control Committee Infection Control Committee at the General Directorate of Health Services – Ministry of Defense



3. Membership of Board Members in the Board of Directors of Other Companies

No	Name	Company Name	Location	Legal Entity	Current/ Previous
1	Mr. Saleh Mohammed Hamad Al Hammadi	Aziz Company for Contracting and Industrial Investment	KSA	Closed Joint Stock	Previous
2	Dr. Abdulaziz Mohammed Hamad Al Hammadi	Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO)	KSA	Listed Joint Stock	Previous
3	Mr. Mohammed Saleh Mohammed Al Hammadi	East Pipes Integrated Company	KSA	Listed Joint Stock	Current
		Al Baha Investment and Development Company		Listed Joint Stock	Current
		Aziz Company for Contracting and Industrial Investment		Closed Joint Stock	Current
		Sudair Pharma Company (SPC)		Limited Liability Company	Current
		Al Khebra Investments		Closed Joint Stock	Current
		SASCO		Listed Joint Stock	Previous
		Saudi Chemical		Listed Joint Stock	Previous
4	Dr. Abdulaziz Saleh Mohammed Al Hammadi	Al Baha Investment and Development Company	KSA	Listed Joint Stock	Current
		Al Khebra Investments		Closed Joint Stock	Current
		Sudair Pharma Company (SPC)		Limited Liability Company	Current
		Aziz Company for Contracting and Industrial Investment		Closed Joint Stock	Previous

No	Name	Company Name	Location	Legal Entity	Current/ Previous
5	Aziz Muhammed Algahtani	Thimar Development Holding	KSA	Listed Joint Stock	Current
		Basic Chemical Industries (BCI)		Listed Joint Stock	Current
		Nayifat		Listed Joint Stock	Current
		Al Jouf Cement		Listed Joint Stock	Current
		Almaktaba		Closed Joint Stock	Current
		Al-Shalawi International Co.		Closed Joint Stock	Current
		Pharma United Company		Closed Joint Stock	Current
		Halawani Bros Trade		Closed Joint Stock	Current
		Al Zamil		Closed Joint Stock	Current
		Medical Care Company		Closed Joint Stock	Current
		Malaz Capital		Closed Joint Stock	Current
		Raya Financing Company		Closed Joint Stock	Current
		Watan First Co. for Human Resource		Closed Joint Stock	Current
		Mshari Al-Shathri Engineering Consulting Company		Closed Joint Stock	Current
		Sudair Pharma Company (SPC)		Closed Joint Stock	Current
		Ahmed A.Abed Trading		Closed Joint Stock	Current
		Saudi Technology Development and Investment		Limited Liability Company	Previous
		PCMC		Closed Joint Stock	Previous
		Triangle Group		Listed Joint Stock	Previous
		Saudi Group for Research		Listed Joint Stock	Previous
Saudi Real Estate Company	Listed Joint Stock	Previous			
Jazan Energy and Development Company	Listed Joint Stock	Previous			
Arcelor Mittal	Closed Joint Stock	Previous			
Al-Lujain Company	Listed Joint Stock	Previous			

No	Name	Company Name	Location	Legal Entity	Current/ Previous
		Nadec		Listed Joint Stock	Previous
		Saudi Telecommunications		Listed Joint Stock	Previous
		Basic Chemical Industries		Listed Joint Stock	Previous
		Yanbu Cement		Listed Joint Stock	Previous
		Aramco Saudi		Listed Joint Stock	Previous
		Al-Mouwasat		Listen Joint Stock	Previous
		Middle East Specialized Cables		Listed Joint Stock	Previous
		Al Rashid Industries		Listed Joint Stock	Previous
6	Mr. Fahad Suliman Alnuhait	Member of the IFC's Advisory Committee for Investments in the Middle East and Africa	USA	Closed Joint Stock	Previous
		Samba Saudi	KSA	Listed Investment Fund	Previous
		Egyptian Polypropylene and Polypropylene (EPP)	Egypt	Closed Joint Stock	Previous
		MEFIC Capital	KSA	Closed Joint Stock	Previous
		Incolase- Egypt	Egypt	Closed Joint Stock	Previous
		Saudi Jordanian Investment Fund Co. (PSC)	Jordan	Public Joint Stock	Current
		Saudi Coffee Company	KSA	Closed Joint Stock	Current
		Bedaya	KSA	Closed Joint Stock	Previous
Arab Investmnet Company	KSA	Arab Company	Previous		
7	Mr. Saad Abdul-muhssin Al Hamidi	Al Baha Investment and Development Company		Listed Joint Stock	Current
		Nayifat		Listed Joint Stock	Current
		Al-Zaman Al-Mutatawur Company	KSA	Limited Liability Company	Current
		Twenty-One Company		Limited Liability Company	Current
		Al-Nakhla Al-Hamra Company for Production		Limited Liability Company	Current
8	Dr. Ahmed Ibraheem M Alsagheir	Al-Sudair Pharamcy		Limited Liability Company	Current
		Blood and Caner Center	KSA	Closed Joint Stock	Current
		Al Wessam Medical		Closed Joint Stock	Current
9	Dr. Nasser Hamd Mohammed Binsaif				



4. Board of Directors

The Company is governed by a Board of Directors comprising nine (9) members, which includes five independent members, two executive members, and the remainder non-executive members. All members were appointed by the General Assembly of Shareholders on 06/22/2022, for a term not exceeding three (3) years, in accordance with Article (18) of the Company's Articles of Association and Article (17) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

In light of the passing of the esteemed Chairman of the Board of Directors, Mr. Saleh bin Mohammad Al-Hammadi, the Board of Directors appointed a new member in compliance with regulatory requirements to fill the vacant position on November 13, 2023.

Dr. Abdulaziz bin Mohammed Al Hammadi has been appointed Chairman of the Board of Directors, succeeding His Excellency Mr. Saleh bin Mohammed Al Hammadi. Additionally, Mr. Mohammed bin Saleh Al Hammadi has been appointed Vice Chairman of the Board of Directors, as per the company's announcement on the Saudi stock exchange website "Tadawul".

