

Delivering on our promises



burjeel
holdings



WELCOME

Burjeel Holdings is one of the leading regional private healthcare service providers in the UAE and Oman

Purpose statement

Through a unique physician-led culture that is focused on clinical outcomes, Burjeel Holdings has nurtured significant expertise in delivering highly complex treatments, personalized medicines, and cutting-edge clinical research. These attributes leave the Group well-placed to become the leading voice on health systems by bringing advanced healthcare benefits and strategic value in emerging markets and beyond.

Vision

Burjeel Holdings will deliver exemplary medical care by combining state-of-the-art technologies and highly skilled medical experts to provide care with a highly personalized human touch. It does so through the merging of world-leading U.S. standards of care and a deep understanding of local cultures.

Mission

Burjeel Holdings looks forward to being the most trusted and respected healthcare service provider in the communities it serves in the GCC and Africa region by treating all patients with the utmost care and highest healthcare standards.



Founded in Abu Dhabi in 2007, Burjeel Holdings is one of the leading regional private healthcare service providers in the UAE and Oman, operating as an integrated network across primary, secondary, tertiary and quaternary medical care services. The Group has a market-leading position in the UAE in terms of in-patient volumes, with a total bed capacity of 1,660 beds as of 31st December 2022, treated around 5.5 million outpatients and 123,000+ inpatients treated across its network.

The Group has developed a comprehensive healthcare ecosystem that balances patients' expectations across the entire socioeconomic spectrum and the needs of leading health insurance providers. Its four key market-leading brands are Burjeel, Medeor, LLH and Lifecare.

Through its multi-segment, multi-brand approach, Burjeel Holdings provides patients across income groups with exceptional, affordable healthcare services. To do so, the Group has invested in the development of medical infrastructures and a network that includes 16 hospitals and 23 medical centres. These comprise polyclinics and specialty medical centres with dental, cosmetic, and home care services, a specialized orthopedics centre, an IVF clinic and 15 pharmacies.

To ensure the network operates efficiently, the Group has centralized critical back-end functions such as procurement, revenue cycle management, diagnostics, warehousing and administrative support functions. Leveraging its clinical expertise and strengths in research and development, the Group will also seek to provide medical education and research through its College of Medicine at BMC in the near future.

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Strategic Report

A leading network, envisioned to be the most trusted and respected healthcare service provider in the GCC and Africa, raising the standards of healthcare, and treating every human life placed in our hands with utmost care. Burjeel Holdings aims to progress on empowering equity in healthcare education and training, enabling innovation in holistic wellness, unlocking the potential of technology-enabled, physician-led care, and scaling impact through collaboration in our region and beyond. By fostering a culture of innovation-enabled services grounded in patient-centered, whole-body healing, we strive to deliver value by connecting care, scale, and community in health.

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

Achieving strong financial performance

2022 Performance

+17%

YoY revenue growth

+15%

Patient volume growth

+13%

YoY EBITDA growth

+52%

YoY net profit growth

56%

Bed occupancy

125%

Burjeel Medical City (BMC) revenue growth

50%

Earnings Per Share growth

1,111m

Net debt (AED)

65%

Net Debt Reduced

2022 Financial and Operational Highlights

During a landmark year and within the context of an uncertain global economy, Burjeel Holdings delivered a year of solid growth across multiple financial and operational metrics, ending 2022 with its highest-ever revenues and profits. These outcomes are due in part to the acceleration of high-growth assets and increased utilization across the business.

Formation

As a newly formed Holding Structure, the Group's individual healthcare and allied units within the GCC were consolidated, and the new Burjeel Holdings brand was formally introduced at the 2022 Davos – WEF Annual Meeting.

New Board of Directors

The new majority-independent Board of Directors places corporate governance and ethics as the highest priority. The Board comprises a healthy mix of leading local and international representatives.

On-boarding of Strategic Partners and Shareholders

A new partnership with Abu Dhabi-based International Holding Company (IHC) will catalyze product and service diversification across the healthcare sector and support geographic expansion.

IPO

Oversubscribed 29 times, Burjeel Holdings commenced trading on the Abu Dhabi Securities Exchange (ADX) on 10 October 2022, with a market capitalization of AED 12 billion, becoming one of the largest private healthcare companies on ADX.

Stronger balance sheet position

As a result of the IPO (including pre-IPO investment) proceeds, the Group has succeeded in deleveraging its balance sheet, with AED 2.2 billion infused into the Company, reducing the debt to AED 1.3 billion at 31 December 2022. This leaves the Group in a strong position to seek fresh investment opportunities to accelerate growth and deliver value to its shareholders.

Burjeel Medical City

The Group's flagship hospital, Burjeel Medical City (BMC), completed its first full year of operations in 2022. The 1.2 million-square-foot facility, which operates as a central referral point within the Group, houses more than 400 beds and over 50 specialties. They include oncology, hematology, bone marrow and organ transplantation, neurosurgery, multi-organ transplantation, orthopedic surgery, pediatric surgery, fetal medicine, nuclear medicine, and many others.

Clinical Research and Advisory Committee

A new Clinical Advisory Committee was established in 2022, which comprises leading global health experts and clinicians responsible for advancing the Group's clinical capabilities.

The committee provides support and advice to the Board concerning programs for clinical pathways, the standardization of care, the identification of best-practice standards, quality, and patient safety-related KPIs and quality improvement programs. It also supports and advises on training, mentoring and development and provides a connection to and an ongoing exchange of information and ideas with practitioners in the field and other external contacts.

New Service Lines

- **The Kypros Nicolaidis Fetal Medicine and Therapy Centre at Burjeel Medical City**

The Kypros Centre focuses on improving outcomes for mothers and their babies by diagnosing abnormalities and offering fetal interventions.

- **Pediatric Bone Marrow Transplant**

Burjeel Medical City's Bone marrow transplant unit successfully performed its very first bone marrow transplant from a donor to a child in the UAE on 22nd April.

- **Organ Transplant – Burjeel Medical City**

BMC conducted its first kidney transplant surgery on 22 September and plans to expand in the near future to extend services to cover other organ transplants.

- **Dr. Paley Middle East Clinic**

In 2023 the Group established a first-of-its-kind world-class orthopedic clinic in the Middle East and Asia, providing innovative, state-of-the-art procedures in complex areas such as deformity reconstruction for musculoskeletal disease.

Memorandum of Understanding (MoU) with the Saudi Ministry of Investment

Supporting its geographic expansion, Burjeel Holdings entered into an MoU with the Saudi Ministry of Investment to invest up to USD 1 billion in the Kingdom by 2030 through joint ventures and PPP models.

Shahrukh Khan – New Brand Ambassador

In 2022, the Group partnered with superstar Shahrukh Khan as its new brand ambassador in a collaboration that saw the much-loved Indian actor appear in region-wide, multi-platform advertising campaigns.

2023 Forecast

Group revenue is expected to grow organically in the high-teens

▶ **BMC revenue** expected to grow more than 1.5x

EBITDA margin expected to improve to at least 2021 levels

▶ **BMC EBITDA margin** expected to improve to mid-high teens

Maintenance CAPEX expected to be approximately 2.5% of revenue

▶ The Group may deploy **Growth CAPEX** (including M&A) funded through a mix of debt and equity.

Net leverage (Net Debt/ EBITDA*) of less than 2.5x to be maintained



AT A GLANCE

A highly differentiated healthcare services provider, primed for strong growth

Where we operate

Burjeel Holdings operates across the Emirate of Abu Dhabi, Dubai and the Northern Emirates of the UAE, and the Sultanate of Oman, where it provides healthcare services for all socio-demographics built around a commitment to offering highly specialized, complex, and personalized services, underpinned by strong innovation and research capabilities.

Hospitals

Burjeel Medical City, Abu Dhabi

Launched in the first quarter of 2020, BMC is a dedicated, quaternary, long term and palliative care facility located in Mohamed Bin Zayed City. BMC is the largest private medical healthcare facility in the UAE, spread across a gross floor area of 1.2 million square feet. With a 400-bed capacity, including 340 in-patient beds, BMC acts as a focal point for the wider healthcare network ecosystem at the Group. In line with the Abu Dhabi Department of Health's plans to offer more specialized care, BMC has been designed to offer over 40 acute medical services, including haematology, oncology, bone marrow transplantation, multi-organ transplantation (heart, liver, lung, and kidney transplants), neurology, neuro-oncology, neurosurgery, and radiosurgery.

Burjeel Hospital, Abu Dhabi

Established in 2012, Burjeel Hospital, Abu Dhabi, is located in the Al Danah district of Abu Dhabi, a highly populated area in the heart of Abu Dhabi city. It offers a comprehensive portfolio of services, including core medical, paramedical and

support services, delivered by combining state-of-the-art technology and highly skilled medical experts at a purpose-built facility spread across 77,140 square meters. The hospital primarily caters to premium clientele in Abu Dhabi, focusing on Thiqa patients.

Burjeel Day Surgery Centre, Abu Dhabi

Established in 2017, Burjeel Day Surgery Centre, Al Reem, is located on Al Reem Island in Abu Dhabi. It is one of the largest day surgery centres in the UAE and was set up to work in close coordination with Burjeel Hospital, Abu Dhabi, to shift all day surgery cases and free up capacity for core treatments at Burjeel Hospital Abu Dhabi.

Burjeel Royal Hospital, Al Ain

Established in 2018, Burjeel Royal Hospital is located in Al Ain. It offers comprehensive care across multiple specialties, including general surgery, paediatrics, obstetrics & gynaecology, urology, pulmonology, ophthalmology, dermatology, ENT, radiology and dental, and is recognized for a multitude of advanced clinical programs. To expand its reach in the local community, the hospital enters into collaborations with local medical centres and contracts with community-based doctors.

Burjeel Hospital for Advanced Surgery, Dubai

Established in 2013, Burjeel Hospital for Advanced Surgery in Dubai is a leading orthopaedic hospital offering a variety of surgical procedures. The Group believes that Burjeel Hospital for Advanced Surgery was one of the earliest adopters in the UAE of robotic technology to perform advanced surgical procedures to treat various diseases and that the hospital is now the sole advanced microsurgery and orthopaedic centre in the UAE.

Burjeel Specialty Hospital, Sharjah

Established in 2019, Burjeel Specialty Hospital is located in Sharjah and is spread over 16,700 square meters. The hospital caters to a growing population of expatriates in Sharjah and offers cutting-edge healthcare in a luxurious setting, with many medical services and procedures available, including cardiac surgery, maternity and neonatal care, physiotherapy, oncology and non-oncology haematology, minimally invasive and laparoscopic colorectal & gastrointestinal surgery.



Burjeel Farha Hospital, Al Ain

Established in 2016 under the name of Medeor 24x7 International Hospital, Al Ain, and located in the Asharej district of Al Ain, the hospital was rebranded as Burjeel Farha Hospital on 28th February 2022. It is a multi-specialty family hospital with diagnostic, therapeutic and intensive care facilities. The hospital's key specialties are mother and childcare, dental, obstetrics & gynaecology, paediatrics and cardiology.

Medeor 24x7 Hospital, Dubai

Established in 2015, Medeor 24x7 Hospital, Dubai, is located in Mainland Dubai. It is a multi-specialty family hospital offering services in mother and childcare, congenital malformation surgeries of the brain and spine, cardiology, pulmonology, urology, dialysis and critical care, gastroenterology and advanced laparoscopic and gynaecological surgeries, amongst others.

Medeor 24x7 Hospital, Abu Dhabi

Established in 2015, Medeor 24x7 Hospital, Abu Dhabi, is centrally located in downtown Abu Dhabi. It is a multi-specialty family hospital comprising 14 floors and covering over 12,000 square meters. The hospital focuses on core specialties such as mother care, paediatrics, cardiology, surgery and acute care.

LLH Hospital, Abu Dhabi

Established in 2007, LLH Hospital, Abu Dhabi, is a modern 40-bed facility located in downtown Abu Dhabi city that is spread across over 9,700 square meters. It is a multi-specialty hospital focusing on mother and childcare, gastroenterology and cardiology services.

LLH Hospital, Abu Dhabi

Established in 2008, LLH Hospital, Musaffah, was the first hospital to be opened in the Musaffah district of Abu Dhabi. It is a multi-specialty hospital focusing on super-specialty services covering neurosurgery, cardiology, urology, orthopaedics, mother and childcare and pulmonology.

Lifecare Hospital, Abu Dhabi

Established in 2014, Lifecare Hospital, Musaffah, is a 143-bed tertiary care hospital catering to the industrial population in the Musaffah area of Abu Dhabi. The hospital is equipped with out-patient and in-patient wards, an ICU, a fully equipped operation theatre, an endoscopy unit, an isolation unit and a cath lab.

Lifecare Hospital, Abu Dhabi

Established in 2012, Lifecare Hospital, Baniyas (Al Raha) is a 50-bed facility located in Al Raha Village, within the Baniyas area of Abu Dhabi. It serves the industrial and blue-collar population of Baniyas, Mafraq and the Western region of Abu Dhabi. The hospital provides services in several medical specialties, with a core focus on cardiology, pulmonology, general surgery, orthopaedics and urology.

Burjeel Hospital, Muscat

Established in 2016, BH Muscat is located in Al Khuwair, Muscat, Oman. The hospital offers diagnostic, curative and preventative healthcare services in over 30 clinical specialties. Burjeel Hospital Muscat is the only private hospital with an oncology department in Oman. The hospital has an advanced chemotherapy program and is in the process of expanding its surgical oncology programme. BH Muscat was one of the first private facilities to accept orthopaedic trauma cases from government hospitals. The Group plans to launch a facility with a paediatric wing that will drive patient volumes.

AT A GLANCE CONTINUED

Lifeline Hospital, Sohar

Established in 2010, LLH Sohar was the first hospital near the Sohar Industrial Freezone in Oman. It serves the industrial and corporate companies of North Bathinah and residents of Falaj, Al Qabil, Liwa, Buraimi and Shinas. LLH Sohar was the first hospital in Oman to set up a public-private partnership.

