

TIBBIYAH ANNOUNCES HALF YEAR RESULTS WITH STRONG CORE BUSINESS PERFORMANCE

Riyadh, Saudi Arabia, 3rd September 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 six months ended 30 June 2023 (“H1-FY23”). The Company reported a revenue increase of 46.8% and a gross profit increase of 54.9% on the prior comparable period (“H1-FY22”). This reflects the strong performance from the medical equipment division (FMS) the positive contribution by Innovative Healthcare Company Holding Limited (NewYou), and effective cost management that helped preserve margins, despite inflationary pressures, supply chain disruptions and a higher interest rate environment.

Tibbiyah’s year on year revenue growth was primarily due to FMS’s robust order intake, driven by private sector demand and addition of new suppliers. Furthermore, awarding delays from the previous year extended project execution into H1-FY23, positively impacting revenue. This effectively cushioned the marginal decline in medical supplies (Premma’s) revenues.

The successful consolidation of NewYou continued to yield positive results for Tibbiyah in H1-FY23, notwithstanding the challenges presented by evolving market dynamics. GenaLive Medical Company, a JV with BGI Almanahil Health for Medical Services that will provide specialized clinical laboratory testing and bioinformation services to a range of healthcare facilities, was inaugurated towards the end of H1-FY23, and is expected to be operational by the end of 2023.

This fiscal year, as a concrete step towards mitigating the challenges of rising interest rates and the increased cost of capital, Tibbiyah has undertaken a rightsizing initiative for its workforce, to optimize its operations with a focus on improving efficiency. Focused on implementing automation and cross-functional synergies, the move aims to reduce fixed costs, streamline the organization, and enhance its agility, reinforcing Tibbiyah's resilience and path to sustained growth.

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

"The strength of our medical equipment division and the positive contributions from NewYou drove our performance in the first half of 2023, despite the higher interest rate environment and supply chain disruptions.

With our focused efforts on portfolio diversification, we are confident that our investments in strategic partnerships and optimizing our workforce will drive long-term growth. NewYou’s high margin and strong cash position are contributing positively to Tibbiyah’s results, while GenaLive, our joint venture with BGI, inaugurated towards the end of H1-FY23, is expected to become operational by year end.

As we move forward, we remain focused on optimizing our workforce, and maximizing the

performance of our core business and strategic investments and partnerships. We remain committed to becoming a leading integrated healthcare provider in the Kingdom, and we are well-positioned to enhance the range of offerings to our customers while reducing the effects of the high interest rate environment and the inherent cyclical, common in our project business.”

FINANCIAL REVIEW

Revenues of SAR 316.0 million (H1-FY22: SAR 215.2 million) increased by 46.8% year-on-year (YoY) driven by the strong performance of FMS which rose by 82.3% compared to H1-FY22, primarily due to a strong project backlog with healthy order intake (OIT) from the private sector and the addition of new suppliers. In addition, awarding delays associated with contractors and projects from last year resulted in the extension of project execution into H1-FY23 contributed to the overall revenue growth.

Furthermore, the strategic diversification through the acquisition of NewYou in late 2022 yielded positive results in H1-FY23, representing 14.9% of the total revenues. Despite a slight shift in market dynamics which saw a rise in alternative weight loss solutions, shifts in insurance coverage predominantly within hospital settings, and increase in competition from independent clinics, the fundamentals remain strong.

Gross profit of SAR 63.2 million (H1-FY22: SAR 40.8 million), represented a 54.9% increase YoY that outpaced the growth in revenues. This growth was achieved despite inflationary pressures that raised the cost of sales and suppliers' prices. The increase in revenues from FMS and the high margins of NewYou, improved gross margins to 20.0%, compared to 19.0% in H1-FY22, enhancing the resilience of the business.

Premma, despite reporting a marginally lower revenue performance YoY, achieved an increase in gross margins, due to effective management of cost of sales and favorable product portfolio mix.

In H1-FY23, Tibbiyah's **SG&A expenses** rose by 16.2% YoY, largely attributed to the integration of NewYou into the company's consolidated financials, an acquisition finalized in Q4-FY22 and not reflected in H1-FY22. The SAR 2.8 million startup related costs for GenaLive contributed to a decrease in **share in earnings from affiliates**, which was partially offset by a higher contribution from Philips Healthcare Saudi Arabia Limited (Philips JV).

Higher **finance charges** were incurred due to increased interest rates and loans for regular business operations and acquisitions, which led to a SAR 11.7 million increase in interest expense.

Taking these factors into account, it is important to recognize that although Tibbiyah's **net loss** excluding non-controlling interests increased to SAR 22.8 million in H1-FY23 (H1-FY22: SAR 20.7 million), the company's overall performance remains robust.

Cash and cash equivalents increased from SAR 83.6 million at the end of 2022 to SAR 85.8 million in H1-FY23.