The current members of the Board of Directors and their positions are as follows:

Name	Role	Nature of membership	Appointment date
Dr. Abdulaziz Mohammed Hamad Al Hammadi	Chairman	Non-executive	22/06/2022
Mr. Mohammed Saleh Mohammed Al Hammadi	Vice Chairman, Managing Director and CEO	Executive	22/06/2022
Dr. Abdulaziz Saleh Mohammed Al Hammadi	Member	Executive	22/06/2022
Mr. Aziz Bin Muhammed Bin Mubarak Algahtani	Member	Independent	22/06/2022
Mr. Fahad Bin Suliman bin Abdulrahman Alnuhait	Member	Independent	22/06/2022
Mr. Saad Abdul-Muhssin Bin Abdul Aziz Alhamidi	Member	Independent	22/06/2022
Dr. Nasser Hamd Mohammed Binsaif	Member	Independent	22/06/2022
Dr. Ahmed Ibraheem M Alsagheir	Member	Independent	22/06/2022

5. Measures Taken by the Board of Directors to Record and Process Shareholders' Suggestions and Comments

The Board has formed a Shareholders Affairs Department that is responsible for recording, processing, and answering any inquiries that shareholders might have about their shareholding in the Company. The Department is accessible through the following numbers: (Phone: 2329999-011, Fax: 2319999-011).

6. Board of Directors' Committees

To ensure the optimal performance of the Company, the Board of Directors has established the Audit Committee and the Nomination and Remuneration Committee. The Board has detailed a set of rules that govern the roles and responsibilities of each committee, which have been approved in accordance with Article (17) of the Company's Articles of Association for a period of three years. The membership of each committee ends in accordance with Article (19), which stipulates that a committee member's membership ends with the expiry of their membership on the Board of Directors, the member's resignation, the member's death, or if the member declares their bankruptcy or insolvency, has applied for a debt settlement with their creditors, or has stopped paying their financial liabilities. Each committee submits its reports and suggestions to the Board of Directors. The Board conducts an annual review of the laws governing the committees based on the recommendations of the committees in accordance with the Audit Committee's charter, the Nomination and Remuneration Committee's charter, and the Company's Corporate Governance framework, which was approved in the Ordinary General Assembly dated 26/12/2017. The aforementioned is available for any shareholder to access at the Company's headquarters.

I. Audit Committee

On 06/20/2022, The Extraordinary General Assembly approved the formation of the Audit Committee and determined its tasks, work controls, and remuneration for its members for the Board session for a term not exceeding three (3) years. The Audit Committee comprises four members. In order to ensure neutrality, the Audit Committee comprises two members from outside the Board of Directors and two independent Board Members.

The following table shows the members of the Audit Committee:

Name	Nature of Board Membership	Committee Position
Mr. Aziz Muhammed Algahtani	Independent Board Member	Committee Chairman
Dr. Nasser Hamd Mohammed Binsaif	Independent Board Member	Committee Member
Mr. Adel Bin Mohammad Al-Osaimi*	Non-Board Member	Committee Member

*Membership began 04/11/2023

Committee Roles and Responsibilities:

The roles and responsibilities of the Audit Committee include, but are not limited to, the following:

I. Financial Reports

- Analyzing the Company’s interim and annual financial statements before presenting them to the Board and providing opinions and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board’s report and Company’s financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company’s financial position, performance, business model, and strategy.
- Reviewing any critical or unfamiliar issues that arise within the financial reports.
- Accurately investigating any issues raised by the Company’s Chief Financial Officer (or any person assuming such duties), compliance officer, or external auditor.
- Reviewing estimates in respect to significant matters that are contained in the financial reports.
- Reviewing accounting policies followed by the Group and providing its opinion and recommendations to the Board thereon.

ii. Internal Audit

- Examining and reviewing the Company’s internal and financial control systems and its risk management system.
- Analyzing internal audit reports and following up on the implementation of corrective measures with respect to remarks made in such reports.
- Supervising the Company’s Internal Audit Department to ensure its effectiveness in executing the activities and duties specified by the Board.
- Providing a recommendation to the Board on appointing the Head of the Company’s Internal Audit Department and giving suggestions regarding their remuneration, benefits, and assessment of performance.

iii. Compliance

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Ensuring compliance with relevant laws, regulations, policies, and instructions.
- Reviewing the proposed contracts and related-party transactions and providing recommendations to the Board in connection therewith.
- Raising any issues it deems necessary to the Board of Directors in order to take action, while providing its recommendations.

iv. External Auditor

- Recommending to the Board the appointment, dismissal, and remuneration of external auditors, after confirming their independence and reviewing their scope of work and contractual terms.
- Verifying the independence of the external auditors, their objectivity, and fairness and the effectiveness of the audit activity, taking into account the relevant rules and standards.
- Supervising and assessing the plan and activities of the external auditors, ensuring that the auditor does not provide any technical or administrative work beyond their scope, and recommending to the Board the approval or denial of any activity beyond the scope of the audit work assigned to the external auditors during the performance of their duties.
- Responding to queries from the Group’s external auditors.
- Reviewing the external auditors’ reports and their comments on the financial statements and following up the actions taken about them



The following table contains the dates and member attendance information for the eight Audit Committee meetings that were held during 2023:

Name	03/01/2023	09/04/2023	14/05/2023	13/06/2023	09/08/2023	02/10/2023	04/11/2023	26/12/2023	Total
Mr. Aziz Muhammed Algahtani	√	√	√	√	√	√	√	√	8
Dr. Nasser Bin Hamad Al Seif	√	√	√	√	√	√	√	√	8
Ms. Lama Abdulaziz Al Hammadi*	√	√	√	√	√	×	×	×	5
Mr. Adel Bin Mohammed Al-Osaimi**	×	×	×	×	×	×	×	√	1

*Membership ended 17/09/2023

** Membership began 04/11/2023

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed on 06/20/2022 to determine tasks, work controls, and remuneration for its members in the Board session for the period from 06/22/2022 to 06/21/2025. It is responsible for reviewing the composition of the Board of Directors, submitting recommendations regarding the changes that can be made, and setting the remuneration and incentive policies for the Board of Directors and the Senior Executive Management, which aim to enhance productivity. The Committee also evaluates the efforts of each Board member and Executive Manager in applying the Company’s strategy.

The Committee comprises three independent Board members. The Committee held one meeting during 2023, which was attended by all members.