Lifeline Hospital, Salalah

Established in 2011, LLH Salalah is located in Salalah, a tourist destination in Southern Oman. The hospital has a maternity wing and offers all other general specialties and super specialties of cardiology and urology. It also runs one of the top five industrial clinics in Salalah. During the COVID-19 pandemic, LLH Salalah conducted the Salalah International Airport Covid-19 testing.

Medical centres

The Group's medical centres include polyclinics and specialty medical centres providing primary healthcare, cosmetic, orthopaedic specialty and homecare services and serve as an integral part of the Group's synergistic "hub and spoke" feeder network by routing patients needing more intensive services to the Group's hospitals and daycare surgery centre (hubs). The "hub and spoke" model allows the Group to act as a "one-stop-shop" solution for patients, maximize market share and grow its brand recognition across all brands and assets.

Burjeel Medical Centre, Al Shahama

Burjeel Medical Centre, Al Shahama, provides compassionate care and impeccable service while utilizing the most advanced technology available. Our doctors are western trained and board-certified. We are one of the best equipped medical facilities in the region, staffed by experienced physicians and technicians trained to diagnose and treat a wide range of illnesses and conditions across diversified medical specialties. Our mission is to provide the best possible medical care in a warm, friendly, and comfortable environment.

Burjeel Medical Centre, Al Shamkha, Abu Dhabi

Burjeel Medical Centre, Al Shamkha, Abu Dhabi, is one of the best-equipped medical facilities in Abu Dhabi, staffed by experienced physicians and technicians trained to diagnose and treat a wide range of illnesses and conditions. All clinical staff members are well versed in modern diagnostic and treatment methods. Our doctors are western-trained and board-certified. Our mission is to provide compassionate care and impeccable service while utilizing the most advanced technology available.

Tajmeel Specialized Medical Centre

Tajmeel is a premier cosmetology, dermatology, and plastic surgery brand of Burjeel Holdings that offers a wide range of treatments to our clients with the highest quality service in an atmosphere that promotes relaxation and comfort. We strive to exceed your expectations so you can feel confident in knowing that you will receive only the best care available.





Pharmacies

In addition to 25 pharmacies supporting the Group's hospitals and medical centres, the Group operates its own chain of 15 walk-in retail pharmacies across Abu Dhabi, Al Ain and Fujairah, serving non-patient customers. The Group believes its pharmacies offer one of the broadest selections of pharmaceutical products in the UAE, supplying approximately 3,000 pharmaceutical products registered for sale in the UAE as of 30th June 2022. The Group also believes its pharmacies offer a high degree of customer convenience, given their proximity to the Group's medical facilities.

The Group's pharmacies stock pharmaceutical products from various multinational companies, such as Pfizer, Boehringer, GSK, MSD, AstraZeneca, Servier, Sandoz, Novartis, Sanofi and Takeda, and from leading distributors, such as City Pharmacy Modern Pharmaceutical Company, Gulf Drug, Alphamed, Pharma Trade and Ahmed Al Khalil Albaker. In addition to prescription drugs, the Group's pharmacies maintain a selection of over-the-counter, non-prescriptive medications such as analgesics, cough and cold products, vitamins, herbal products and beauty, health and personal care products.

Education and Research

College of Medicine

The Group expects to open the College of Medicine at BMC in collaboration with Cumming School of Medicines, University of Calgary in Abu Dhabi in 2023. The College of Medicine is expected to offer a guaranteed residency program in the Burjeel network for all graduate MDs based on a newly developed MD curriculum that will focus on the recent trends around digital health and biotech research. The Group expects the College of Medicine to offer superior quality medical education at a competitive price.

Nursing training program

To secure a supply of nursing and physician professionals, the Group sets up education and training academies to create a 'day-one' ready talent pool. The Group is currently formalizing partnerships to help it build capability and capacity for short- and long-term nurse training with innovative programs that use an agile execution of workforce development strategies for recruitment and retention.

Research program

The Group is building the Biotech Centre, an innovative platform focused on developing high-value and high-impact novel treatments, creating a pipeline of safe and effective clinical products, which it expects will be operational in 2023.

The Group is also advancing its clinical research and trials division under the guidance of world-renowned clinical scientists. This distinctive platform is expected to create a unique proposition for researchers by bridging the 'bench-to-bedside' gap and accelerating the commercialization of novel clinical assets by

- ▶ providing a diverse patient cohort with longitudinal data going back over a decade in synthetic data format, and
- ▶ building a state-of-the-art life sciences and healthcare incubator with infrastructure and tools.

CHAIRMAN'S STATEMENT

A year of historic milestones



As the Company's role as a provider of global healthcare solutions has broadened, so has its work as an international contributor to thought leadership and humanitarian issues."



Dr. Shamsheer Vayalil
Founder and Chairman

In a year of historic milestones, Burjeel Holdings completed a landmark IPO on the Abu Dhabi Securities Exchange (ADX) in 2022, leaving the Company in an exceptionally strong financial and operational position to deliver bold growth across its assets.

Heavily oversubscribed, the listing injected AED 2.2 billion of liquidity into the business, which has unlocked new pathways for strategic growth and development across existing and new markets, new technologies, and new specialty patient provisions. The public listing followed the decision to announce

Burjeel Holdings' formation on the sidelines of the 2022 World Economic Forum Annual Meeting in Davos.

As we look to deliver sustainable long-term growth and shareholder value creation in 2023 and beyond, we have the opportunity to build upon the successes of 2022. These include the on-boarding of the Abu Dhabi-based conglomerate International Holding Company (IHC) in a partnership designed to help catalyze Burjeel Holdings' market position through greater diversification of its investments right across the healthcare sector locally and regionally.

A unique value proposition

The scale and nature of the Company's trajectory are exemplified by the breadth, caliber and complexity of the services and specialities available at its flagship facility, Burjeel Medical City (BMC). Underpinned by a collaborative, research-based and personalized approach to clinical excellence, the new hospital reflects the Group's unique value proposition. Having completed its first full year of operations in 2022, the facility boasts more than 50 specialities across 1.2 million square feet and is now the largest private hospital in the UAE. It is also the only centre in the country with accreditation from the European Society for Medical Oncology (ESMO).

The launch of BMC coincided with clinical advancements that have delivered new and highly complex treatments and healthcare services in oncology, cardiometabolic disease, organ transplantation, fetal medicine, pediatric sub-specialties, orthopedics and cell therapy. These advances stem from the Group's strategic focus on complex and specialty care, medical research and education. Furthermore, the launch of the first Clinical Advisory Committee was established in 2022, comprising leading global health experts and clinicians responsible for advancing Burjeel Holdings' clinical capabilities.

Leading by example

As the Company's role as a provider of global healthcare solutions has broadened, so has its work as an international contributor to thought leadership and humanitarian issues. Reflecting the Company's commitment to connecting care, scale and community in health, the Company utilized the 2022 Davos platform to engage in dialogue with partners and peers on global health challenges and some of the world's most complex and transformative medical advances.

Our strategic journey

The Company's position as a thought leader with international relevance is matched by the reach of its market-leading position and highly scalable integrated healthcare network. Guided by a highly qualified, experienced Board of Directors and a robust balance sheet, the Group is exceptionally well-placed for targeted growth over the coming period.

Through its strategic plan, Burjeel Holdings is targeted to achieve asset growth, increase patient yield, and deliver operational excellence through centralization and digitization. In addition to geographic expansion across key markets in the Middle East and Africa, these goals will bring the Group's specialized, complex and highly personalized approach to medical care to millions more patients in 2023 and beyond.

Acknowledgments

I would like to take this opportunity to express my sincere thanks to the Board of Directors for their commitment to realizing the opportunities of a landmark public listing and to all of my colleagues, who are directly responsible for the enduring power of our healthcare facilities and the successful, diversified business that delivered a year of extraordinary results.

I also wish to extend a warm welcome to our valued shareholders, who have placed their trust in the Group's unique ability to deliver sustained value over the long term. On behalf of the entire Company, may I thank the regulators for their assistance in making Burjeel Holdings' public offering such a success.

Finally, as Burjeel Holdings grows, we will continue developing our employer brand to attract the best and brightest talents to deliver for our patients and to share in our future success.

Dr. Shamsheer Vayalil

Founder and Chairman

Our strategy

Our Strategic vision is built upon key pillars to enable our growth journey to unlock opportunities:

- ▶ Ramp-up Growth Assets
- ▶ Increasing Patient Yield
- ▶ Operational Excellence
- ▶ Geographic Expansion

Read more on **page 26**.

CHIEF EXECUTIVE'S MESSAGE

A proud home-grown UAE company that has taken its place on the international stage



The Company made extraordinary progress in utilizing its assets and the rollout of new complex specialty medical services in 2022."



Mr. John Sunil
Chief Executive Officer

Burjeel Holdings completed 2022 by delivering outstanding results, geographic expansion and a heavily oversubscribed listing on the Abu Dhabi Securities Exchange (ADX).

Thanks to investments across the network of hospitals, pharmacies, medical centre, drug distribution and research assets, the Company continues to successfully deliver on its key strategic priorities. These included the elevation of the utilization of Burjeel assets, the introduction of complex specialty medicine and care facilities, and enhanced patient outcomes.

The Company made great progress in utilizing of its infrastructure and enhancing its clinical capabilities through

rollout of new complex specialty medical services in 2022, mainly at the recently opened flagship unit at Burjeel Medical City. These include the launch of the Oncology and Infusion Clinic, a comprehensive Diabetic and Endocrine Clinic, new cardiometabolic disease services and the establishment of a multi-organ transplant centre. We are proud to extend our services portfolio to pioneer various new services, including set up first pediatrics bone marrow transplant unit in the UAE, first integrated fetal medical centre in MENA region, and set up of cutting-edge cell therapy capabilities.

Patient outcomes

Patient outcomes are a critical measure of our success. Through the implementation of new protocols and technologies, as well as continuous training of our staff, we have been able to achieve better results for our patients, including those with complex care needs. We are especially proud of the improvements made in clinical outcomes, which as an example include reducing surgical site infections, door-to-balloon time in case of heart attacks etc. These improvements not only benefit our patients but also help to control healthcare costs for the entire community.

In addition, we have focused on providing specialized care to patients with complex conditions, such as comprehensive cancer care, through our multidisciplinary team, which provides a coordinated and personalized approach to their care. We continue to innovate and expand on unique bouquet of services, in particular for complex therapeutics, with new services such as kidney transplants, and specialized orthopedic care for limb deformities introduced during 2022, bringing in services not available in the private healthcare market in the UAE. The scale for super specialty procedures continue to grow strongly, with 41 bone marrow transplants (in the first year of operations), 2022 endocrine surgeries, 378 cardiac/thoracic surgeries in 2022; we have continued to strengthen our position as a leading provider for complex therapeutics in the UAE.

355m
Group Net Profit (AED)

Financial performance

The Group delivered Revenue of AED 3.92 billion, up 17% y-o-y, and EBITDA of AED 878 million up 13%. A major contributing factor of this increase is our flagship hospital Burjeel Medical City, where we saw triple-digit revenue growth of 125%. Group Net Profit was AED 355 million, up 52% from the prior year, demonstrating the Group’s ability to deliver on its yield enhancement strategy.




Equally, our ability to serve patients across various socio-demographic, one stop solutions for diagnosis to treatment journey through our integrated set up from our medical centres to hospitals, daycare facilities, and pharmacies, continues to drive loyalty to the Burjeel Holdings family of brands.

Strategic differentiators

The Company’s continue to evolve on “physician-led practice” philosophy in 2022, which has further strengthened the clinical focus as strategic decisions are taken by leaders who have an intimate understanding of patient needs. This strategy is integral to our ability to drive innovations in clinical care – and a core consideration with appointing people into leadership positions.

Our approach has delivered exceptional outcomes in 2022, enabling the network to provide a very wide range of complex care services that not only serve UAE residents, but have attracted a growing number of international patients.

Performing super specialty Procedures in 2022

	1,022 Neurosurgies
	1,749 Bariatric Surgeries
	1,645 Angioplasty
	1,059 ACL
	643 Knee Replacement
	378 Cardiac/Thoracic Surgeries
	147 Hip Replacement

CHIEF EXECUTIVE'S MESSAGE CONTINUED

Technology landscape

Burjeel's technology landscape comprises leading medical devices, digital platforms, diagnostics, and operative and procedural equipment that are second-to-none in the region. As part of our strategy, the Company launched a suite of digital patient services in 2022, including mobile applications through Android and iOS devices, a patient portal and a new WhatsApp interface, which are intended to increase digital accessibility for our patients. In 2022, 3.5 million calls and 1.78 million appointments were made through various digital channels.

Backend operational technologies were also enhanced through a new centralized content management platform, integration for external and internal mobile applications, and a range of automation and productivity tools. Artificial intelligence and analytics are also utilized to mitigate the potential for administrative and clinical errors and improve patient outcomes.

Pharmacies also rolled out new technologies, which included new cloud solutions and WhatsApp integration and robotic dispensation – in addition to alignment with the Abu Dhabi Healthcare Information and Cyber Security Standard (ADHICS).

Partnerships and alliances

With a strong focus on technology, research and development, Burjeel works extensively with world-leading public and private sector organizations. In 2022, Burjeel Medical City launched a new fetal medicine and therapy centre in association with the renowned Professor Kypros Nicolaides. The Kypros Nicolaides Fetal Medicine and Therapy Centre is part of a collaboration between Professor Kypros and the hospital's Fetal Medicine Department.



The Company continues to partner with leading organizations for new initiatives, such as collaboration with Cumming School of Medicines, University of Calgary for the launch of medical education initiatives in the UAE, signed a MOU signed with Ministry of Investment in the Kingdom of Saudi Arabia to support expansion, and a MoU to offer exclusive healthcare services to the 12,000+ employees of Abu Dhabi Police and their families etc.

We continue to support various national level initiatives such lead sponsor for the 4th edition of the #DubaiHealthForum in 2022, and partnering with the Dubai Health Authority (DHA) in shaping the future of Dubai's medical records platform, NABIDH, by sharing experiences on health data exchange.