Total borrowings increased by 13.3% to SAR 490.0 million compared to SAR 432.5 million at the end of FY22, reflecting a regular H1 trend for Tibbiyah. This increase supported GenaLive's start-up and operations, and Tibbiyah's regular business operations, usually balanced by rise in project execution in the second half of the year.

OPERATIONAL REVIEW

FMS (Medical Equipment) demonstrated a strong operational performance in H1-FY23, with an increased order intake, driven by efforts to expand footprint, especially in the private sector. It strengthened new relationships and added 4 new suppliers, which helped achieve significant revenue growth, despite supply chain disruptions and adverse impact of inflation on supplier prices.

Premma Health (Medical Supplies) encountered muted revenue performance in H1-FY23 versus the prior comparable period primarily stemming from increased prices from suppliers, supply chain disruptions due to supplier production issues and prolonged lead times.

Progress on strategic initiatives to ensure long term growth: In H1-FY23, Tibbiyah continued to make significant progress on its strategic initiatives, reinforcing its commitment to both portfolio diversification and sustainable growth.

- The successful consolidation of NewYou, one of Saudi Arabia's leading one-day surgery center specializing in bariatric and plastic surgeries, is continuing to yield positive results for Tibbiyah. NewYou is establishing strategic partnerships with hospitals and expanding service offerings such as the recent incorporation of a new ophthalmology clinic, supporting Tibbiyah's overall strategic diversification.
- GenaLive, a 50:50 JV with BGI Almanahil Health for Medical Services (BGI), was inaugurated towards the end of H1-FY23. With an ambition to be the Kingdom's premier laboratory, GenaLive aims to provide comprehensive solutions using cutting-edge diagnostic tools for genetic disease prevention. It aims to be operational by the end of FY 23 and accelerate operations in the following year. This venture aligns with the Kingdom's Vision 2030, particularly the Healthcare Transformation Program, focused on disease prevention, reduced healthcare expenditure, and enhanced healthcare access.

STRATEGY AND OUTLOOK

Tibbiyah remains focused on diversifying its portfolio to balance the inherent cyclicity of its business model, strengthening its relationship with the private sector, and optimizing its workforce to enhance its efficiency. Its core fundamentals and strategic initiatives are aimed at improving its ability to deal with market uncertainties.

Tibbiyah expects to see stronger results in the second half of the year from its core business and NewYou's operations. The optimization of the Company's workforce and operations will generate

positive mid to long-term effects, aiding reduction in fixed costs and high interest rates. GenaLive's progress is on track, with operations to commence by 2024. Tibbiyah remains prudent in its cost management to maintain healthy gross profit margins, ensuring the company's long-term financial stability and sustainable growth. Tibbiyah is committed to support the transformation of the Kingdom's healthcare sector, a cornerstone of Saudi's Vision 2030.

Summary Financials (for the period ended 30 June 2023)

BALANCE SHEET (SAR million)	30 June 2023	31 December 2022
Current Assets	1,122.7	1,121.6
Non-Current Assets	302.8	309.4
Total Assets	1,425.5	1,431.1
Current Liabilities	929.4	885.3
Non-Current Liabilities	200.7	210.1
Total Liabilities	1,130.1	1,095.4
Total Equity	295.4	335.6
Total Liabilities and Shareholder Equity	1,425.5	1,431.0

INCOME STATEMENT (SAR million)	H1-FY23	H1-FY22
Revenue	316.0	215.2
Cost of revenue	(252.8)	(174.4)
Gross Profit	63.2	40.8
Selling and marketing expenses	(38.0)	(36.7)
General and administrative expenses	(27.2)	(19.4)
Reversal/(impairment loss) on trade receivable	(0.8)	(1.6)
Other income, net	3.6	3.9
Share of profit of joint venture	0.2	2.9
Operating (Loss) / Profit	1.1	(10.1)
Finance charges	(17.9)	(4.1)
Finance Income	2.1	0
(Loss) / Profit Before Zakat	(14.6)	(14.2)
Zakat	(4.9)	(6.5)
Net Income for the year	(19.5)	(20.7)
Non-controlling interests	(3.3)	0
(Loss) / Profit for The Period	(22.8)	(20.7)
EPS (loss per share)	(1.15)	(1.03)

CASH FLOW STATEMENT (SAR million)	H1-FY23	H1-FY22
Net cash from (used in) operating activities	(29.4)	(79.6)
Net cash from (used in) investing activities	(1.9)	2.6
Net cash from (used in) financing activities	33.6	87.0
Cash and cash equivalents at the beginning of the period	83.6	11.0
Cash and cash equivalents at the end of the period	85.8	21.0

-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 Medical Supplies Company (Premma Health) as well as Philips Healthcare Saudi Arabia Company, a 50:50 joint venture with Philips.

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