Name	Nature of board membership	Committee position
Mr. Saad Abdul-muhssin Alhamidi	Independent Board Member	Committee Chairman
Mr. Fahad Suliman Alnuhait	Independent Board Member	Committee Member
Mr. Ibrahim Saleh Al-Dakheel	Non-Board Member	Committee Member

Name	21/03/2023
Mr. Saad Abdul-muhssin Alhamidi	√
Mr. Fahad Suliman Alnuhait	√
Mr. Ibrahim Saleh Al-Dakheel	√

Committee Roles and Responsibilities:

The roles and responsibilities of the Nomination and Remuneration Committee include, but are not limited to, the following:

- Establishing clear policies and standards for Board membership, Executive Management, and Board Committees, presenting them to the Board of Directors for review and approval by the General Assembly of Shareholders. These policies should take into consideration performance-related factors and should be disclosed. The Committee is responsible for making sure that these policies are executed.
- Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- Reviewing the remuneration policy periodically and assessing its effectiveness in achieving its objectives.
- Providing recommendations to the Board in respect of the remunerations of its members, the committees’ members, and senior executives, in accordance with approved policy.
- Recommending clear policies and standards for Board membership and Executive Management.
- Providing recommendations to the Board for the nomination and re-nomination of its members in accordance with approved policies and standards, taking into account that nominations shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- Determining the qualifications necessary for Board Membership and Executive Management positions.
- Determining the time a Board member should allocate to the work of the Board.
- Producing an annual review of membership requirements for the Board and Executive Management and preparing a description of the required remuneration capabilities and qualifications for such membership.
- Reviewing the structure and composition of the Board, Board committees, and the Company’s executive management,

and providing recommendations regarding changes.

- Ensuring, on an annual basis, the independence of independent directors and ensuring the absence of any conflicts of interest if a Board Member also acts as a member of the Board of another company.
- Providing job descriptions for executive, non-executive, and independent Board Members and Senior Executive Management.
- Setting procedures to be followed if the position of a member of the Board or a senior executive becomes vacant.
- Determining the strengths and weaknesses of the Board of Directors and recommending solutions to the weaknesses in line with the interests of the Company.

Remuneration and Compensation Policy for the Secretary and the Board Members:

In line with the Company’s Articles of Association, the remuneration of the Board of Directors members are set by the General Assembly of Shareholders in accordance with the decisions and instructions set forth by the Ministry of Trade and in line with the stipulations of the Company’s laws, as well as any complementary laws. The remuneration policy for the Board of Directors, Committees, and Executive Management has been drawn up in accordance with the Corporate Governance laws within the Kingdom of Saudi Arabia, which have been issued by the Capital Markets Authority pursuant to resolution 8-16-2017 dated 13/02/2017, and based on the Company Law issued by Royal Decree number M/3 dated 28/01/1437 Hijri.

- The remuneration for a Board Member is in line with the Company’s Articles of Association and the Companies Law and its policies and in compliance with the official instructions and decisions issued in relation to this topic. The total amount received by a Board Member in return for serving on the Board of Directors shall not exceed SAR 500,000 in financial and material compensation and benefits.
- Remuneration is based on the number of Board meetings attended by the member during the year.
- The compensation for attending a Board meeting is SAR 5,000, and the compensation for attending a committee meeting is SAR 5,000 for each member and the Secretary.
- First class airplane tickets, transportation, and accommodation for Board members who do not reside in the city where the meeting is to be held are to be provided by the Company.
- The Board of Directors decides on the Secretary’s annual remuneration, and the Company is responsible for handling all of the Secretary’ expenses relating to meeting attendance such as airplane tickets, accommodation, transportation, and other expenses.
- Remunerations, compensations, and other fees are disbursed at the close of the fiscal year. In the event that a Member’s membership expires prior to the close of the fiscal year, then their fees are disbursed as soon as their membership expires.

7. Remuneration and Compensation Policy

The Executive Management’s compensation comprises the following:

- Primary salary disbursed monthly
- Insurance privileges that include, but are not limited to: (medical insurance for the Executive Manager and family members and life insurance that includes work-related injuries, as well as partial and complete inability to perform, and death during work)
- Performance-related bonuses
- Reward programs for Senior Executives are approved by the Nomination and Remuneration Committee
- Privileges that include Annual leave, Annual travel tickets, Personal Driver, and End-of-Service Bonus
- The CEO executes the Company’s remuneration policy for Senior Executives in line with the programs approved by the Nomination and Remuneration Committee

Board of directors' compensation:

Name	The certain amount	Allowance for attending board sessions	Total allowance for attending committee sessions	Non-monetary advantages	Compensation of Chair- man, Managing Director, or Secretary if they are Board Members	Fixed, administrative, and investment remunerations	Percentage of profits	Short-term incentive plans	Long-term incentive plans	Shares granted are the value entered	Total in SAR	Grand Total	Expense Allowance
Mr. Aziz Muhammed Algahtani	200,000	40,000	40,000		100,000						340,000	340,000	
Dr. Nasser Hamd Mohammed	200,000	40,000	40,000		100,000						340,000	340,000	
Mr. Fahad Suliman Alnuhait	200,000	10,000	10,000		50,000						260,000	260,000	
Mr. Saad Abdulmuhsin Alha-	200,000	10,000	10,000		50,000						260,000	260,000	
Mr. Ahmed Ibraheem M.	200,000	-	-		-						200,000	200,000	
Non-executive members													
Mr. Saleh Mohammed Al Hammadi	50,000										50,000	50,000	
Dr. Abdulaziz Mohammed Al Hammadi	200,000										200,000	200,000	
Executive members													
Mr. Mohammed Saleh Al-Hammadi	200,000										200,000	200,000	
Mr. Abdulaziz Saleh Mohammed Al-Hammadi	200,000										200,000	200,000	

Remuneration of Senior Executives:

Senior executive	Salaries	Compensation	Periodical bonuses	Long-term Incentive	Stocks	Total fixed and variable	End of service	Total executive remuneration for the board if any	Total
Five of the Company's senior executives including the CEO	4,437,068	1,395,707	1,451,200	-	-	7,283,975	451,392	400,000	8,135,367



Committee Members Compensation:

i. Audit Committee

Name	Fixed Compensation, Excluding Committee Meeting Attendance Compensation	Committee Attendance Compensation	Total
Aziz Muhammed Algahtani	100,000	40,000	140,000
Nasser Hamd Mohammed Binsaif	100,000	40,000	140,000
Lama Abdulaziz Al Hammadi*	62,500	25,000	87,500
Adel Bin Mohammed Al-Osaimi**	12,500	5,000	17,500

II. Nomination and Remuneration Committee

Name	Fixed Compensation, Excluding Committee Meeting Attendance Compensation	Committee Attendance Compensation	Total
Fahad Suliman Alnuhait	50,000	10,000	60,000
Saad Abdulmuhssin Alhamidi	50,000	10,000	60,000
Ibrahim Saleh Al-Dakheel	50,000	10,000	60,000

8. Fines and Penalties

The following table shows all penalties and fines imposed on the Company during FY 2023.