In addition, we actively continue to contribute to the global dialogue by hosting Foreign Policy event focused on The Future of Health in the Global South on the sidelines of World Economic Forum in Davos, diving deep into the lessons learned from COVID-19 and how healthcare can bounce back stronger in emerging markets.

Our people

We were proud to have carried out a comprehensive program of staff engagement activities in 2022, enhance employees' physical and mental well-being. In addition, our employees participated in various training and skills development programs to ensure each individual is given the tools they need to build a rewarding career.

We will continue to invest in our staff and facilities to ensure that we are providing the best possible care for our patients and to become the preferred choice as an employer in the healthcare sector in the UAE and wider region. The attraction, development and retention of the very best talent within our sector are of fundamental importance to the Company and its ability to deliver sustained growth. Our colleagues are, therefore, one of our most important stakeholders and as the Company's environment, social and governance (ESG) principles evolve, so too will it seek to enhance the management of human capital.

Environment, Social and Governance

Underpinning the significant ESG progress made in 2022 are the Company's three ESG pillars: Healthy Business, Healthy People and Healthy Planet. These provide a framework for creating equitable access to healthcare – including for some of the most disadvantaged in our societies. They also act as a roadmap to workplace diversity and inclusion, robust and relevant governance, and environmental stewardship.

In 2022, a series of health-related programs and initiatives were announced and supported, including the World Economic Forum (WEF) Women's Health Initiative so widen access to reproductive health facilities. The cause forms part of a wider dialogue on women empowerment and the protection of women and girls in some of the lesser developed parts of the world.

The Company also supported the WEF's campaign to close the gap on global health equity, joining organizations like Pfizer, AstraZeneca, Gavi, Philips and others as part of the Global Health Equity Network. Furthermore, Burjeel worked to advance digital inclusion in key areas of health, finance and education through its support for the EDISON Alliance's '1 Billion Lives Challenge'.

Such crucial programs reflect a deeply rooted commitment to making a lasting social impact, and to the Company's governance structures. The governance of the Company ensure, for example, that the Board of Directors is comprised of at least 20% women and is 60% independent.

This structure is integral to maintaining a healthy business and is part of a human capital development strategy that provides equality of opportunity and a workforce that is rooted in responsibility and business ethics. These latter values are intimately woven in the fabric of the organization's DNA, ensuring that even at a core operational level, patient protection and data privacy are completely safeguarded.

Acknowledgments

Reflecting on a year of such historic importance, I would like to express our deep gratitude to Burjeel Holdings' management team, leaders, staff and stakeholders, whose extraordinary commitment during a year of profound change has been so instrumental in our success.

I would like to thank my colleagues on the Board of Directors for their support in taking the Company through such a successful IPO. Furthermore, may I say thank you to the doctors, nurses, scientists and specialists whose expertise and excellence enables us to offer the best clinical services focused on the improvement of well-being of our patients and deliver exceptional patient outcomes.

Finally, I would like to thank the regulator for their support during our listing on ADX last year; and our Chairman for putting his trust in us at such an important moment in the Company's history.

Mr. John Sunil

Chief Executive Officer

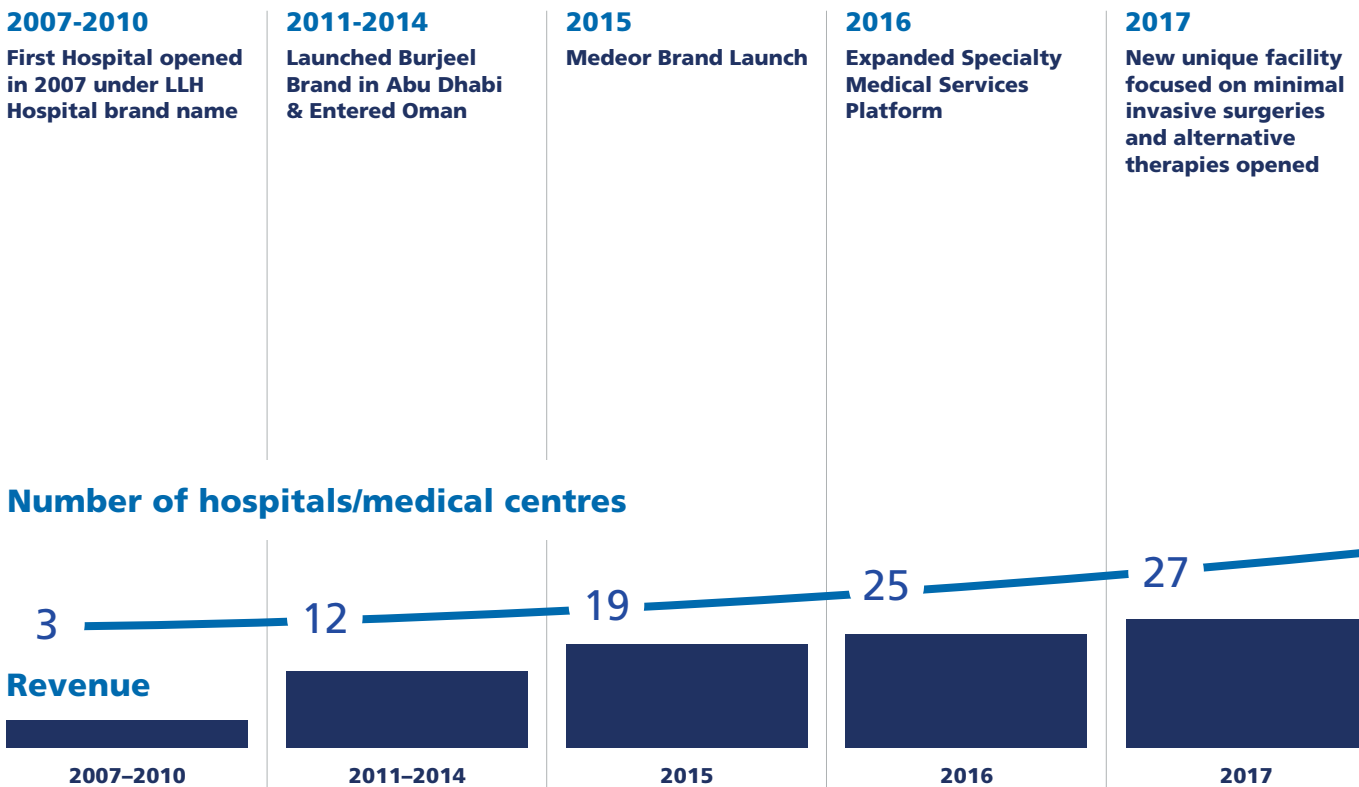
OUR HISTORY AND YEAR IN REVIEW

More than 15 years of quality care delivery

Since opening our first hospital in 2007, Burjeel Holdings has rapidly evolved to become a highly differentiated, physician-led, integrated healthcare services provider with a highly diverse portfolio of quality assets. By the close of 2022 and following a successful listing on the Abu Dhabi Securities Exchange (ADX), Burjeel Holdings' healthcare services ecosystem include 61 assets, covering 16 hospitals, 15 polyclinics, eight specialty centres, 15 pharmacies and seven other pharmaceutical, medical, diagnostic and ancillary brands.

Our growth proposition

More than 15 years of quality care delivery and consistent growth through greenfield expansion and Healthcare Services development



IPO

Injecting AED 2.2 billion of liquidity into the business, Burjeel Holdings' initial public offering on the ADX ushered in a new era of ownership and strategic direction for the Company.



Burjeel Medical City

Completing its first full year of operations in 2022, our flagship hospital, Burjeel Medical City, delivered outstanding results and boasts more than 50 specialties across 1.2 million sq.ft., and is now the largest private hospital in the UAE.



Super-specialty care

The Company's unrelenting focus on delivering advanced, yield-enhancing super-specialty medical care saw it cement its position as a referral hub for high quality complex care across a wide range of therapy areas in 2022.



2018

Launched Burjeel Royal Hospital Al Ain & Launched Multi Specialty Day Care Surgery Centre in Abu Dhabi

2019

Launched Burjeel Hospital Sharjah

2020

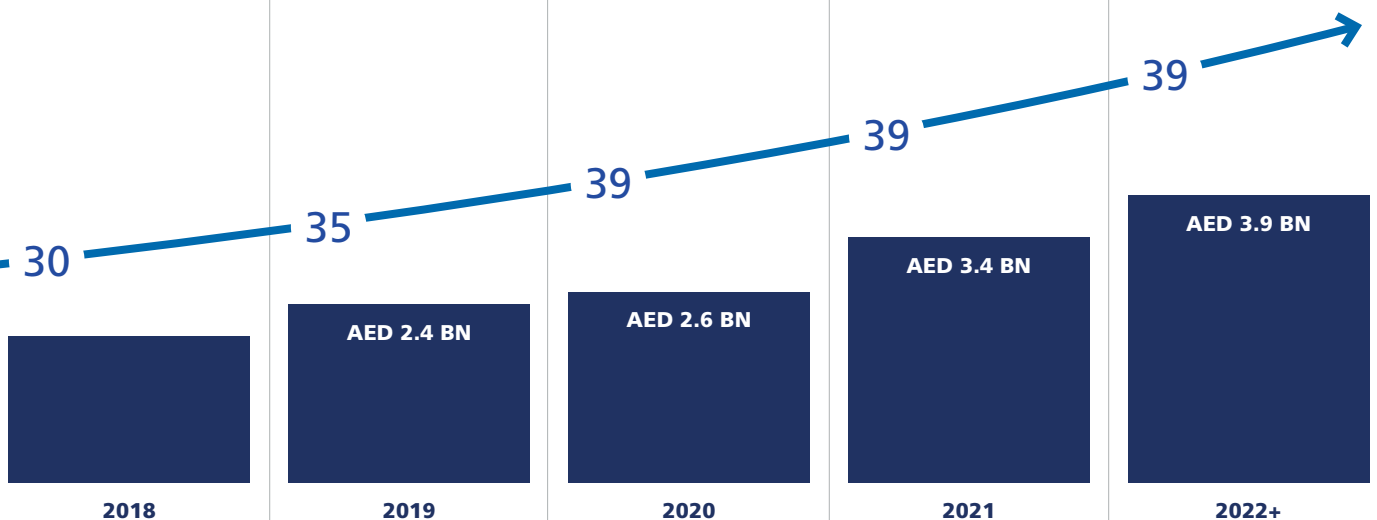
Soft Launch of BMC Operations
Introduction of digital platform

2021

4 million patients annually
New Clinical Research capabilities and Bone Marrow Treatment

2022+

Focus on education, training, and research, including opening of Medical school
BMC received license for Organ transplant



MARKET REVIEW

Strong growth in UAE healthcare expenditure expected to continue

It is a testament to the strength of Burjeel Holdings' value proposition that it delivered such exceptional financial and operational performance in a year of historic global uncertainty.

Characterized by war in Europe, oil price volatility, soaring global inflation and a high-interest rate environment, the general geopolitical and economic backdrop represented a unique set of circumstances in 2022.

There were, however, also opportunities – some of which emerged as a consequence of the global situation. They included the migration of high-net-worth individuals (HNWI) and investors searching for opportunities in a world of highly volatile capital markets. The UAE economy has benefited from the continued positive impact of its new visa regime, which was introduced in 2019 to attract global talent in the fields of health, engineering, science and art. Golden Visa recipients include Burjeel Holdings Founder and Chairman, Dr Shamsheer Vayalil.

Market dynamics

The geopolitical and economic picture in the UAE and wider region have served as a powerful platform for Burjeel Holdings. The Group has delivered robust performance, multiple operational milestones and an initial public offering that took place within the context of a healthcare market that is rapidly increasing in size and complexity. The UAE and Oman healthcare markets have benefited from strong fundamentals and growth drivers – which include significant increases in healthcare expenditure.

In recent years, the UAE and Oman increased their healthcare spending from \$12.4 billion and \$2.9 billion, respectively,

in 2016, to \$18 billion and \$3.5 billion, respectively, in 2021. The two countries are expected to further expand investment in their healthcare infrastructure to \$34 billion and \$5.3 billion, respectively, by 2031.

Underpinning much of the growth in UAE healthcare expenditure are a number of factors that include a growing and aging population, medical tourism, government initiatives (including public-private-partnerships), a shift in preferences towards specialized healthcare services, and the rapid emergence of telemedicine and digitized patient interaction.

Burjeel Holdings has demonstrated its ability to take advantage of these dynamics by increasing its market share and making extensive investments in new facilities, complex treatments and patient services. The Group has also worked to attract, train and retain its growing workforce of nurses, doctors and administrators – objectives that have become increasingly challenging in recent years because of the legacy of Covid-19 and wage inflation. The retention of the very best people in a fast-moving and highly competitive market has become a critical factor for the Group's growth prospects and will remain so well into the future.

