

TIBBIYAH ANNOUNCES FULL YEAR RESULTS DEMONSTRATING RESILIENCE AND STRATEGIC GROWTH INVESTMENTS

- Sound performance from International Medical Supplies Co. (“Premma Health”) (medical supplies)
- Al Faisaliah Medical Systems Co. (“FMS”) (medical equipment) navigates headwinds in the sector
- Strategic investments in acquisitions and joint ventures (JV) to support future growth
- Diversification and expansion into healthcare services vertical
- Strong project backlog and pipeline with strong order intake (OIT) from private sector
- One-off items in FY 21 impacting comparability of results
- SAR 60 million paid in July 2022 as full-year dividend for fiscal year 2021
- Expansion of Tibbiyah’s portfolio and supplier base – 12 additional suppliers

Riyadh, Saudi Arabia, 30 March 2023: Arabian International Healthcare Holding Company (“Tibbiyah” or the “Company”, 9530 on the Saudi Exchange’s Nomu - parallel market), a leading integrated healthcare solutions provider in Saudi Arabia, announced its financial results for the full year ended 31 December 2022 (“FY 22”). The Company reported a revenue increase of 3.9% and a gross profit increase of 7.4% compared to the prior year, reflecting the solid performance from the medical supplies division (Premma Health) and the resilience of the medical equipment division (FMS), despite challenges faced in the healthcare sector.

In FY 22, Tibbiyah made progress in working capital management, with improvements in the Cash Conversion Cycle (“CCC”), demonstrating the Company’s commitment to efficient operations. Tibbiyah experienced a notable recovery in revenue during the second half of 2022 compared to H1-FY22 and achieved a significant 16% improvement over H2-FY21. This rebound led to an H2-FY22 net income of SAR 46.4 million, playing a key role in contributing to the overall net income for FY22. The Company maintains a strong project backlog and pipeline, indicative of its adaptability and promising outlook.

The acquisition of Innovative Healthcare Company Holding Limited (NewYou) and formation of GenaLive Medical Company via a JV with BGI Almanahil Health for Medical Services, and an additional under progress JV with Unilabs Diagnostics AB, have collectively supported Tibbiyah’s strategic growth initiatives and diversified its portfolio.

The Company has achieved a notable increase in the Saudization rate by 5 percentage points. This progress is further demonstrated by enhanced diversity, particularly with the inclusion of more women in the workforce, as well as improved company culture and employee retention. These achievements, alongside targeted investments in personnel, ensure Tibbiyah is well-positioned for sustained growth in the future.

It is important to note that FY 21 results included one-off items, which impacted the comparability of results. Nevertheless, the Company’s overall performance in FY 22 remains robust.

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

“In a challenging year, Tibbiyah has demonstrated its resilience and ability to capitalize on opportunities within the domestic healthcare market and the secular growth trends backed by

strong demographics in the Kingdom. Our strategic growth initiatives and commitment to diversifying our revenue streams have set us on a strong path towards becoming the leading integrated healthcare provider in the Kingdom with a unique value proposition.”

“With our focused efforts on working capital management and a strong project backlog and pipeline, we are confident that our investments in internal capabilities and strategic acquisitions will drive positive growth in the future. The consolidation of NewYou into the full year results, starting from September 2022, has already begun yielding positive outcomes for Tibbiyah, while our joint venture with BGI is anticipated to bear fruit in 2023, as GenaLive Medical Co. was officially registered in December 2022. Our commitment to expanding our core portfolio into novel specialized services, especially within the private sector, remains unwavering as we continue to deliver world-class integrated medical services and cutting-edge solutions across the Kingdom.”

FINANCIAL REVIEW

Revenues of SAR 642.7 million (FY 21: SAR 618.5 million) increased driven by the sound performance of Premma, which experienced increased demand for medical supplies, and was offset by challenges faced by FMS due to headwinds in the healthcare sector, primarily caused by awarding delays from contractors and projects. Furthermore, the strategic diversification through the acquisition of NewYou in late 2022 contributed positively to the overall revenue, resulting in a total increase of 3.9%.

Gross profit of SAR 154.2 million (FY 21: SAR 143.5 million) representing a 7.4% increase that outpaced the growth in revenues. This was predominantly a result of the resilience of FMS, which maintained a marginally higher gross profit margin. Premma, in line with its solid sales performance, also experienced an improvement in its gross profit margin, while NewYou further supported the total gross profit and margin through its favorable operating model and efficiency collectively driving the overall increase in Tibbiyah’s gross profit for the year.

It is important to consider that FY 21 included several **one-off items and accounting adjustments**, such as bad debt reversals, which had an outsized contribution to the net income. In FY 22, Tibbiyah strategically invested in personnel to enhance the company’s capabilities and drive future growth, leading to a 23.9% rise in **SG&A expenses**. Additionally, other income was lower due to a one-off contractual settlement recorded in FY 21. Higher **finance charges** were incurred in line with the increased interest rates, which significantly impacted finance charges in the second half of 2022, as Tibbiyah secured borrowing for the acquisition of NewYou.

Taking these factors into account, it is important to recognize that although Tibbiyah’s **net income** excluding non-controlling interests decreased to SAR 25.8 million in FY 22 (FY 21: SAR 82.3 million), the company’s overall performance remains robust.

Cash and cash equivalents increased from SAR 11.0 million at the end of 2021 to SAR 83.6 million, as NewYou’s strong cash position was consolidated during H2 2022, and core business cash flow was maintained in line with 2021 levels.