Penalty	Reason for Penalty	Reason for Penalty	Treatment
N/A	N/A	N/A	N/A

*Membership ended 17/09/2023

**Membership started 04/11/2023

9. Opinion of the Company's External Auditor on the Annual Financial Statements

According to what was stated in the report of the external auditor of the Company, Messrs. / Dr. Mohamed Al-Amri and Co. BDO, which stated the outcome of the audit after auditing the consolidated annual financial statements of the Group for the fiscal year ended on 31 December 2023 AD, as follows:

The consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 AD, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, as well as the standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

10. Qualifications of the Company's External Auditor on the Annual Financial Statements

The external auditor, Messrs. / Dr. Mohamed Al-Amri and Co. BDO, does not have any qualifications on the annual consolidated financial statements of the Group for the fiscal year ended on 31 December 2023.

11. Internal Audit

a. Internal Audit Department

Internal audit is an objective and independent assurance and advisory activity with the purpose of improving the Company's operations and adding value to them. Internal audit helps the Company achieve its objectives by providing a regular input to evaluate and improve the effectiveness of risk management, internal control, and processes involved in the Company's controls performance. The Company's Internal Audit department has carried out many periodic and special audits, focusing on high-risk activities and functions, to improve the efficiency and effectiveness of the Company's operations, noting that the necessary measures have been taken to follow up most of the observations included in the internal audit reports in order to verify that the necessary corrective measures have been taken.

b. The Company's Internal Control Effectiveness Annual Review Results

The internal control system aims to ensure effective and efficient achievement of the Company's objectives, compliance with laws, regulations, and policies, as well as the management of potential risks. The Company's management is responsible for setting up a comprehensive and effective control system commensurate with the level of risks that the Company may be exposed to. The Audit Committee continuously reviews the periodic reports prepared by the internal and external auditors and the Company's various departments related to internal control.

Based on what was reached by the results of the annual reviews, the Audit Committee would like to point out that it did not find material issues that could be mentioned in this report. We also point out that there is continuous communication between the Audit Committee and the executive management of the Company regarding the periodic follow-up to assess and review the control system to ensure the achievement of internal control objectives by improving the efficiency of operations and their effectiveness while adhering to the relevant laws and regulations.

12. Corporate Social Responsibility

The Company's CSR strategy is outlined on pages 52 to 53 of this report.

13. General Assembly Meetings

General Assembly Attendance Registry for FY 2023

Name	Positions	EGM Dated 13/04/2023
Mr. Saleh Bin Mohammed Bin Hamad Al Hammadi*	Former Chairman	√
Dr. Abdulaziz Bin Mohammed Bin Hamad Al Hammadi	Vice-Chairman	√
Mr. Mohammed Bin Saleh Bin Mohammed Al Hammadi	Managing Director and CEO	√
Dr. Abdulaziz Bin Saleh Bin Mohammed Al Hammadi	Chief Operating Officer	√
Mr. Aziz Bin Muhammed Bin Mubarak Algahtani	Board Member	√
Mr. Fahad Bin Suliman Bin Abdul Rahman Alnuhait	Board Member	√
Mr. Saad Bin Abdul Muhssin Bin Aziz Alhamidi	Board Member	√
Dr. Nasser Bin Hamed Bin Mohammed Bin Saif	Board Member	√
Mr. Ahmed Bin Ibrahim Bin Mohammed AlSagheer	Board Member	X

14. The Group, Its Subsidiaries, and Its Associates

a. The Main Business Activities of the Group (The Company, its Subsidiaries, and its Associates)

The Company provides medical services to patients at its hospitals that are spread out across Riyadh and have a bed capacity of 1,028 beds. The Company's main business activities are managing and operating hospitals and medical facilities, as well as providing healthcare services across all fields of medicine.

b. Subsidiaries

- I. Medical Support Services Company: On 31 January 2018, Al Hammadi Holding Company purchased the stakes of all associates in Medical Support Services Company, which specializes in providing hospitals and medical centers with logistical medical and non-medical services, such as communication medicine, providing medical and non-medical maintenance services, subsistence, and hygiene, buying and selling medicines and medical supplies, and outsourced marketing.
- II. Pharmaceutical Services Company "Pharma Serve": On 31 January 2018, Al Hammadi Holding Company purchased

the stakes of all associates in Pharma Serve Company, which specializes in wholesale and retail trade of medicine and medical supplies and equipment.

c. Associates

- I. Sudair Pharmaceuticals Company: Al Hammadi Holding purchased a 35% stake in Sudair Pharmaceuticals Company, which specializes in the manufacturing of cancer medication. The cancer medication manufacturing plant represents the first phase of Sudair's factories complex, which is the largest project specialized in manufacturing cancer medication within the Kingdom.

15. Main Transactions, Investments, and Events

- a. On 12/02/2023, Al Hammadi Holding Company for Development and Investment announced the signing of a contract to purchase a 19,202 square meter plot of land in Narjis community north of King Salman Road north of Riyadh on Abi Bakr As-Siddiq Road, costing 115,600,133 Saudi riyals excluding the Real Estate Transaction Tax and commission. The reason behind the transaction is to build a hospital on the purchased land plot.
- b. Al Hammadi Holding Company announced the resignation of a member of the Audit Committee, Ms. Lama Abdulaziz Alhammadi from her membership in the audit committee, which she submitted on 17/09/2023. The Board of Directors resolution was issued on 24/09/2023, approving the submitted resignation, to be effective as of 17/09/2023.
- c. Al Hammadi Holding Company announces that Sudair Pharmaceuticals, in which Al Hammadi Holding Company owns 35%, has signed an agreement on Monday, 29 October 2023, with the National Unified Procurement Company for Medical Supplies (NUPCO) and SANOFI Company to localize the insulin industry in the Kingdom of Saudi Arabia.
- d. Al Hammadi Holding Company announces the death of the Chairman of the Board of Directors, Mr. Saleh bin Mohammed bin Hamad Alhammadi.
- e. Al Hammad Holding Company announces the decision of its board of directors, issued on 20/04/1445 H, corresponding to 04/11/2023, to appoint Mr. Adel bin Mohammed Al-Osaimi as a member of the Audit Committee (an independent non-board member). This appointment is effective from the date of this decision until the end of the current board of directors' term on 21/06/2025.