The addition of Burjeel Medical City (BMC) – a 1.2 million square feet asset providing more than 50 specialties – leaves the Group in pole-position as the largest healthcare provider in the UAE. This position of strength means it is

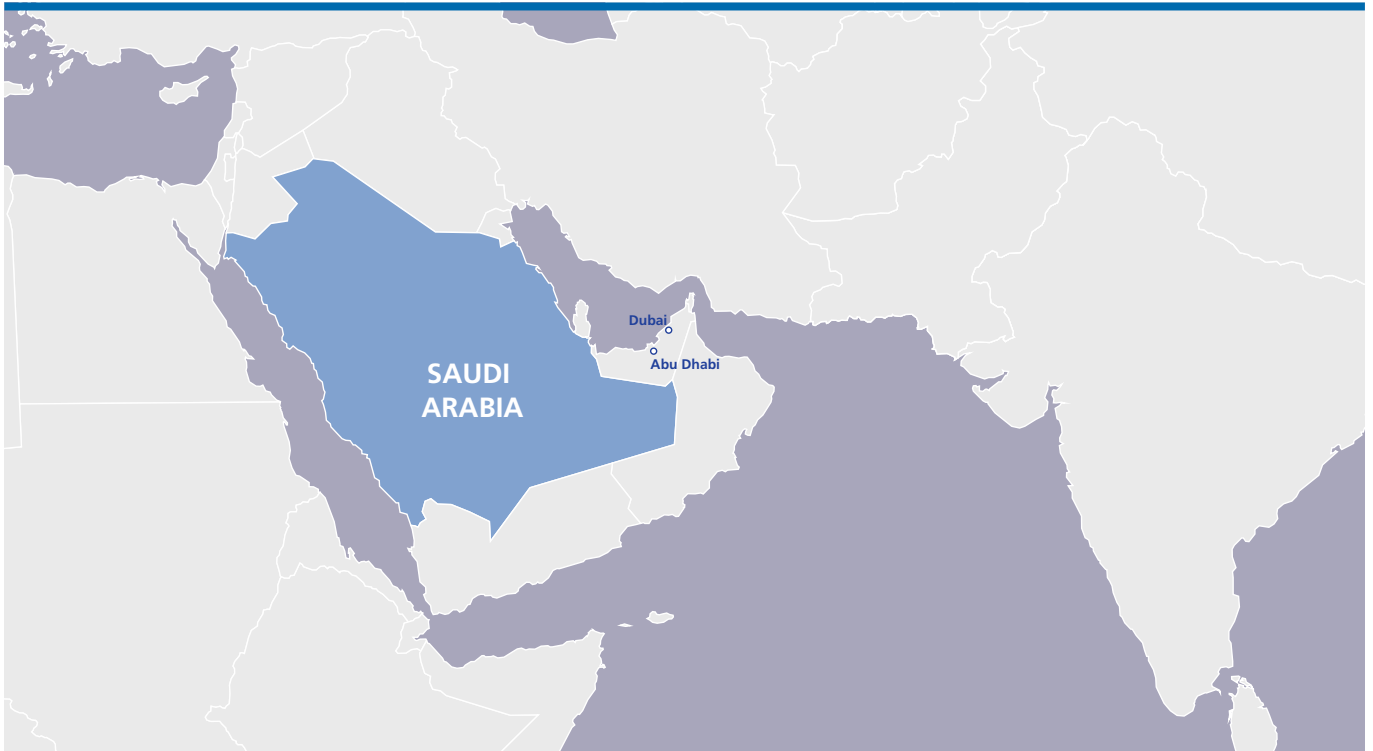


exceptionally well-placed to dominate its existing and future markets as it matures over the coming years.

New markets

The Company's ability to penetrate new markets stems from its unique value proposition, part of which emanates from its recently deleveraged balance sheet and pro-growth strategic partnerships. The on-boarding of the Abu Dhabi-based conglomerate International Holding Company (IHC) is specifically designed to catalyze the Group's operations through service and geographic diversification.

The Group has carefully analyzed healthcare markets across the Middle East and Africa and has identified Saudi Arabia & North Africa as key markets for growth. While the Saudi market is well served by a number of reputable and long-serving healthcare service providers,



there are several significant opportunities in areas where patient needs are unmet.

In support of this strategy, on 23 August 2022, the Group signed a non-binding memorandum of understanding (MoU) with the Kingdom of Saudi Arabia's (KSA's) Ministry of Investment to partner and collaborate with KSA institutes and healthcare organizations. The MoU serves as an incredibly exciting opportunity for the Group to invest in a fast-growing market while also contributing to KSA's 'Vision 2030' to establish and expand cutting-edge and advanced healthcare offerings across the country.

The Group has also entered into a non-binding MoU with one of Saudi Arabia's largest private gym networks, Leejam Sports, to establish a network of physiotherapy and rehabilitation services across select Leejam centres in the Kingdom. Such opportunities will allow the Group to gain a widespread national foothold through strategic partnerships that establish it in communities and vertical industry sectors across the country.

Dubai and Abu Dhabi rank 6th and 9th in 2020-2021 Medical Tourism Index, in a sector expected to grow at a CAGR of 17.1% until 2025.

The Saudi Arabian healthcare market provides the Group with multiple exciting opportunities in areas including:-

- ▶ Operations and maintenance for hospitals and specialty centres
- ▶ Super-specialty centres
- ▶ Research-based collaborations with public hospitals
- ▶ Collaboration with sovereign funds
- ▶ Primary care services



MARKET REVIEW CONTINUED

In Saudi Arabia, the Group has entered into strategic partnerships that establish it in communities and vertical industry sectors across the country.

Healthcare trends

As patients lean towards greater specialization, a number of trends have emerged. These include rising demand for specialist cardiac services, mother and childcare facilities, oncology, trauma, and extended care and rehabilitation services for an aging population.

With these specific growth areas in mind, Burjeel Holdings has developed a suite of cardiac care services, which include a cutting-edge Bi-Plane cath lab, advanced cardiac imaging technologies, and post-cardiopulmonary resuscitation services at BMC. The Group's Burjeel Farha facility offers comprehensive and specialized services to women and children, including IVF and a special centre for foetal therapy and surgery. For extended care, Burjeel Darak provides long-term care and rehabilitation services, in addition to palliative and hospice care.

BMC has also become the first private hospital in Abu Dhabi to successfully complete bone marrow transplant procedures for adult and paediatric

patients and has recently obtained a Department of Health license to activate its kidney transplant program. Additionally, the establishment of a multi-organ transplant centre at Burjeel Medical City will strengthen the UAE's organ transplant capabilities.

BMC is the only private hospital in Abu Dhabi which provides comprehensive cancer services through a centre of excellence, whilst also acting as BMC acts as a hub for cancer care across the region including referrals from other Burjeel Holdings facilities in Dubai, Sharjah, and Oman.



With some of the region's most advanced and complex medical services and facilities, Burjeel Holdings' success represents a new era of healthcare provision.

Leading the market

With some of the region's most advanced and complex medical services and facilities, Burjeel Holdings' success represents a new era of healthcare provision. It provides some of the most complex treatments and healthcare services in oncology, cardiometabolic disease, organ transplantation and cell therapy; and is the only centre in the country with accreditation from the European Society for Medical Oncology (ESMA).

Furthermore, through the establishment of its new BMC College of Medicine, the Group is primed to lead the market's progress in medical research, development and innovation. Similarly, the Group's first Clinical Advisory Committee was established in 2022, comprising leading global health experts and clinicians responsible for advancing Burjeel Holdings' clinical capabilities.



As the region's medical industry evolves, Burjeel Holdings is strategically, operationally, and financially ready to meet the many healthcare, lifestyle, and wellness-related challenges our societies face. In doing so, we look forward to bringing the Group's specialized, complex, and highly personalized approach to medical care to communities right across the region.



COMPETITIVE ADVANTAGES

Reasons to invest

In a landmark year for Burjeel Holdings, the Company delivered exceptional financial and operational outcomes, which included a successful listing on the Abu Dhabi Securities Exchange that was 29 times oversubscribed.

<p>1</p> <p>Robust balance sheet</p> <p>Post-IPO deleveraged balance sheet</p> <p>Highest-ever hospital revenues up 17% vs 2021</p> <p>52% YoY increase in net profit</p>	<p>2</p> <p>Market-leading patient services</p> <p>Largest private hospital network in the UAE, with leading inpatient market share</p> <p>Highest patient volumes</p> <p>Exemplary state-of-the-art technologies</p>	<p>3</p> <p>Global leadership</p> <p>Active contributor to international humanitarian causes</p> <p>Thought leader on global health challenges</p> <p>Participation in global forums – Davos 2023</p>
<p>4</p> <p>Research and development</p> <p>Clinical Advisory Committee</p> <p>In-house clinical research and development</p> <p>BMC College of Medicine – 2023 launch</p>	<p>5</p> <p>Leading platform</p> <p>Proven track record of management team to derive growth and deliver new territory expansion</p> <p>Unique integrated network focused on various socio economics, with head room in capacity available to drive growth</p> <p>Well positioned to address growing need for the region, including focus on enhanced capability for complex therapeutics</p>	
<p>Well positioned to capture growth opportunities, including new territory expansion, supported by robust balance sheet position</p>		

Maximizing returns

With total gross demand for the Offering amounting to over AED 32 billion, Burjeel Holdings provides investors with a highly attractive proposition, while providing the Company with additional opportunities to build on its market-leading position and accelerate its ambitions for significant operational and geographic expansion.

Strategic focus

Burjeel's strategy sets out plans to increase patient volumes across these assets by increasing in-patient capacity utilization, introducing new services, enhancing infrastructure and increasing out-patient capacity.

Additionally, the Group is well-positioned to identify and address unmet and vital medical needs in the region, as illustrated by the addition of long-term care and rehabilitation services through Burjeel Darak and the recently opened Kypros Nicolaides Foetal Medicine & Therapy Centre at Burjeel Medical City (BMC). The fetal medicine centre is helping address many aspects of care in fetal medicine that were previously unavailable in the region. The centre conducts research studies in gestational diabetes, preeclampsia, and preterm delivery that is aiding the development of solutions for patients.

In addition, The Paley Middle East Clinic launched in early 2023, under partnership with the Paley Institute and its founder Dror Paley has further bolstered Burjeel Holdings' orthopedic and neurosurgical care practice, to establish a niche capability for treatment of congenital, developmental, and post-traumatic orthopedic conditions, not available to date in the region.

As the Group continues to add complex specialties and focus on clinical excellence and quality of care, the Board of Directors is confident in its ability to increase volumes while maintaining and enhancing patient yields across its medical facilities. Demographics also indicate that there is strong potential for growth in both patient volumes and improved patient yield – as evidenced by the Company's historical track record.

In addition to the strong potential for organic growth, the Group is determined to add new growth avenue channels, which included geographic expansion to new territories. We continue to actively explore various partnership and growth opportunities (including M&A), which will facilitate expansion of the platform to new geographies, with an objective to create a market leading health network in GCC and Africa region, along with a base in the UK health market.



BUSINESS MODEL

How we consistently deliver quality

Our healthcare ecosystem

Our brands

The Group operates its healthcare facilities under the Burjeel, Medeor, LLH, Lifecare and Tajmeel brands, each of which is positioned to serve a different target market demographic.



Burjeel

The Group's flagship brand and key growth driver



Medeor

Targets the UAE's middle-to-high income expatriate population



LLH

Caters to the middle to low income population



Lifecare

Offers healthcare services to industrial workers



Tajmeel

Provides specialized dental and aesthetic healthcare services

Our operating segments

The Group operates its healthcare portfolio across the following four distinct, yet complementary, operating segments, Hospitals, Medical Centres, Pharmacies and Others.

Hospitals

- ▶ 16 facilities
- ▶ 1,178 doctors
- ▶ 1,660 beds
- ▶ 3.9m outpatients
- ▶ 123k inpatients

Medical Centres

- ▶ 15 polyclinics
- ▶ 5 dental centres
- ▶ 1 homecare centre
- ▶ 2 specialty centres
- ▶ 1004k outpatients
- ▶ 188 doctors

Pharmacies

- ▶ 15 retail pharmacies
- ▶ 590k footfalls

Others

- ▶ Co-lab
- ▶ Burjeel drug store
- ▶ Lifeline drug store
- ▶ Unique valet parking
- ▶ CCRCM / Dynamed
- ▶ IMED

The Group also has a special clinical focus to offer comprehensive services around key therapeutic areas, including 1. Oncology (including Transplants), 2. Orthopedics and Spine, 3. Advanced Women Care and 4. Paediatrics sub specialities

Value creation for our stakeholders



Employees

Staff wellbeing is a priority, and we provide equal employment opportunity to all employees and applicants



Patients

We continue to foster our patient-centric culture, which focuses on enhancing the experience of our patients and personalizing their care



Suppliers / Partners

We have an outstanding relationship with all our partners and suppliers, who are carefully selected for quality, price and delivery capability



Communities

The Group is engaged in a variety of initiatives that seek to improve the social welfare of communities outside the UAE



Shareholders

Our shareholders are instrumental in enabling us to provide an excellent product. We hold quarterly meetings to keep them up to date with the changes across the business



Regulatory and licensing bodies / Government

Our internal teams work closely with the Government and regulatory officials to make sure we always keep up to date with the latest developments, policy changes and requirements

OUR STRATEGY

Our strategy vision will continue to deliver strong and profitable growth through multiple key pillars

CORE/BASE BUSINESS



Ramping up of growth assets

Young assets fleet, with growth to be driven by utilization ramp-up

Burjeel medical city to be key driver of volume growth

Clear strategy to ramp-up all other high growth hospital beyond BMC

Demonstrated track record of ramping-up assets to maturity



Increasing patient yield

Track record of ramping up volumes whilst maintaining patient yield

Strong focus on the most complex, premium services

Continuing the journey to become the partner of choice for the elite Thiqa patient base

Focused initiatives to tap into the high value medical tourism segment

Premium Burjeel brand primed to drive ARR increase given lowest utilization

Multiple levers to continue growth journey



Operational excellence

Several on going initiatives to continue to drive efficiencies (e.g. centralized procurement/ digital initiatives)

Number of additional initiatives planned to drive further efficiencies (e.g. ICU command centres / centralized radiology)

Employee costs as a percentage of revenue to fall as utilization increases



Geographic expansion

Middle east and Africa key regions of focus over next 5 years, with KSA core to grow strategy

Multi-pronged strategy for expansion in to KSA

Leveraging asset-light O&M contacts to support intentional expansion

Investments in training / education being undertaken to prepare workforce for international expansion /drive platform scalability

SIGNIFICANT GROWTH AVAILABLE TO BE UNLOCKED

CORE/BASE BUSINESS

OUR STRATEGY CONTINUED

Our strategy will continue to deliver strong and profitable growth through multiple key pillars



Ramping up of growth assets

The current infrastructure of the Group is operating at 56% capacity for inpatient services and 73% for outpatient services. The Group is focused on ramping up patient volumes to achieve steady state use of the existing facilities in the medium term, with Burjeel Medical City playing a key role in achieving our goals.

2022 Activity

13 of the Group's hospitals are between the medium-growth to high-growth phase.

The Group is well positioned to identify key medical needs for the region, as illustrated through our leading private medical centres, including rehabilitation services at Burjeel Darak, the recently opened Kypros Nicolaidis Fetal Medicine & Therapy Centre, and Dr Paley's Middle East Clinic, which opened at BMC.

