

**Independent auditor's report to the shareholders of  
Al Hammadi Holding Company  
(a Saudi Joint Stock Company)**

**Opinion**

We have audited the consolidated financial statements of **Al Hammadi Holding Company** (the "Company") and its subsidiaries (together the "Group"), which comprise of the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Key audit matter	How the key audit matter was addressed in our audit
<p>The Group recognized revenue of SR 1.2 billion during the year ended 31 December 2023 (31 December 2022: SR 1.1 billion).</p> <p>The Group recognizes revenue upon satisfaction of performance obligations attached to medical and related services at the fair value of consideration received or receivable, net of variable consideration.</p> <p>Certain contracts with customers include variable considerations in the form of prompt payment discount or any expected discounts for some of the services provided.</p> <p>Significant accounting judgments, estimates and assumptions are made by the management to determine the variable consideration.</p> <p>Revenue recognition is considered as a key audit matter due to the existence of risks associated with the amount of revenues related to the controls and judgments that mainly depend on management's estimates when the amount of revenue is recognized.</p>	<p>Our procedures for auditing revenue recognition included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the appropriateness of the Group's revenue recognition policy and its compliance with International Financial Reporting Standard No. (15) "Revenue from Contracts with Customers".</li> <li>- Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by the management to determine the revenue recognition and the variable consideration based on the contracts' terms.</li> <li>- Assessed the design and implementation of the operating effectiveness of relevant controls in relation to revenue recognition.</li> <li>- Involved our IT experts in testing the applied IT controls and the internal control around them.</li> <li>- Performed analytical procedures on revenues.</li> <li>- Performed tests (on a sample basis) of settlements, claims and collections made with major clients of the Group.</li> <li>- Assessed the adequacy of relevant disclosures in the consolidated financial statements.</li> </ul>
<p>Refer to note 5 for the accounting policies and note 8 for the related disclosures</p>	

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**key audit matters include – (continued)**

Allowance for expected credit loss of trade receivable	
Key audit matter	How the key audit matter was addressed in our audit
<p>As at 31 December 2023, the Group trade receivable balance amounted to SR 639 million (31 December 2022: SR 640 million), and the allowance for expected credit loss balance amounted to SR 78 million (31 December 2022: SR 159 million).</p> <p>The Group assesses at each reporting date whether the trade receivables is impaired. Management has applied an expected credit loss (“ECL”) model to determine the appropriate allowance for impairment loss. Further, the Group performs an assessment based on a defined policy for certain categories of trade receivable.</p> <p>The determination of allowance for expected credit losses of trade receivables is based on certain assumptions that relate mainly to risk of default and expected loss rates. The management applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, market conditions, as well as forward looking estimates.</p> <p>We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL model.</p>	<p>Our procedures for auditing an expected credit loss included the following</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the process used by management in determining the allowance for expected credit losses of accounts receivable.</li> <li>- Assessed significant assumptions used in the ECL model’s calculation such as; future events and macro-economic variables that are used to determine the allowance for expected credit losses.</li> <li>- Tested the completeness and mathematical accuracy of the ECL model.</li> <li>- Assessed the assumptions used by management in connection to the determination of allowance for expected credit losses for certain categories of trade receivable.</li> <li>- Tested, on a sample basis, the calculation performed by management on allowance for expected credit losses for these categories of trade receivable.</li> <li>- Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.</li> </ul>
<p>Refer to note 5 for the accounting policies and note 22 for the related disclosures</p>	

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**Other information**

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's annual report, when made available to us, , if we conclude that there is a material misstatement therein , we are required to communicate the matter to those charged with governance.

**Responsibilities of management and Those Charged with Governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those Charged with Governance, in particular the Audit Committee for the Company are responsible for overseeing the Group's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

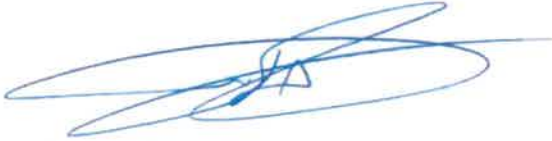
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For Dr. Mohamed Al-Amri & Co.**



Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh, on: 15 Ramadan 1445H  
Corresponding to: 25 March 2024G