*Membership ended 13/11/2023

16. Potential Risks Faced by the Company

a. Risk Related to Activities and Operations – Including, but Not Limited to:

i. The rapid development in medical devices and technologies and the need to update them periodically

The health sector is characterized by rapid progress in medical devices and equipment and technical developments, so the Company must constantly update its devices despite their increasing cost in order to be able to provide the best possible service to its customers.

ii. High costs for attracting doctors, nursing staff, and medical personnel

Attracting and employing qualified medical and nursing staff to work in the group is among the difficulties it faces due to the limited number of medical personnel available in the Saudi market. Therefore, the failure of the Company to attract and employ the best medical competencies in terms of reputation, expertise, and experience to work in the Company's hospitals will affect the operational process and its achievement of occupational and financial goals.

iii. Medical errors

The Company is exposed to medical errors that may be committed by its medical staff, and therefore, the Company cannot guarantee that such errors will not occur by its medical staff in the future despite its continuous procedures in monitoring the quality of the medical services provided.

Accordingly, the Company is obligated, according to Article (41) of the Law on the Practice of Health Services, to bear the financial compensation that must be paid to the affected patient as a result of the medical error committed by one of its health practitioners' affiliates, and it is also possible that the Company will not succeed in proving the basis of its claim to the insurance company for any reason. This could negatively affect the Company and its financial position.

iv. Price competition and the maintenance of contractual relationships

Competition has become increasingly important, as there are numerous service providers within the market. The Company strives to acquire the largest segment of customers by providing distinctive medical and treatment services that are not available to others and achieving a degree of competitive advantage and distinction over its competitors in order to achieve the highest levels of return.

v. Cost and location of new projects

The real and final cost of these projects is considered to be more than the cost estimated by the Company according to the studies that have been approved in this regard, and if the actual cost exceeds the estimated cost, the Company may have to resort to obtaining new financing to cover this increase, which leads to the Company incurring additional financing costs and could potentially impact profits.

b. Healthcare Sector Risks – Healthcare Provision

i. Cost and Location of New Projects

- The competitive environment in general with regards to the services provided and how it compares to those of other providers.
- The restructuring of the Saudi healthcare market.
- Saudization, as the group exerts significant effort in implementing the minimum percentage determined by the Ministry of Labor despite the lack of national health cadres in the healthcare field

c. Risks Related to Common Stock

The distribution of dividends, or lack thereof, which depends on the financial position of the Group, in addition to other factors that enable the Group to distribute dividends, which might not be available.

17. Summary of Assets, Liabilities, and Business Results (SAR millions)

a. Business Results for the Past Five Years

The following table shows a summary of the Company's profit and loss statement for the fiscal year ending 31 December 2023.

Item/Year	2019	2020	2021	2022	2023
Net Revenues	974	764	952	1,122	1,177
Gross Profit	283	253	364	420	433
Operating Profit	147	109	133	296	347
Profit Before Zakat	109	84	118	274	321
Profit from Continuing Operations	93	64	99	257	303
Net Profit	93	131	90	257	303

As per the above table, the Group's revenues have grown steadily throughout the past years in line with the Group's expansion strategy of establishing new hospitals and acquiring companies that complement the Group's operations.

The Company recorded net profit for 2023 of SAR 303 million, increasing 18% from the previous year. Net profit increases for the year were driven by increases in revenues, which expanded 5% y-o-y supported by solid expansions at both the Company's medical services and in-house pharmaceuticals segments. Growth at Al Hammadi's medical services segment resulted from rising inpatient and outpatient revenues during 2023. Additionally, a 65% decrease in expected credit loss provision compared to last year also contributed to increased net profit as the Company continued to enhance collection rates.

b. Performance Summary for the Group's Main Business Activity (The Company and its Subsidiaries)

Company Revenues SAR million	2022	Percentage of total revenue	2023	Percentage of total revenue
Medical	880	78%	951	81%
Pharmacies and Medicine	242	22%	226	19%
Total	1,122	100%	1,177	100%

Company Revenues SAR million	2022	Percentage of total revenue	2023	Percentage of total revenue
Medical and Pharmaceutical Equipment	62	6%	27	2%

The Group's net revenues for 2023 stood at SAR 1,177 million versus SAR 1,122 million in 2022, a y-o-y increase of SAR 55 million or 5%. This comes on the back of growth across both the Company's medical services and the Group's in-house pharmacies.

c. Geographical Analysis of the Group's Revenues

The Group's operations are centralized within Riyadh and there are no branches located elsewhere within or outside the Kingdom.

d. Assets, Liabilities, and Shareholders' Equity Results for the Past five Years

Item/Year	2019	2020	2021	2022	2023
Total Assets	2,538	2,435	2,262	2,482	2,594
Total Liabilities	972	736	603	771	749
Total Shareholders' Equity	1,566	1,699	1,659	1,711	1,845
Total Liabilities and Shareholders' Equity	2,538	2,435	2,262	2,482	2,594

As shown by the previous table, total assets have grown in line with the Group's expansion strategy. In 2018, Al Hammadi Al Nuzha Hospital was inaugurated, and the Group acquired Medical Support Services Company and Pharma Serve Company. In 2021, the Board of Directors approved to discontinue the operations of Al Hammadi Olaya Hospital in order to set up a new hospital in its place. The Group also purchased a 35% stake in Sudair Pharmaceutical Industries, as well as the developer of Sudair's factories complex, as part of the Group's expansion strategy.

Total shareholders' equity grew from 1,566 in 2019 to 1,845 in 2023, a 18% y-o-y growth. Worth noting that the Company distributed dividends worth SAR XX million between 2019 and 2023.

e. Cash Flow Statement

Item/Year	2019	2020	2021	2022	2023
Net Cash Flows from Operating Activities	183	328	435	253	351
Net Cash Flows from Investing Activities	(45)	(27)	(133)	(112)	(55)
Net Cash Flows from Financing Activities	(106)	(363)	(195)	(201)	(232)
Net Change in Cash	32	(62)	107	(60)	64
Cash Balance at the Start of the Year	44	76	14	121	61
Cash Balance at the End of the Year	76	14	121	61	125

18. Substantial Differences in Operational Results Compared to the Previous Year

There have been no substantial changes in the Company's operational results compared to the previous year, nor have there been any announcements by the Company outlining expectations for upcoming changes.