The Group continues to specialize and focus on clinical excellence and quality of care, whilst also being confident in its ability to increase and enhance patient yields across its medical facilities.

Future Plans

The Group is intending to increase patient volumes across all hospitals through several initiatives, including increasing inpatient capacity, introducing new services and enhancing infrastructure. Together with increased out-patient capacity, these initiatives offer a significant upside to the Group.

The Group will continue to foster its patient-centric culture, which focuses on enhancing the experience of its patients and their care.

KPIs

In the medium term, the Group aims to reach 75%-80% capacity across the network, both for inpatient and outpatient services.

Risks

- Slower growth in population (in the market of operations) than anticipated
- Market competition
- Doctor recruitment and retention
- Investment in high-risk complex medical treatments



Increasing patient yield

Focus on key specialties and constant investment in sub-specialty and complex treatment is leading to a rise in the case mix index (an indicator of the severity of cases), which is bolstering patient yield. The ramp-up of Burjeel Medical City is expected to lead to a further increase in the patient yield, as the centre has been designed to offer a very high yield in complex specialties, which will support an improvement in patient yield at Group level.

2022 Activity

Burjeel Hospital in Abu Dhabi is a clear example of how the Group has proven its ability to re-purpose the asset, free up capacity by shifting cases out to BDSC and use the existing infrastructure to offer treatment of more complex cases, which will drive revenue growth through focus on the patient yield, while patient volumes have remained broadly constant.

Future Plans

In addition to expanding the range of services at its medical facilities, the Group also intends to improve and make use of the services that are already in place to maximize patient yield.

Focus on complex cases (thereby increasing revenue) is a core part of the strategy, and the Group will continue to invest in and develop service offerings for specialist treatments at Burjeel Medical City.

A key focus for the Group is working closely with Thiqa, and becoming a partner of choice for patients on their insurance plan.

The medical tourism sector is another key driver to growth, and through this the Group has received over 500 international patient referrals, with patients traveling from Nigeria, Russia, Kuwait, Ethiopia and the KSA. The most popular services include oncology, orthopedics & spine, gastroenterology, urology and health check-ups.

KPIs

Revenue growth to be equally distributed and contributed to through volume growth and yield improvement.

Risks

- Market competition
- Doctor recruitment and retention
- Investment in high-risk complex medical treatments
- Slower ramp-up of new assets and medical tourism than expected



Operational excellence

The Group holds a fully invested capital and operational base. In addition, the Group has heavily invested in new infrastructure, in particular, Burjeel Medical City. As the volumes ramp up and management continues with its initiatives to integrate the back end functions, these will result in operational efficiencies, which are expected to lead to an improvement in margins.

2022 Activity

Since being established, the Group has prioritized investment in the centralization of its services and controls.

The Group is continually looking to upgrade its digital capabilities to ensure that they drive best practice across its operations and support the continued delivery of high-quality services. The Group's initiatives, including centralized procurement, a centralized one-OR platform, digitalization of services, centralized lab services, employee training and nurse rotation programs, allow it to manage its workforce and assets' turnaround efficiently, resulting in higher profitability.

Future Plans

Additionally, the Group is developing initiatives to further drive efficiencies through projects such as centralized radiology and ICU command centres, as well as integration of key services, creation of a sub-specialty pool and standardization of protocols.

These initiatives are expected to reduce the Group's salaries and emoluments expenses (as a percentage of revenues), particularly in light of the planned improvements to some of the Group's key assets, and their increased use.

KPIs

EBITDA margins to expand to mid-high 20s in the medium term.

Risks

- Inflation
- Pace of digital innovation
- Slower ramp-up of revenue than anticipated



Geographic expansion

In addition to continued organic growth, the priority for the Group is to take a disciplined approach to future endeavors and the deployment of capital expenditure over the next five years. The Group's international expansion strategy will be based on serving primary and tertiary care needs and providing ancillary support functions by entering into joint ventures (JVs), partnerships and similar arrangements with local partners. As part of the diversification strategy, the Group is focused on expanding its coverage to new territories in the GCC and Africa market, through partnership, JVs or select strategic acquisition.

2022 Activity

The Group has carefully analyzed the healthcare markets in the GCC and Africa and identified the KSA and North Africa as a key region for future growth. The Group understands that the KSA health market is currently represented by a number of reputable and long-serving healthcare service providers; therefore, it anticipates that it will enter into the KSA market only in certain areas where the patient needs are unmet, and in line with the growth strategy of the Group.

In particular, the Group has developed a multi-pronged strategy for expansion in the KSA, containing a number of growth initiatives in the following areas:

- O&M contracts to manage hospitals/specialty centres
- super-specialty centres
- research-based collaborations with public hospitals
- collaboration with sovereign funds and primary care services

In support of this strategy, on 23 August 2022, the Group signed a non-binding memorandum of understanding with the KSA's Ministry of Investment ("MISA") to partner and collaborate with KSA institutes and healthcare organizations.

The Group has recently announced its first project in KSA under a JV with Leejam Sports to establish a network of physiotherapy / rehabilitation services across select Leejam centres in the KSA and comprehensive rehab / sports medicine centres in the main cities.

Future Plans

Additionally, the Group expects O&M contracts to be an important avenue for international expansion and has already entered into a number of O&M projects, including those relating to two facilities in Shabwa and Mocha in Yemen, Liberia Hospital and the Prosthetics & Orthotics Project in Ethiopia. Diversification of the existing operations base and achieving equitable contributions from the existing and the from the new geographic expansions.

KPIs

Abu Dhabi and Al Ain region contribution to revenue to be reduced to below 50% in the medium term.

Risks

- Risk in identifying the right partner
- Lack of exposure and understanding of the new markets
- Currency risk attached to multi-jurisdiction operations
- Strengthening of management teams to cover multiple regions

STRATEGY IN ACTION

Shaping the future of medicine

Link to Strategic Pillar



In 2022, the Company made incredible progress in delivering on its strategic pillar to ramp up its growth assets. It has done so by opening some of the region's most advanced specialty clinics powered by world-leading robotic and artificial intelligence technologies, and comprehensive complex care facilities.

These included the country's very-first bone marrow and kidney transplantation (BMS) unit, pediatric extracorporeal membrane oxygenation (ECMO) facilities, high-dose radioiodine therapies, and state-of-the-art fetal medicine interventions.

To further ramp up its growth assets and improve patient outcomes, a groundbreaking new intra-operative MRI scanner for neurosurgery was installed in operating rooms in 2022. The new technology represents incredibly good news for patients because it provides surgeons with highly precise guidance for the removal of tumors and other abnormalities.

Patient outcomes were also dramatically improved through the opening of the new Frozen Section Pathology Lab at Burjeel Medical City in 2022, enabling real-time analysis of tissue samples while the patient is in the operating room. The Lab is a true game-changer, making it possible for a rapid turnaround of results, saving time and money – and many more lives.



Cutting-edge imaging

A cutting-edge, state-of-the-art Dedicated Cardiac Theater was also launched in 2022. Strategically positioned next to intensive care units (ICU) the Theater minimizes transfer times during pre and post-surgery. A new Bi-Plane Cath Lab was also launched, transforming how data is captured – and radically improving diagnostic accuracy and turnaround time. The facility captures image data from detectors on two axes instead of only one, enabling doctors to acquire 3D images much faster than Single-Plane Cath Labs.

Extraordinary surgical advances were also achieved in 2022 through the introduction of the G-Arm and O-Arm systems. These incredible intraoperative 2D and 3D imaging systems are designed to meet the workflow demands of the surgical environment and can be used in

a variety of procedures, including spinal, cranial and orthopedic surgeries.

The introduction of these and many more transformative new technologies and complex care facilities reflects the Company's unrelenting focus on the power of technology and the importance of specialty care. These investments have enabled the Company to carry out a record number of procedures and historic patient outcomes. They included 41 bone marrow transplants, more than 300 cardiac, and thoracic surgeries, the first private sector kidney transplant in Abu Dhabi, the first UAE artificial thumb joint replacement, and the first bone marrow transplant for a child leukemia patient.

Strategic Pillars



Ramping up of growth assets



Increasing patient yield



Operational excellence



Geographic expansion

New discoveries

Link to Strategic Pillar



The Burjeel Holdings' Research and Innovation Department, led by the Group Chief Research Officer Prof. Khaled Musallam, is strategically geared toward novel drug and therapy development for the betterment of patient outcomes and to increase patient yield.

Its work is fundamental to the Company's reputation and status as an internationally trusted and recognized academic and research institution. With four full-time in-house staff, the Department initiated over 39 research studies in 2022. These were related to Hematology and Oncology, Infectious Disease, Immunology, Gastroenterology, Cardiovascular Disease, Endocrinology, Ophthalmology, Surgery, Rehabilitation and Nursing.

Some of the many exciting medical research programs initiated in 2022 included observational studies and diagnostic studies, and all phases of interventional clinical trials – from Phase I to Phase III. These are aimed at better disease understanding and the development of novel therapies to treat both common and rare diseases. Through this work, the Department is making an enormous contribution to medical science, better patient outcomes and higher patient yield for the Company.

International trust

The extraordinary research talents based at Burjeel Holdings have seen it pursue some of the most exciting and challenging therapy areas and technologies in 2022, from novel small molecules to cell therapies, with trials run to US (FDA) and European (EMA) standards and data to be used for new drug approvals and registrations.

All interventional clinical trials and many of the observational studies carried out at the Research and Innovation Department

are conducted under commercial sponsorship, with several of the sponsors being in the top ten list of big pharmaceutical companies. By the end of 2022, eight of the 11 interventional clinical trials had been opened for patient recruitment.

The Department's role as a trusted international research facility saw it work on behalf of medical institutions from a range of countries in 2022, including China, Denmark, France, Lebanon, Russia, Sweden, Switzerland, the United Kingdom and the USA.

Burjeel Holdings' research studies were cited in 53 publications in 2022, with over ten published in exceptionally high-impact outlets, including Clarivate and First Quartile. Research was also published in medical journals, including *Blood*, *Lancet Haematology*, *Haematologica*, *American Journal of Hematology*, *British Journal of Haematology*, *Journal of Medical Virology*, and the *Journal of Urology*, among others.



BUSINESS REVIEW

Delivering the highest quality service and care for patients and customers

The Group operates its healthcare portfolio across four distinct yet complementary segments: Hospitals, Medical Centres, Pharmacies and Others. These highly interconnected verticals allow the Group to provide highly integrated primary, secondary and tertiary healthcare services across diverse socio-economic and geographic markets through five brands: Burjeel, Medeor, LLH, Lifecare and Tajmeel.

In many ways, 2022 was a landmark year and a historic turning point for Burjeel Holdings. The completion of a heavily oversubscribed public listing on the Abu Dhabi Securities Exchange (ADX) coincided with the opening of Burjeel Medical City – now the UAE’s largest hospital – and incredible advances in medical research and development.

The Company’s network of pharmacies expanded its footprint on-and-offline through strategic partnerships and the extension of multiple digital and social platforms. In line with the Company’s strategic plan, Burjeel accelerated the rollout of new complex and highly specialized facilities, which included bone marrow and kidney transplantation (BMS), pediatric extra-corporeal membrane oxygenation (ECMO), high-dose radioiodine therapy, and fetal medicine.

These capabilities were all made possible by the introduction of multiple new technologies that were developed and launched in 2022. Much of the Company’s operational milestones have been underpinned by advances in

artificial intelligence and predictive analytics that have enabled a wide array of ground-breaking medical advances, including robotic surgeries and the UAE’s first bone marrow transplant on a child.

2022 also saw the Group take its place on the international stage through stakeholder dialogue, participation in humanitarian medical emergencies and engagement with global bodies. The Group’s Director for Palliative Care at BMC and Head of Palliative Care at Burjeel Darak Hospice in Abu Dhabi, Dr. Neil Nijhawan, became the UAE’s first representative to the World Health Organization’s (WHO) palliative care network in 2022. Dr. Nijhawan has also been appointed by the WHO as a member of the Eastern Mediterranean Region Expert Network on Palliative Care.

HOSPITALS

Thanks to its extensive medical and scientific research capabilities, the Group’s hospital portfolio made incredible advances in the provision of complex medical procedures and technologies in 2022. Thanks to the rollout of new digital tools, doctors and nurses were able to use cutting-edge technologies to diagnose and treat patients more quickly and effectively than ever before.



These tools and technologies have delivered significant reductions in waiting times and better patient care. Additionally, the implementation of innovative new systems and processes helped to drive efficiencies and reduce costs. All of this led to a more positive experience for patients and a more successful hospital system overall.

As a whole, Burjeel hospitals closed the year as the UAE’s largest provider of some of the most complex treatments and healthcare services in oncology, cardiometabolic disease, organ transplantation and cell therapy; and it is the only Centre in the country with accreditation from the European Society for Medical Oncology (ESMA).

Asset growth

Burjeel Holdings' hospital portfolio delivered exceptional results in 2022, with CAGR revenue growth of 17.5% for 2019-2022. This performance has primarily been driven by the addition of new assets over recent years that include Burjeel Medical City (BMC), which is a 1.2 million square feet hospital with more than 50 specialties – leaving the Group in a pole position as the largest healthcare provider in the UAE.

Other new assets include the Burjeel Day Surgery Centre, the Burjeel Specialty Hospital, Sharjah, and the Burjeel Royal Hospital in Al Ain. Coupled with the organic growth of matured assets, the hospital portfolio delivered an EBITDA CAGR of 28.1% between 2019 and 2022. This growth has also been driven by significant increases in the volume of key surgical procedures in 2022. They include 1645 angioplasties, 1749 bariatric surgeries, 378 cardiac/thoracic surgeries, 147 hip replacements, 643 knee replacements, 1059 knee ligament (ACL) operations, and 1022 spinal neurosurgery procedures.

Launch of Burjeel Medical City (BMC)

Through the development of BMC, Burjeel has not only become the largest provider of integrated healthcare and medical services in the UAE, but it is transforming life chances and patient outcomes for millions of people at home and from overseas. The hospital now provides access to a wide gamut of cardiac care services, which include a cutting-edge Bi-Plane Cath Lab, advanced cardiac imaging technologies, and post-cardiopulmonary resuscitation services.