Total borrowings increased to SAR 432.5 million (FY 21: SAR 275.0 million), primarily due to financing the acquisition of NewYou.

OPERATIONAL REVIEW

Premma Health (Medical Supplies) continued to demonstrate sound performance with sustained revenue growth, driven by increased demand for medical supplies and executional excellence. Strategic initiatives, such as collaborations with new suppliers and key clients, led to an uptick in sales activity throughout FY 22. In addition, Premma maintained its commitment to enhancing customer relationships and delivering high-quality products, which not only contributed to the revenue increase but also supported improvements in gross profit margin.

FMS (Medical Equipment) encountered challenges in the healthcare sector during FY 22, primarily stemming from execution and awarding delays associated with projects. This impacted revenues and led to a subsequent decline in gross profit. Despite these headwinds, FMS demonstrated remarkable resilience by sustaining a marginally higher gross profit margin, showcasing the division's adaptability and agility in navigating a demanding market environment. A significant accomplishment for this division was the successful completion of the turnkey project for the recently inaugurated National Biobank in Saudi Arabia. Tibbiyah is honored to have played a pivotal role in supporting the Research, Development, and Innovation agenda of the Kingdom through this achievement. Moving forward, the division remains committed to addressing supply chain disruptions and effectively managing the cyclical nature of its business.

Strategic initiatives to ensure long term growth: The Company expanded its portfolio of prime new suppliers (spine and dialysis lines of business) to complement its current offerings. In addition, TIBBIYAH accelerated the diversification of its portfolio by opening new untapped markets and adding exposure to the private healthcare sector during FY 22.

Additionally, and as part of its diversification strategy, the Company has embarked into its Healthcare Services vertical and executed on the first concrete milestones as follows:

- The signing of a definitive SPA to acquire a 51% stake in Innovative HealthCare Company Holding ('NewYou'). NewYou is one of Saudi Arabia's leading one-day surgery center specializing in bariatric and plastic surgeries.
- A 50:50 JV agreement with BGI Almanahil Health for Medical Services (BGI) to establish a Limited Liability Company, that will provide specialized clinical laboratory testing and bioinformation services to a range of healthcare facilities within the public and private sectors. The commercial registration of the new company has been issued on December 25, 2022, and it is now officially registered under the name GenaLive Medical Co.
- The potential formation of a limited liability company through a JV with Unilabs Diagnostics Ab (Unilabs) to provide diagnostic imaging services to hospitals, medical centers and clinics as well as operate and manage diagnostic imaging divisions of some of the existing healthcare facilities in Saudi Arabia to be owned 49% by Tibbiyah.

STRATEGY AND OUTLOOK

Tibbiyah remains focused on leveraging its strong executional capabilities, positioning, and continued positive momentum in the Kingdom's healthcare sector, to deliver on its strategic growth objectives. In line with the Company's sustained initiatives to support the healthcare sector transformation under the Vision 2030 agenda, Tibbiyah is expanding its core portfolio into new higher margin specialized services, including in the private sector. This is primarily aimed at balancing the cyclicity of its project-based customers. Tibbiyah seeks to continue to be a provider of world-class integrated medical services and advanced solutions to a growing

base of customers across the Kingdom.

Tibbiyah expects 2023 to see stronger sales volumes with a promising project backlog and pipeline, as well as contribution from JVs and acquisitions further materializing. While maintaining a positive outlook, the management remains prudent in its approach to cost management, ensuring the company's long-term financial stability and sustainable growth.

Summary Financials (for the period ended 31 December 2022)

BALANCE SHEET (SAR million)	31 December 2022	31 December 2021
Current Assets	1,121.6	959.5
Non-Current Assets	309.4	67.1
Total Assets	1,431.1	1,026.6
Current Liabilities	885.4	556.0
Non-Current Liabilities	210.1	137.2
Total Liabilities	1,095.4	693.2
Total Equity	335.6	333.4
Total Liabilities and Shareholder Equity	1,431.1	1,026.6

INCOME STATEMENT (SAR million)	FY22	FY21
Revenue	642.7	618.5
Cost of revenue	(488.5)	(475.0)
Gross Profit	154.2	143.5
Selling and marketing expenses	(70.7)	(62.4)
General and administrative expenses	(41.9)	(28.6)
Impairment loss on trade receivables and contract assets	3.5	17.5
Other income, net	13.8	30.1
Other expense	(5.1)	(4.6)
Share of profit of joint venture	7.8	11.5
Operating (Loss) / Profit	61.5	107.1
Finance charges	(19.9)	(13.4)
Finance income	0.7	0
(Loss) / Profit Before Zakat	42.3	93.7
Zakat	(10.9)	(11.4)
(Loss) / Profit for The Period	31.4	82.3
Non-Controlling Interest	(5.7)	0
(Loss) / Profit for The Period (attributable to shareholders)	25.8	82.3
EPS (loss per share)	1.29	4.12

CASH FLOW STATEMENT (SAR million)	FY22	FY21
Net cash from (used in) operating activities	60.2	130.4
Net cash from (used in) investing activities	(79.5)	4.3
Net cash from (used in) financing activities	91.9	(136.8)
Cash and cash equivalents at the beginning of the period	11.0	13.1
Cash and cash equivalents at the end of the period	83.6	11.0

-Ends-

ABOUT TIBBIYAH

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

TIBBIYAH has three main business units including its 100% owned Al Faisaliah Medical Systems Company (FMS) and International Healthcare Supplies Company (Premma) as well as Philips Healthcare Saudi Arabia Company, a 50:50 joint venture with Philips.

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