19. Differences in Accounting Standards from Those Approved by the Saudi Organization for Certified Public Accountants (SOCPA)

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in line with interpretations issued by the International Accounting Standards Board (IASB), and approved by the Saudi Organization for Certified Public Accountants (SOCPA).

20. Subsidiaries and Associates

Company Name	Capital	Ownership%	Main scope of Business	Location
Medical Support Services Company	SAR 2,000,000 million	100%	Buying and selling medicines and medical supplies	Riyadh, KSA
Pharma Serve Company	SAR 500,000	100%	Wholesale and retail trade of medicine and medical supplies and equipment	Riyadh, KSA

b. Associates

Company Name	Capital	Ownership%	Main scope of Business	Location
Sudair Pharmaceuticals Company	SAR 57,000,000	35%	Manufacturing of cancer medication	Riyadh, KSA

21. Dividend Policy

In accordance with the Company’s articles of association and the regulations for the distribution of profits in the internal corporate governance system, the distribution of cash dividends is subject to the approval of the General Assembly based on the recommendations of the Board of Directors, taking into account various factors such as the Company’s financial position and its financial pledges that restrict the distribution of cash dividends according to the credit facilities agreements concluded by the Company With its financing banks, as well as its current and expected business results, cash requirements, and expansion plans. According to Articles (46) and (47) of the Company’s articles of association, the dividend policy, the place, and date of the exchange, has been defined as follows:

Article	Definition
Article (46) Distribution of Profits	<p>The annual net profits of the Company are distributed after deducting all general and other expenses as follows:</p> <ul style="list-style-type: none"> Ten percent (10%) of the net profits are excluded to form the statutory reserve. The Ordinary General Assembly may stop this action when said reserve reaches thirty percent (30%) of the Company’s capital. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside ten percent (10%) of the net profits to form other reserves. The Ordinary General Assembly may decide to hold other reserves to the extent that serves the interest of the Company or ensures the distribution of fixed profits as much as possible to shareholders. The Assembly may also deduct from the net profit an amount in order to establish social institutions for the Company’s employees or to assist existing ones. From the remainder, a payment of at least one percent (1%) of paid-up capital shall be distributed to shareholders. The Company may also disburse periodical dividend payments to shareholders on a semi-annual or quarterly basis in accordance with the regulations issued by the Capital Markets Authority, based on an approval provided by the Ordinary General Assembly to the Board of Directors to distribute dividends periodically, this approval is renewed annually.
Article (47) Dividend Eligibility	<p>Shareholders are entitled to a share in the Company’s profits in accordance with the decisions of the general assembly issued in this regard. The decision shall indicate the date of maturity and the date of distribution. The eligibility of profits shall be for the owners of shares registered with the Securities Depository Center Company (Depository Center) at the end of the first trading day following the maturity date.</p>

The following table shows the dividends distributed during FY 2023:

Item	22/03/2023 Q1	12/07/2023 Q2	26/11/2023 Q3	04/04/2024 Q4	Total Dividends Disbursed in
Dividend to Face Value of Share Ratio	3.5%	3.5%	3.5%	3.5%	14.0%
Total	56,000,000	56,000,000	56,000,000	56,000,000	224,000,000

On 23 August 2023, Al Hammadi Holding Company announced that the Board of Directors approved the Company’s dividend distribution policy for the coming three years during the meeting held on 23 August 2022 starting from the third quarter of 2022. The policy preserves a minimum value of dividends per share to be distributed on a quarterly basis, according to the following:

The Company is committed to distributing no less than 60% of its net profit for each quarter for the coming three years. The dividend policy is subject to change according to the following:

- Any material changes in the Company’s strategy and operations (including the commercial environment in which the Company operates)
- Laws, regulations, legislations, and controls governing the sector in which the Company operates
- Any obligations or undertakings to banking or financing entities, or to meet the requirements of credit rating agencies, which may be binding on the Company from time to time

The Board’s decision to adopt the dividend distribution policy was approved in the terms of the Ordinary General Assembly held on 04/13/2023.

The following table shows the Company’s historical profit figures.

Item	2019	2020	2021	2022	2023
Net Profit	93	131	90	257	303
Average Number of Shares	120	120	120	160	160
Total Value Distributed	-	60	72	200	224
% of Net Profit	0%	46%	80%	78%	74%

22. Statement of Shareholders Owning 5% or More of the Company's Capital as at 31 December 2023

a. Investors by Size

Ownership Size – Share	No. of Investors	No. of Shares	Ownership Percentage
More than a million	24	105,478,585	65,9%
From (501 thousand) – less than a million	14	9,623,053	6%
From (100 thousand) – less than (500 thousand)	100	20,848,511	13%
Less than (100 thousand)	38,086	24,049,851	15,1%
Total	38,224	160,000,000	100%

b. Investors by Type

Ownership Size – Share	No. of Investors	No. of Shares	Ownership Percentage
Companies and Institutions	380	62,872,567	39%
Individuals	37,844	97,127,433	61%
Total	38,224	160,000,000	100%

23. Share Direct Ownership of Board Members, Senior Executives, and Their Wives or Minor Children

The following tables show the share ownership of Board Members and Senior Executives, including their wives and minor children, as well as any changes that occurred during FY 2023.