BMC has also become the first private hospital in Abu Dhabi to successfully



complete bone marrow transplant procedures for adult and pediatric patients and has recently obtained a Department of Health license to activate its kidney transplant program. Additionally, the establishment of a multi-organ transplant centre at Burjeel Medical City will strengthen the UAE's organ transplant capabilities.

Complex specialties

Across Burjeel hospital assets, there was a deliberate shift towards achieving clinical excellence through the provision of complex and super specialty care services in 2022. The core aim for each hospital has been to better serve their respective communities and ensure their long-term sustainability. Providing super specialty and complex services allows our patients to receive the highest level of personalized care possible. It helps in improving outcomes, reducing the risk of complications, and providing patients with access to a broader range of treatment options.

The range of specialty areas available at Burjeel hospitals was widened in 2022 through the addition of the Kypros Fetal Medicine and Therapy Centre at BMC,

which opened in association with the 'Father of Foetal medicine', Professor Kypros Nicolaides. The specialist Centre is the first-of-its-kind integrated facility in the region, providing comprehensive fetal care to patients undergoing high-risk pregnancies in the UAE – including high-quality services to facilitate the best outcomes for both the mother and the baby during pregnancy, labor, delivery, and the postpartum period.

Towards the end of the year, the Group announced the launch of the Paley Middle East Clinic, which is dedicated to providing the most technologically advanced treatments to improve the lives of those who suffer from congenital, developmental, and post-traumatic orthopedic conditions. The clinic offers comprehensive, coordinated care from an experienced team of professionals designed for the specific needs of each patient with a treatment philosophy that focuses on reconstruction over amputation and a commitment to preserving limbs and joints and restoring function.

Patient care

Patient outcomes are of paramount importance at Burjeel hospitals, which is why the Group has continuously invested in new predictive and AI-driven technologies specifically to help reduce medical errors and improve outcomes.

Additionally, advances were made in patient-centered care in 2022, with a focus on patient education and involvement in the decision-making process. Additionally, the Group made steps to further increase transparency and accountability across its entire healthcare ecosystem, which has, in turn, helped to improve the quality of care provided.



BUSINESS REVIEW CONTINUED

Hospital assets

In addition to BMC, Burjeel Holdings' operates the following hospitals:

Burjeel Hospital, Abu Dhabi

Established in 2012, Burjeel Hospital, Abu Dhabi, is located in the Al Danah district of Abu Dhabi, a highly populated area in the heart of Abu Dhabi city. It offers a comprehensive portfolio of services, including core medical, paramedical and support services, delivered by combining state-of-the-art technology and highly skilled medical experts at a purpose-built facility spread across 77,140 square meters. The hospital primarily caters to premium clientele in Abu Dhabi, focusing on Thiqa patients.



Burjeel Day Surgery Centre, Abu Dhabi

Established in 2017, Burjeel Day Surgery Centre, Al Reem, is located on Al Reem Island in Abu Dhabi. It is one of the largest day surgery centres in the UAE and was set up to work in close coordination with Burjeel Hospital, Abu Dhabi, to shift all day surgery cases and free up capacity for core treatments at Burjeel Hospital Abu Dhabi. An integrated hospital information system and a referral mechanism between the Burjeel Hospital and the day surgery centre ensures a seamless flow of patients between the two facilities.



Burjeel Royal Hospital, Al Ain

Established in 2018, Burjeel Royal Hospital is located in Al Ain. It offers comprehensive care across multiple specialties, including general surgery, pediatrics, obstetrics & gynecology, urology, pulmonology, ophthalmology, dermatology, ENT, radiology and dental, and is recognized for a multitude of advanced clinical programs. To expand its reach in the local community, the hospital enters into collaborations with local medical centres and contracts with community-based doctors.



Burjeel Hospital for Advanced Surgery, Dubai

Established in 2013, Burjeel Hospital for Advanced Surgery in Dubai is a leading orthopedic hospital offering a variety of surgical procedures. The Group believes that Burjeel Hospital for Advanced Surgery was one of the earliest adopters in the UAE of robotic technology to perform advanced surgical procedures to treat various diseases and that the hospital is now the sole advanced microsurgery and orthopedic Centre in the UAE.



Burjeel Specialty Hospital, Sharjah

Established in 2019, Burjeel Specialty Hospital is located in Sharjah and is spread over 16,700 square meters. The hospital caters to a growing population of expatriates in Sharjah and offers cutting-edge healthcare in a luxurious setting, with many medical services and procedures available, including cardiac surgery, maternity and neonatal care, physiotherapy, oncology and non-oncology hematology, minimally invasive and laparoscopic colorectal & gastrointestinal surgery.



Burjeel Farha Hospital, Al Ain

Established in 2016 under the name of Medeor 24x7 International Hospital, Al Ain, and located in the Asharej district of Al Ain, the hospital was rebranded as Burjeel Farha Hospital on 28 February 2022. It is a multi-specialty family hospital with diagnostic, therapeutic and intensive care facilities. The hospital's key specialties are mother and childcare, dental, obstetrics & gynecology, pediatrics, and cardiology. Burjeel Farha Hospital was accredited by JCI in 2022, and its laboratory received ISO 15189:2012 certification in 2020.



Medeor 24x7 Hospital, Dubai

Established in 2015, Medeor 24x7 Hospital, Dubai, is located in Mainland Dubai. It is a multi-special family hospital offering services in mother and childcare, congenital malformation surgeries of the brain and spine, cardiology, pulmonology, urology, dialysis and critical care, gastroenterology, and advanced laparoscopic and gynecological surgeries, amongst others. Medeor 24x7 Hospital, Dubai, was accredited by JCI in 2022 and had a College of American Pathologists (CAP) accredited laboratory.



BUSINESS REVIEW CONTINUED

LLH Hospital, Abu Dhabi

Established in 2007, LLH Hospital, Abu Dhabi, is a modern 40-bed facility located in downtown Abu Dhabi city that is spread across over 9,700 square meters. It is a multi-specialty hospital focusing on mother and childcare, gastroenterology, and cardiology services. The hospital is equipped with outpatient and in-patient wards, an ICU, a NICU, a fully equipped operation theatre, an endoscopy unit, a radiology unit and a cath lab.



Lifecare Hospital, Abu Dhabi

Established in 2014, Lifecare Hospital, Musaffah, is a 143-bed tertiary care hospital catering to the industrial population in the Musaffah area of Abu Dhabi. The hospital is equipped with outpatient and in-patient wards, an ICU, a fully equipped operation theatre, an endoscopy unit, an isolation unit and a cath lab.



LLH Hospital, Abu Dhabi

Established in 2008, LLH Hospital, Musaffah, was the first hospital to be opened in the Musaffah district of Abu Dhabi, an area experiencing significant commercial and industrial development with an accompanying growing worker population base driven primarily by the relocation of staff and labor accommodation from Abu Dhabi City. It is a multi-specialty hospital focusing on super specialty services covering neurosurgery, cardiology, urology, orthopedics, mother and childcare and pulmonology. LLH Hospital, Musaffah, was accredited by JCI in 2022, and its laboratory received ISO 15189:2012 certification in 2020.



Lifecare Hospital, Abu Dhabi

Established in 2012, Lifecare Hospital, Baniyas (Al Raha) is a 50-bed facility located in Al Raha Village, Baniyas area of Abu Dhabi, serving the industrial and blue-collar population of Baniyas, Mafraq and the Western region of Abu Dhabi. The hospital provides services in a number of medical specialties, with a core focus on cardiology, pulmonology, general surgery, orthopedics, and urology.



Lifeline Hospital, Sohar

Established in 2010, LLH Sohar was the first hospital near the Sohar Industrial Freezone in Oman. It serves the industrial and corporate companies of North Bathinah and residents of Falaj, Al Qabil, Liwa, Buraimi and Shinas. LLH Sohar was the first hospital in Oman to set up a public-private partnership.



Lifeline Hospital, Salalah

Established in 2011, LLH Salalah is located in Salalah, a touristic destination in Southern Oman. The hospital has a maternity wing and offers all other general specialties and super specialties of cardiology and urology. It also runs one of the top five industrial clinics in Salalah. During the COVID-19 pandemic, LLH Salalah conducted the Salalah International Airport Covid-19 testing.



Burjeel Hospital, Muscat

Established in 2016, BH Muscat is located in Al Khuwair, Muscat, Oman. The hospital offers diagnostic, curative and preventative healthcare services in over 30 clinical specialties. BH Muscat is the only private hospital with an oncology department in Oman. The hospital has an advanced chemotherapy program and is in the process of expanding its surgical oncology program. BH Muscat was one of the first private facilities to accept orthopedics trauma cases from government hospitals. The Group plans to launch a facility with a pediatric wing that will drive patient volumes.



BUSINESS REVIEW CONTINUED

Pharmacies

In addition to the hospitals and medical centres, the Group operates its own chain of 15 walk-in retail pharmacies across Abu Dhabi, Al Ain and Fujairah, serving non-patient customers.

The Group's pharmacies business delivered consistent growth in 2022 through a significant expansion of its online presence. New developments included the expansion of the new community pharmacy at the Forsan Central Mall in Khalifa City, collaborations with LULU Online e-commerce, and the online delivery platform InstaShop.

Such partnerships, which form part of the Group's focus on developing its omnichannel approach, saw Burjeel accelerate the reach of its home delivery and digital prescription services in 2022. These were further aided by new digital platforms and customer engagement strategies through social media and WhatsApp. These helped the Group to surpass its targets for bills and sales revenue by the QA close of the year.

The pharmacies business also completed a program of technology upgrades in 2022. They included a complete rollout of cloud-based Microsoft 365, WhatsApp connectivity for every pharmacy, and adherence to the stringent data protection requirements that are set out in the Abu Dhabi Healthcare Information and Cyber Security Standard (ADHICS). Subsequently, every Burjeel pharmacy is ADHICS accredited. The Group also continued its annual commitment to providing training to students at the College of Pharmacy at Al Ain University in 2022.

The Group believes its pharmacies offer one of the broadest selections of pharmaceutical products in the UAE, supplying approximately 3,000 pharmaceutical products registered for sale in the country. The Group also believes that they offer a high degree of customer convenience given their close proximity to the Group's medical facilities.

The Group's pharmacies stock pharmaceutical products from various multinational companies, such as Pfizer, Boehringer, GSK, MSD, AstraZeneca, Servier, Sandoz, Novartis, Sanofi and Takeda, and from leading distributors, such as City Pharmacy, the Modern Pharmaceutical Company, Gulf Drug, AlphaMed, Pharma Trade and Ahmed Al Khalil Albaker. In addition to prescription drugs, the Group's pharmacies maintain a selection of over-the-counter, non-prescriptive medications such as analgesics, cough and cold products, vitamins, herbal products and beauty, health and personal care products.



Medical Centres

The Group's medical centres include polyclinics and specialty medical centres providing primary healthcare, cosmetic, orthopedic specialty and homecare services and serve as an integral part of the Group's synergistic "hub and spoke" feeder network by routing patients needing more intensive services to the Group's hospitals and daycare surgery centre (hubs). The model allows the Group to act as a one-stop-shop solution for patients, maximize market capture and grow its brand recognition across all brands and assets.



Tajmeel Specialized Medical Centre

Tajmeel is a premier cosmetology, dermatology, and plastic surgery brand of Burjeel Holdings that offers a wide range of treatments to our clients with the highest quality service in an atmosphere that promotes relaxation and comfort. We strive to exceed your expectations so you can feel confident in knowing that you will receive only the best care available.

Our team of world-class board-certified experts bring together diverse backgrounds and specialties to work towards one common goal: providing our clients with quality care in every aspect of their experience.

We are committed to providing every patient with an exceptional experience from start to finish and best in medical services for their health and beauty. From our warm hospitality to our skilled medical staff and high-tech equipment, we strive for excellence on every level.

Burjeel Medical Centre, Al Shamkha, Abu Dhabi

Burjeel Medical Centre, Al Shamkha, Abu Dhabi, is one of the best-equipped medical facilities in Abu Dhabi, staffed by experienced physicians and technicians trained to diagnose and treat a wide range of illnesses and conditions. All clinical staff members are well versed in modern diagnostic and treatment methods. Our doctors are western-trained and board-certified. Our mission is to provide compassionate care and impeccable service while utilizing the most advanced technology available.



Burjeel Medical Centre, Al Shahama

Burjeel Medical Centre, Al Shahama, provides compassionate care and impeccable service while utilizing the most advanced technology available. Our doctors are western-trained and board-certified. We are one of the best-equipped medical facilities in the region, staffed by experienced physicians and technicians trained to diagnose and treat a wide range of illnesses and conditions across diversified medical specialties. Our mission is to provide the best possible medical care in a warm, friendly, and comfortable environment.



BUSINESS REVIEW CONTINUED

Others

The Company's 'Others' segment comprises seven assets, namely Co-Lab (Central Diagnostics Services), Burjeel Drug Store, Lifeline Drug Store, Unique Valet Parking, Claim Care Revenue Cycle Management, Dynamed and iMed Solutions, which support the Group's core healthcare operations. The segment accounted for 0.1% of the group's revenue and 1.6% of the group's EBITDA for the year ended 31 December 2022.

Co-Lab

Financially, Co-Lab exceeded its 2022 margin targets by 23% after achieving operational efficiencies and overall cost controls. Operationally it consolidated 60% of its testing and achieved a turnaround time of eight hours for over 75% of its daily test runs.

Co-Lab also successfully consolidated its sample laboratory testing process to the hub in 2022, unifying specialized testing in hematology, infectious microbiology, and molecular testing. The laboratory tested over 10 million samples in 2022. The business also launched 25 new testing services in 2022, including immunology, hematology (flow) and new molecular diagnostics. Esoteric testing services were also introduced, bringing next-generation sequencing (NGS) into the UAE for the first time. Additionally, the business launched a new outreach program for molecular and cellular services and rolled out digitization and analytics capabilities to enhance inventory management.

Additionally, approximately 200 point-of-care-testing (POCT) devices were integrated into the HIS system for better governance and to assist in the pursuit of paper-free operations. The introduction of a new secure SMS platform enabled Co-Lab to share laboratory results with patients in real time in 2022, speeding up diagnostic processes and patient-physician interactions. Co-Lab also saw Lifecare Hospital Baniyas receive its ISO re-accreditation, taking the number of ISO/CAP-accredited facilities to 11. In addition, the Central Lab in Burjeel Medical City received its accreditation from the College of American Pathologists (CAP) for its December 2021 audit.

Central Drug Stores

A core focus for Lifeline Drug Store in 2022 was the consolidation of service procurement under one central procurement platform. By the close of the year, the business had successfully integrated all medical consumables, lab consumables, consignment items, non-medical consumables, bio-medical products, engineering solutions, and marketing services into the central procurement system.

The business also migrated Tajmeel Procurement to the central procurement function and started sourcing high-value implants from international markets. The central procurement platform itself was migrated to SAP software in 2022, enhancing control and efficiency across purchasing and vendor management. Solutions include the digitization of vendor appointments and registrations. Such measures supported the Central Procurement team's success in achieving purchase price savings of 10% compared to 2021.

The business also made progress in reducing turnaround time for the fulfillment of medical consumable supplies to sub-stores and introduced a new Quality Check system to qualify products prior to their distribution. Looking ahead, the Lifeline Drug Store will complete the standardization of procurement items at the Group level, introduce cost-effective items to achieve adequacy in cost controls, and introduce a regional warehouse model to achieve even greater turnaround time for medical consumables.

Imed Solutions

In 2022, Dynamed completed the streamlining and consolidation of its EMR systems across the Group, and the BMC facility was brought into the fold of the SAP LLP landscape. Public cloud adoption was also accelerated with the MS Azure Cloud platform set up for digital applications. Additionally, SAP LLP EMR was successfully migrated to the Cloud – a significant milestone that few healthcare companies have reached.

Dynamed also saw improvements in the level of its digital engagement with patients through the portal Patient Mobile App, WhatsApp, and Interactive Websites. 6% of all appointments were made digitally in 2022. The business also strengthened its cyber security safeguards through the introduction of the Type II SOC solution. A new IT service management (ITSM) solution was established in 2022 with SLAs and ticketing tools, while robotic process automation (RPO) was introduced in several hospitals and medical facilities to help achieve paperless operations.

Education

Since its inception, Burjeel Holdings has invested in academic medicine, training and skills development. Committed to the future of healthcare and patient wellbeing across the markets it operates in, the Company's education and training programs are specifically designed to widen capacity and capabilities in the sector, accelerate scientific research and development, and help to train the medical professionals of tomorrow.

College of Medicine

The Group expects to open the College of Medicine at BMC in collaboration with Cumming School of Medicines, University of Calgary in Abu Dhabi in 2023. The College of Medicine is expected to offer a guaranteed residency program in the Burjeel network for all graduate MDs based on a newly developed MD curriculum that will focus on the recent trends around digital health and biotech research. The Group expects the College of Medicine to offer superior quality medical education at a competitive price.

Nursing training program

To secure a supply of nursing and physician professionals, the Group is setting up education and training academies to create a 'day-one' ready talent pool. The Group is in the process of formalizing partnerships that will help it build capability and capacity for short- and long-term nursing training, with innovative programs that will use an agile execution of workforce development strategies for recruitment and retention.

Research Program

The Group is building the Biotech Centre, an innovative platform focused on developing high-value and high-impact novel treatments, thus creating a pipeline of safe and effective clinical products, which it expects will be operational in 2023. The Group is advancing its clinical research and trials division under the guidance of world-renowned clinical scientists. This distinctive platform is expected to create a unique proposition for researchers by bridging the 'bench-to-bedside' gap and accelerating the commercialization of novel clinical assets by:

- Providing a diverse patient cohort with longitudinal data going back over a decade in synthetic data format, and
- Building a state-of-the-art life sciences and healthcare incubator with infrastructure and tools.

Administration

The operational management of the Group is strategically split into five sub-areas, Abu Dhabi & Al Ain (Burjeel Brand), Abu Dhabi & Al Ain (Other Brands), Dubai & Northern Emirates, Oman, and Tajmeel Brand, each of which is headed by a CEO with over ten years of experience at the Group and insight into the relevant region or brand. The operational leadership is supported by a robust organizational structure, where each of the functional leaders and unit heads is empowered to drive performance and growth based on the specific KPIs. This management structure allows the Group to leverage regional insights while benefiting from cross-referrals and shared services across its network, as well as synergies between different assets in the same markets.

Accreditation and Quality

Providers of medical care in the UAE and Oman are expected to adhere to strict facility requirements that meet standards that are in line with internationally recognized standards. These include specific, best practice-based minimum qualifications and requirements for medical and nursing staff and the introduction of processes for data collection, evaluation, and monitoring.

The Group has set up a quality assurance committee that is responsible for providing guidance on procedures and protocols which would enhance the quality of the services offered by the Group and ensures that the Group is compliant with the highest international standards. The Group measures on a periodic basis numerous quality indicators such as the re-admission rates for operative procedures, door-to-doctor time, hospital wait time at the point of arrival and the neonatal mortality rate per 1,000 live births.

In addition, the quality assurance committee tracks surgical KPIs, such as unplanned returns to the operating room, more than one hour patient stays in the post-anesthesia care unit, antibiotic administration within 60 minutes prior to skin incisions, case delays, cancellation on the day of surgery and surgical safety checklist compliance. In case of a failure to adhere to surgical KPIs, the quality assurance committee can revoke surgical privileges. The Group operates 12 hospitals with JCI accreditations, three hospitals with ISOC 9001:2015 certifications and eight labs with ISO 15189:2012 certifications.

Digital Solutions

The Group has launched various digital solutions for patient care, hospital automation and digital markets. These solutions include:

- Mobile applications for Android and iOS devices built on React Native technologies.
- Patient Portal and WhatsApp applications built on React JS technologies.
- Centralized Content Management that feeds the Group's various websites on WordPress, social and digital channels.
- Robust API integration for external and mobile applications using MuleSoft; and
- Automation and productivity tools using Microsoft PowerApps low-code platform.

BUSINESS REVIEW CONTINUED

Research and innovation

The Burjeel Holdings group of hospitals has catapulted research in the region over the past 12 months through their extensive academic and sponsored research programs and initiatives. The Group has positioned itself to be one of the leading research centres in the UAE with key contributions to generating evidence and supporting novel drug development for the betterment of patient outcomes.

The Burjeel Holdings Research and Innovation (R&I) Department have seen an exponential rise in research activity across the Group in 2022. The R&I Department, led by the Group's Chief Research Officer, Prof. Khaled Musallam, serves all hospitals and treatment centres in the UAE and supports academic and sponsored research.

The Department grew to have four in-house full-time staff and has partnered with a site management organization for broader support in coordinating studies. All research studies undergo institutional review board ethics committee (IRB/EC) approval and are conducted under rigorous standard operating procedures (SOPs) in collaboration with multiple hospital departments.

The R&I Department is also engaged in training the next generation of Emirati physician-scientists and involving them in research studies, with an ongoing collaboration with Emirates Health Services. The year 2022 saw the initial set-up of an extensive range of over 39 research studies, many of that have already been launched or are in near-launch stages.

The research portfolio spans various indications relevant to the UAE population, including hematology and oncology, infectious disease, immunology, gastroenterology, cardiovascular disease, endocrinology, ophthalmology, surgery, rehabilitation and nursing. The research conducted consists of observational studies, diagnostic studies, and all phases of interventional clinical trials (phase I to phase III) aimed at better disease understanding and developing novel therapies to treat both common and rare diseases.

All interventional clinical trials and many of the observational studies are conducted under commercial



sponsorship, several of the sponsors being in the top 10 list of big pharma. The total budget from research activity in 2022 was close to AED 1 million, with a forecasted increase to AED 10 million in 2023/2024 as trial recruitments ensue.

The academic publication record for Burjeel Holdings also made substantial progress in 2022 with 53 publications across the Group cited in *PubMed (National Library of Medicine)*, with over ten published in exceptionally high impact factor (Clarivate, first Quartile) medical journals including *Blood*, *Lancet Haematology*, *Haematologica*, *American Journal of Haematology*, *British Journal of Haematology*, *Journal of Medical Virology*, *Journal of Urology*, among others. Burjeel Holdings also published a crucial resource in oncology, *Cancer in the Arab World* book, which was made freely available and has been among the most downloaded reference books in the region the past year.

Burjeel Medical City has received a 5/5 diamond score in the latest Muashir rating. The R&I Department's vision for the upcoming five years is to be a world-class research centre by continuing the growth of the research portfolio for commercial revenue and international thought leadership. It also aims to widen engagement across all member hospitals and through an expanding investigator pool with junior and senior physicians, nationals and ex-pats, making academia an integral part of their career development.

Furthermore, through the establishment of its new BMC College of Medicine, the Group is primed to lead the market's progress in medical research, development and innovation. Similarly, the Group's first Clinical Advisory Committee was established in 2022, comprising leading global health experts and clinicians responsible for advancing Burjeel Holdings' clinical capabilities.

LOOKING AHEAD

After a truly historic year, Burjeel faces significant opportunities to create sustained shareholder value through strategic expansion and the delivery of the region's most advanced medical services, technologies and solutions. These objectives are significantly boosted by AED 4.2 billion CAPEX geared towards the further development of the Group's transformative and fully integrated healthcare platform.

Burjeel's mid-term growth plans include the significant widening of its geographic footprint, including deep penetration into the Saudi market. In August 2022, it was announced that Burjeel had signed a landmark Memorandum of Understanding (MoU) with the Kingdom of Saudi Arabia's Ministry of Investment, which will see the Group partner and collaborate with KSA institutes and healthcare organizations and invest up to USD 1 billion in the Kingdom by 2030.

The MoU provides Burjeel with a mandate to seek investment opportunities through joint ventures and PPP models to establish and expand various healthcare offerings across KSA, including an industry-leading healthcare network that will include specialty medical centres, day surgery capability, digital health ventures, comprehensive super specialty hospitals and clinical research programs.

Right across the region – and in its home market of the UAE – Burjeel is exceptionally well-placed to take advantage of a series of rapidly evolving market dynamics. They include a fast-growing and aging population, medical tourism, government initiatives, public-private partnerships, and a shift in preferences towards specialized healthcare services. Meeting the demands of these shifting market dynamics, the Group will announce multiple new

initiatives in 2023 that include a new intensive care unit (ICU) command centre, a centralized radiology facility, clinical specialty integration and new nurse and doctor training programs.

Finally, the on-boarding of the Abu Dhabi-based conglomerate International Holding Company (IHC), which is

specifically designed to catalyze the Group's operations through service and geographic diversification, will play an instrumental role in helping the Group to capitalize on these fundamentals and deliver world-class outcomes to many more millions of patients across the region.

Key Financial Highlights

Financial Review

AED millions	2022	2021	Change%
Revenue	3,924	3,351	17%
EBITDA	878	779	13%
EBITDA Margin %	22.4	23.3	(0.9)bp%
Net Profit for the Period	355	234	52%
Net Profit Margin %	9.0	7.0	2.0bp%

EBITDA (AED millions)	2022	2021	Change%
Interest Bearing Loans and Borrowings	1,261	3,299	(62)%
Net Debt	1,111	3,165	(65)%

Results by Operating Segments

Revenue (AED millions)	2022	2021	Change%
Hospitals	3,472	2,942	18%
Medical Centres	381	347	10%
Pharmacies	65	58	12%
Other	6	4	50%
Total Revenue	3,924	3,351	17%

EBITDA (AED millions)	2022	2021	Change%
Hospitals	746	647	15%
Medical Centres	113	92	22%
Pharmacies	5	5	8%
Other	14	35	(60)%
Total EBITDA	878	779	13%

PATIENT JOURNEY

We operate through multiple touchpoints

We are able to establish a full scale hub and spoke model that is tailored to cater for all the different brands has enabled the Group to capture the entire patient pathway through multiple touchpoints across the UAE market and further grow its operations, from a brand recognition operating model perspective.

Primary care services

15

Polyclinics

8

Specialty centres

Secondary care services

13

Hospitals

Tertiary Care Services

3

Hospitals¹

Quaternary Care Service

1

Quaternary Care Facility

Our patient journey



Step 1 & 2

Patient consults physician in primary care facility



Step 3

Patient is re-routed to a consultation with a surgeon



Step 4

Patient is directed to tertiary or quaternary care facility, as appropriate



Our Values

► Balance

We create a guaranteed work-life balance for everyone working under Burjeel Holdings.

► Unity

We believe success can only be achieved with shared goals, mutual trust, and effective communication of a wonderful team.

► Respect

We treat everyone with dignity, and value every contribution, view, and interest.

► Justice

We ensure that premium healthcare services are provided to all.

► Efficiency

We make careful use of resources to obtain the best possible outcomes.

► Empowerment

We encourage our employees to bring out their individual talents and capabilities which in turn helps to further the shared mission of Burjeel Holdings.

► Leadership

We lead innovations to make healthcare accessible to everyone, everywhere.



Step 5

Evaluation of patient fitness & surgical preparation



Step 6

Patient is directed to optimal surgical facility depending on patient outcome factors



Step 7

If needed, patient is transferred to post acute / long-term care facility

CFO REVIEW

Burjeel Holdings delivered a historical breakthrough performance in 2022



Burjeel Holdings closed 2022 with its highest-ever revenue and net profit, double-digital growth in patient footfall and triple-digit growth at its flagship asset, Burjeel Medical City.”



Mr. Hari Mohan Haritas
Chief Financial Officer

The financial performance that Burjeel Holdings delivered in 2022 represents a breakthrough moment in its history. Following a significant increase in the Company's portfolio of high-growth assets, the Company achieved historic revenues of AED 3.92 billion in 2022 – 17% higher than the previous year. It also delivered a substantial increase in net profits, which grew by 52% year-on-year (YoY) to reach AED 355 million.