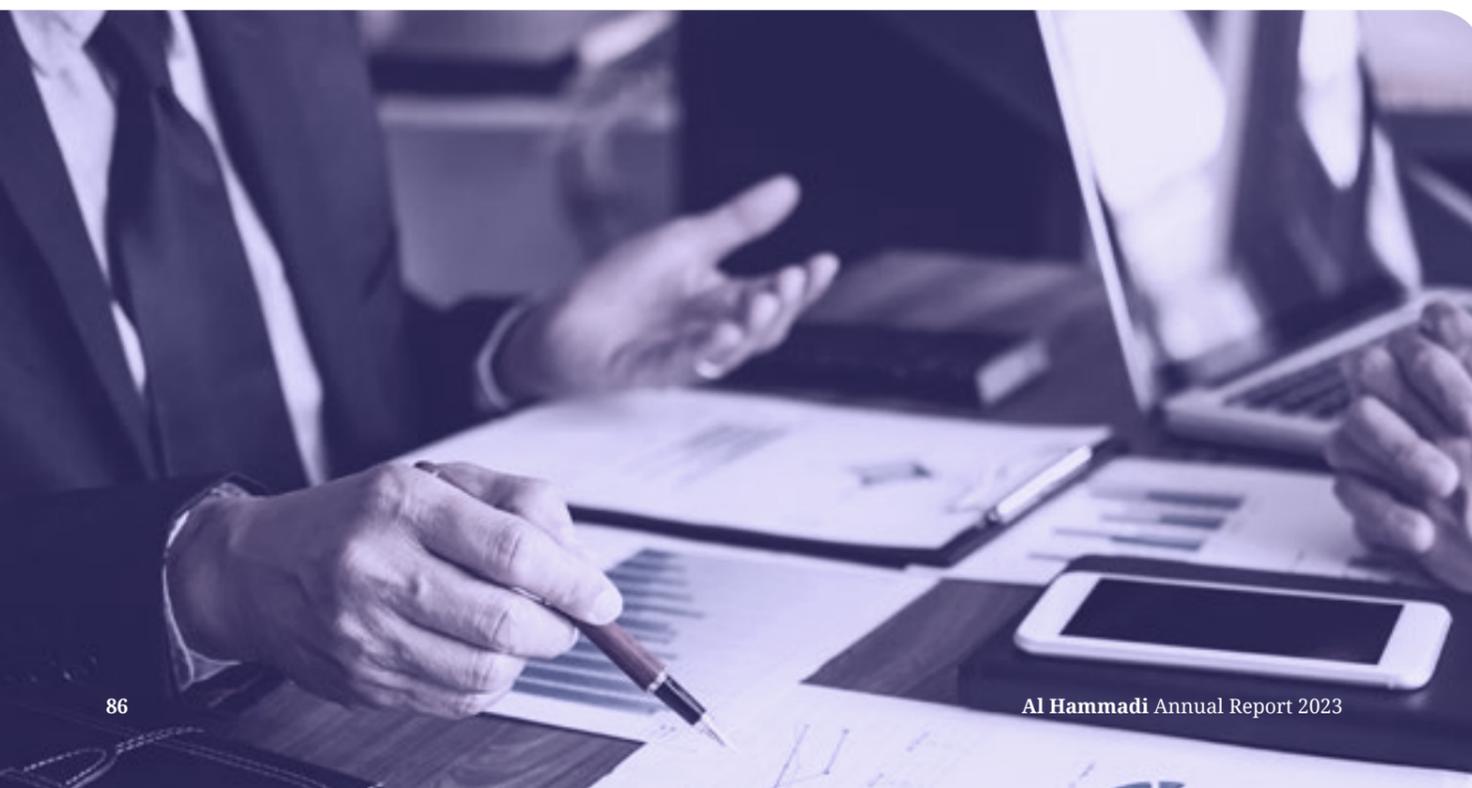
I. Share Direct Ownership of Board of Directors Members

Name	Nature of Membership	31/12/2022	31/12/2023	% Change
Mr. Saleh Mohammed Hamad Al Hammadi*	Non-executive	21.050.400	21.050.400	0%
Dr. Abdulaziz Bin Mohammed Bin Hamad Al Hammadi and his spouse	Non-executive	17.413.466	17.413.477	0%
Mr. Mohammed Bin Saleh Bin Mohammed Al Hammadi	Executive	7.840.000	7.840.000	0%
Dr. Abdulaziz Bin Saleh Bin Mohammed Al Hammadi	Executive	7.840.000	7.840.000	0%
Mr. Aziz Bin Muhammed Bin Algahtani	Independent	133	133	0%
Mr. Fahad Suliman Bin Alnuhait	Independent	20	20	0%
Mr. Saad Bin Abdulmuhssin Alhamidi	Independent	4,011	4,011	0%
Dr. Nasser Bin Hamd Mohammed Binsaif	Independent	5,335	5,335	0%
Dr. Ahmed Bin Ibraheem M Alsagheir	Independent	0	0	0%

II. Share Direct Ownership of Senior Executives

Name	Nature of Membership	31/12/2022	31/12/2023	% Change
Mr. Mohammed Saleh Mohammed Al Hammadi	Executive	7,840,000	7,840,000	0%
Dr. Abdulaziz Saleh Mohammed Al Hammadi	Executive	7,840,000	7,840,000	0%
Mr. Mohamed Saeed Suliman Al-Saafeen	CFO	0	0	0%

*Membership ended 13/11/2023



24. Loans and Indebtedness

Information related to loans (whether they are payable on demand or otherwise), the Group's total debt, and any amounts paid by the Company in loan repayments during the year, as well as the principal amount of the loan, the name of the loaning party, the loan duration, and the remaining amount:

III. Loans Provided by Commercial Banks

Lending Entity	Total Loans Value	Loan Length	Balance at the Start of the Year	Additions Made During the Year	Repayments Made During the Year	Remaining Balance
Arab Bank	365,000,000	7 Years	31,291,364	-	31,291,364	-
Arab Bank	50,000,000	Short Term	-	50,000,000	50,000,000	-
SNB Bank	4,118,000	Short term	-	4,118,000	4,118,000	-
Total	419,118,000		31,291,364	54,118,000	85,409,364	-

IV. Loans Provided by the Ministry of Finance

Lending Entity	Total Loans Value	Loan Length	Balance at the Start of the Year	Additions Made During the Year	Repayments Made During the Year	Remaining Balance
Ministry of Finance	374,284,000	20 Years	301,859,300	-	18,712,000	283,147,300*

V. Statement of Indebtedness

Item	Value (SAR)
Long-term Loans and Government Grants	269,661,056
Short-term Loans and Government Grants	37,838,882
Accrued Expenses and Other Liabilities	139,435,247
Employees' End of Service Benefits	88,235,446
Trade Payables	74,928,105
Accrued Zakat	17,839,642
Lease Liabilities	121,585,672
Total	749,524,050

*This amount represents the balance of the loans granted by the Ministry of Finance, which is divided into government loans and grants in the consolidated financial statements and is processed according to the accounting policies stipulated in International Financial Reporting Standard No. (20).

25. Board of Directors Meetings

The Company's Board of Directors held four meetings during 2023. Member attendance for said meetings is listed in the following table:

Name	02/03/2023	15/05/2023	04/11/2023	18/12/2023	Total
Mr. Saleh Mohammed Hamad Al Hammadi*	√	×	×	×	1
Dr. Abdulaziz Mohammed Hamad Al Hammadi	√	√	√	√	4
Mr. Mohammed Saleh Mohammed Al Hammadi	√	√	√	√	4
Dr. Abdulaziz Saleh Mohammed Al Hammadi	√	√	√	√	4
Mr. Aziz Muhammed Al-gahtani	√	√	√	√	4
Mr. Fahad Suliman Alnuhait	√	√	√	√	4
Mr. Saad Abdul-muhssin Alhamidi	√	√	√	√	4
Dr. Nasser Hamd Mohammed BinSaif	√	√	√	√	4
Dr. Ahmed Ibraheem M Alsagheir	√	√	√	√	4

The Chairman of the Board of Directors and the Secretary of the Board of Directors communicate with all other Board Members through the use of modern technology, such as email and conference calls, as well as discussions during periodic meetings. Below is the table showing the dates of all Board resolutions that were passed by circulation, which are a total of three resolutions:

Name	19/06/2023	18/12/2023	30/12/2023
Mr. Saleh Mohammed Hamad Al Hammadi*	√	×	×
Dr. Abdulaziz Mohammed Hamad Al Hammadi	√	√	√
Mr. Mohammed Saleh Mohammed Al Hammadi	√	√	√
Dr. Abdulaziz Saleh Mohammed Al Hammadi	√	√	√
Mr. Aziz Muhammed Algahtani	√	√	√
Mr. Fahad Suliman Alnuhait	√	√	√
Mr. Saad Abdul-muhssin Alhamidi	√	√	√
Dr. Nasser Hamd Mohammed Binsaif	√	√	√
Dr. Ahmed Ibraheem M Alsagheir	√	√	√

*Membership ended 13/11/2023

26. Requests for Shareholders' Register

Request Date	Reasons for Request
22/01/2023	Corporate Procedure
08/03/2023	Corporate Procedure
11/04/2023	OGM

27. Related Party Transactions

The Members of the Board of Directors confirm that all agreements concluded with related parties do not include any preferential terms, and that these contracts are renewed annually by the General Assembly of Shareholders for approval.

During 2023 there were no contracts where the Company was a party and in which there were substantial benefits for either the Chairman of the Board, any of the Board Members, any of the Company's Executive Managers, the CFO, the Managing Director, or any other individual apart from those mentioned in the report.

The members of the Board of Directors confirm that it is not permissible for any Board Member without permission from the General Assembly of Shareholders to renew each year or participate in any business that would compete with the Company or to trade in one of the branches of the activity that it practices.

The following table shows all related party transactions for the year 2023:

Related party	Contracting Party	Value in SAR	Contract Type
Mr. Saleh Mohammed Al Hammadi	Personal	8,600,000	Residential Lease
Dr. Nasser Hamd Mohammed Binsaiif*	Artal Food Trading	5,732,306	Several Supplies
Dr. Abdulaziz Mohammed Al Hammadi	Personal	4,300,000	Residential Lease
Mr. Saleh Mohammed Al Hammadi**	Aziz Company for Contracting and Industrial Investment	531,163	Supportive Services
Relatives of Shareholders	Personal	700,000	Residential Lease
Mr. Mohammed Saleh Al Hammadi***	Al Hammadi Information Technology	956,189	SMS and Technical Support
Total		20,819,658	

* Transactions with Artal Food Trading were conducted through a delegation from the General Assembly of Shareholders dated 13/04/2023 to the Board of Directors with the permissions set out in article (56) of the Regulatory Rules and Procedures issued pursuant to the Company's Law. Artal Food Trading is owned by a relative to Dr. Nasser Hamd Mohammed Binsaiif (Board Member).

** Mr. Saleh Mohammed Al Hammadi (Chairman of the Board of Directors) is the Chairman of Aziz Company for contracting and Industrial Investment.

*** Al Hammadi Information Technology is owned by Mr. Mohammed Saleh Al Hammadi, an executive Board Member.

The following table shows the payment balances with related parties:

	Receivables(SAR)	Payables(SAR)
Key Shareholders	19,040	4,560,879

28. Statutory Payments

The Company falls under the jurisdiction of the Zakat, Tax, and Customs Authority, and the Company pays Zakat in line with the instructions set out by the authority.

The following table shows the zakat provision due and paid during FY 2023 in SAR millions:

Item	Value in SAR
Balance as at 01/01/2023	16.9
Zakat Provision for the Year	17.6
Paid Amounts	(16.7)
Balance as at 31/12/2023	17.8



The following table shows the statutory payments due and paid during FY 2023 in SAR millions:

Item	Value in SAR
Zakat	16.7
VAT	142.9
Social Insurance	14.1
Government Fees	21.6
Total	195.3

29. Board of Directors Statement

a. The Board of Directors Confirms the Following

- The Company’s internal controls system was prepared on sound basis and implemented effectively.
- The Company’s financial records were correctly prepared.
- There are no doubts about the Company’s ability to maintain its various activities.
- There are no penalties of substantial effect or other precautionary restrictions imposed on the Company by any supervisory or regulatory body.
- The Audit Committee has no concerns about the external auditor and has not raised any recommendations to the Board of Directors to replace them prior to the expiry of their contractually agreed term.
- The external auditor’s report has not contained any reservations and has affirmed the presentation of the Group’s consolidated financial statements in a fair manner.
- The Company has not issued shares or debt instruments to any of its subsidiaries.
- The Company, as well as its subsidiaries, did not purchase, refund, or cancel any refundable debt instruments.
- During the year, the Company did not issue or grant any debt instruments convertible into shares or any contractual securities, subscription right notes, or similar rights, and no compensation was obtained by the Company in exchange.
- During the year, the Company did not issue or grant any transfer of subscription rights under debt instruments convertible into shares, any contractual securities, subscription right notes, or similar rights.
- The Company has not made any arrangements or assignment agreement whereby any of the shareholders of the Company waives their rights to the profits.
- The Company has not made any arrangements or assignment agreement whereby a member of the Board of Directors or a senior executive waives a salary or compensation.
- During the year, the Company did not make any investments or create other reserves for the benefit of the Company’s employees.
- During the year, no interest belonging to persons other than board members, senior executives, their spouses, and minor children in the category of shares eligible to vote.

30. Board of Directors Decisions and Recommendations

The Board of Directors does not have any recommendations up until the date of preparing the annual report for FY 2023.

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