In addition, EBITDA increased by 13% year-on-year to reach AED 878 million, up from AED 779 million in 2021, with an EBITDA margin of 22%. The Group is able to maintain an EBITDA margin at 24% without Burjeel Medical City, which was recently introduced and is ramping up. Group Net Profit was AED 355 million, up 52% from the prior year, demonstrating the Group's ability to deliver on its yield enhancement strategy.

The heavily oversubscribed IPO injected AED 2.2 billion of liquidity into the business, allowing its balance sheet to be significantly deleveraged. By year-end, Burjeel had reduced its net debt from AED 3,165 million in 2021 to AED 1,111 million, decreasing by 65%.



The Company delivered significant growth across its hospital assets, 23 medical centres and 15 pharmacies.”

The Company reduced its Days Payable Outstanding (DPO) by approximately 41 days in 2022 and recorded improvements in Days Inventory Outstanding (DIO). These improvements have further supported the effective management of working capital. Group cash flow has also shown a positive trend due to better-working capital management across all its units and proceeds from the IPO. The combination of these metrics' leaves Burjeel exceptionally well-placed to maintain a strong balance sheet and deliver on its strategic plan for growth, which remains on improving asset utilization and patient yield.

IPO

Listing 10.6% of its shares on the Abu Dhabi Securities Exchange (ADX), total gross demand for the listing amounted to over AED 32 billion, implying an over-subscription level of 29 times in aggregate. With the proceeds being used to deleverage the Company's balance sheet, the Company started trading on 10 October 2022 with a market capitalization of AED 12 billion at the time of listing. This made Burjeel Holdings one of the largest private healthcare companies on ADX at the time of listing.

The listing demonstrates the Company's strong financial position, clinical vision and robust growth trajectory across the Middle East and North Africa (MENA). The listing also reflects the Company's commitment to helping grow the UAE's capital markets ecosystem by expanding the UAE economy and private sector, further cementing Abu Dhabi's role as an attractive destination for investment.

Hospitals

Revenue from the Hospitals segment grew by 18% YoY, comprising 88% of the Company's total revenue in 2022. Burjeel's flagship hospital asset, Burjeel Medical City (BMC), which completed its

first full year of operations in 2022, delivered exceptional growth, with revenue increasing by 125% to AED 741 million. Outpatient capacity utilization increased to 73%, while inpatient bed occupancy reached 56%. By year-end, BMC had contributed 21% of the Company's Hospitals segment revenue.

BMC delivered these outstanding results because of its focus on highly complex specialties that include oncology, cardiometabolic disease management, organ transplantation, fetal medicine, pediatric sub-specialties, orthopedics and cell therapy. Across the hospitals' segment, the continued ramp-up of growth assets and the introduction of new services, including oncology, cardiology, and gastroenterology, drove a significant increase in outpatient footfalls at Medeor Hospital Abu Dhabi, Burjeel Royal Hospital Al Ain, Burjeel Specialty Hospital Sharjah, and Burjeel Day Surgery Centre. Inpatient footfalls increased at the Burjeel Day Surgery Centre, Al Reem, Burjeel Specialty Hospital Sharjah, Medeor Hospital and the Abu Dhabi and Burjeel Royal Hospital Al Ain.

Medical Centres

The Company's Medical Centres segment continued its robust performance, delivering 10% revenue growth in 2022. This growth was primarily driven by Burjeel Medical Centre, Al Shamkha, Burjeel Medical Centre Deerfields, Burjeel Medical Centre Barari, and Tajmeel Kids Park Medical Centre. The Company delivered a particularly strong increase in specialties like Obstetrics and Gynecology, pediatrics, orthopedics, physiotherapy, and internal medicine.

The Medical Centres segment registered a slight decrease in direct costs when compared to historical trends and also maintained its workforce cost percentage at a similar level to previous years. Overheads did increase slightly. Group

has invested in RCM including AI driven Scrubber and Professional coders which helped to improve the quality of claims and improved the Submission TAT resulted as improvement in rejection rate which made the group more efficient on claim management which helped to decrease in expected credit losses (ECL), which all contributed slight improvement in EBITDA margins.

Pharmacies

The Company's Pharmacies segment grew by 12% due to the resumption of normal operations post-COVID-19.

CAPEX

The Company has spent AED 83 million as growth capital and maintenance capital in 2022 (AED 86 million in 2021).

CONCLUSION

Burjeel's annual results demonstrate the value of the Company's 'Hub & Spoke' model, with its 23 medical centres strategically located in communities to drive footfall to its network of 16 hospitals across the UAE & Oman. Overall, Company patient footfall increased by 15%, reflecting the success of its business model, the ongoing ramp-up of its hospital growth assets, the introduction of new services, and the heightened focus on medical research and education.

Looking to 2023 and beyond, Burjeel Holdings is in its strongest-ever position to deliver bold and innovative projects, unlock new markets, explore merger and acquisition (M&A) opportunities and deliver exponential growth across the business. In doing so, the Company will deliver on its commitment to building sustainable growth and long-term shareholder value.

KEY PERFORMANCE INDICATORS

Financial

EBITDA margin (%)



Definition

This is earnings before interest, tax, depreciation and amortization and divided by revenue

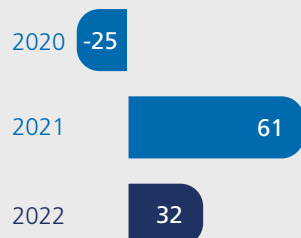
2022 Performance

Stable EBITDA margin of 22.4%. Significant efficiency gains were delivered through the continued ramp-up of Burjeel's centralized functions including Lab, offset by a proportional increase in manpower costs due to investment made in the recruitment of highly-specialized surgeons and physicians, particularly at Burjeel Medical City, to roll out new services and offerings.

Link to Strategic Pillar



Return on equity (%)



Definition

Net profit divided by shareholders' equity

2022 Performance

Return on equity is at 32% resulted with an increase in both net profit for the year and Equity post IPO in October.

Link to Strategic Pillar



Debt to equity ratio



Definition

Total bank debt divided by total equity

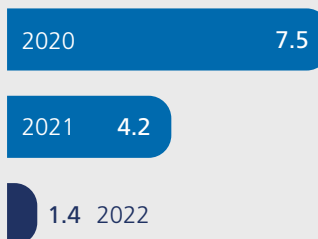
2022 Performance

The Company repaid substantial debts from the IPO proceeds.

Link to Strategic Pillar



Debt to EBITDA



Definition

Total bank debt divided by EBITDA post IFRS-16

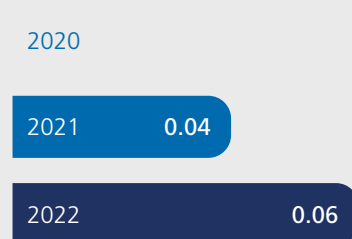
2022 Performance

The Company repaid substantial debts from the IPO proceeds and EBITDA also increased by 17% compared to 2021, resulting in a substantial improvement in debt to EBITDA ratio.

Link to Strategic Pillar



Earnings per share (AED)



Definition

Total profit minus share of non-controlling interest, divided by number of shares

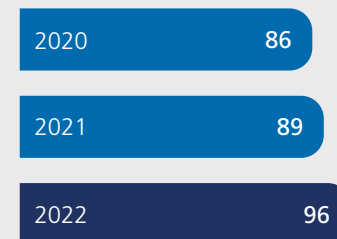
2022 Performance

EPS has improved on account of increase in Net profit for the year which indicate How Burjeel Holding promising to Investor Community for their return.

Link to Strategic Pillar



Cash conversion cycle (Days)



Definition

Trade receivables, net of provision for estimated credit loss divided by revenue, multiplied by 365

2022 Performance

Receivable days slightly increased even after a significant increase in operating activity, showing the strength of the collections infrastructure in place.

Link to Strategic Pillar



Strategic Pillars



Ramping up of growth assets



Increasing patient yield



Operational excellence



Geographic expansion

Non-Financial

Bed capacity

2020	1,660
2021	1,660
2022	1,660

Definition

Total installed beds (inpatient admission beds plus intermediate beds)

2022 Performance

Bed capacity remains the same as previous years even though Burjeel Holdings achieved growth in revenue and profitability due to improvement in super specialty services. The group Strategy to improve the Return on Investors will achieved much head as we indicated.

Link to Strategic Pillar



Number of outpatients

2020	3,872,004
2021	4,752,893
2022	5,449,890

Definition

Total outpatient visits during the year

2022 Performance

Total outpatient visits increased as a result of ramping up of our flagship hospital Burjeel Medical City in Abu Dhabi as well as growth across other hospitals in our portfolio, which is clear indication on growing marketing share and confidence of our customers on Burjeel Healthcare System.

Link to Strategic Pillar



Number of inpatients

2020	86,935
2021	104,965
2022	123,217

Definition

Total inpatient admissions during the year

2022 Performance

Growth in inpatient numbers reflects the Group's strategic focus on complex inpatient treatments. Both inpatient and outpatient growth was driven by the ramp-up of growth assets and the addition of new services.

Link to Strategic Pillar



Number of total employees

2020	7,592
2021	9,202
2022	10,685

Definition

Total headcount (including doctors, nurses, medical support and admin staff at the end of each year)

2022 Performance

The increase in the headcount is in line with incremental increases.

Link to Strategic Pillar



Number of doctors

2020	1,013
2021	1,205
2022	1,366

Definition

Number of doctors at end of each year

2022 Performance

The increase in the headcount is in line with incremental increases.

Link to Strategic Pillar



Number of major surgeries

2020	
2021	3,707
2022	4,998

Definition

Major surgeries includes cardiac surgeries, knee and hip replacements, ACL, bariatric surgeries and neurosurgeries

2022 Performance

Growth in major surgeries is due to our focus on complex inpatient treatments.

Link to Strategic Pillar



RISK MANAGEMENT

Overview and approach

The objective of the risk management process is to identify, evaluate and mitigate risks to bring the inherent level of risk to a desired level of acceptability.

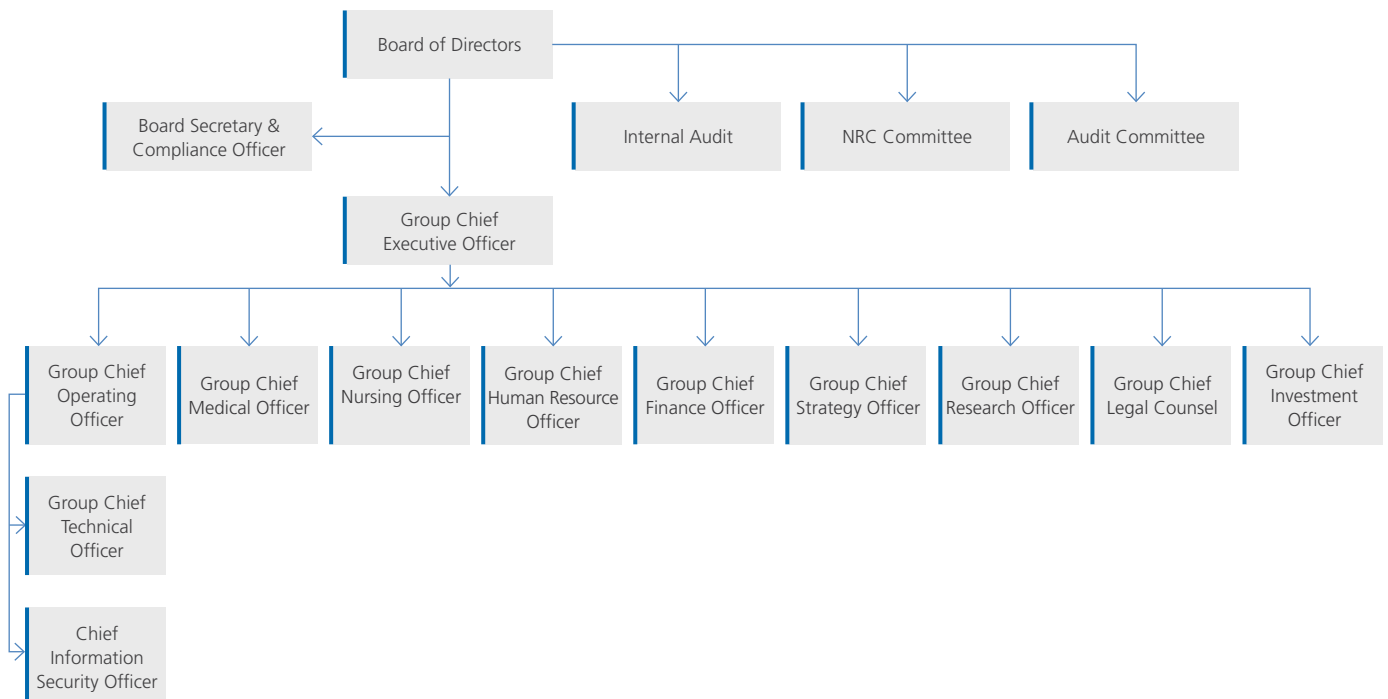
Framework and governance

Currently, Burjeel Holdings follows a traditional, yet comprehensive approach to risk management, which is decentralized and managed at a more functional or unit level. It navigates this using a principled approach to quality and governance and through voluntary subscriptions to international accreditations, as well as adhering to a comprehensive and strict regulatory environment in the territories of operation.

The Group proactively maintains international accreditations for its facilities and specialized services, which include JCI, ISO/CAP (LAB), Muashir Ranking, related to operations and quality (as mandated by the Department of Health), ESMO guidelines for Cancer Care, Jawda KPI and compliance standards, licensing regulations, and ADHICS for IT and data security, etc.

In view of the above, the Group follows a traditional approach to risk management, which includes:

- The goal of traditional risk management is to avoid risk altogether, or be labeled as “risk-averse”;
- Traditional risk management treats risk as it comes, and mitigation controls are implemented as and when inconsistency arises;
- Risks are identified, defined and managed at different units/levels of the organization. This method is described as a siloed or top-down approach, due to the separation of duties.



Our focus is on managing risks at a local level rather than linking organization-wide risks; creating a consolidated, integrated and robust risk management framework to manage and assess risk; and developing a risk registry.

Way forward – Comprehensive risk management framework

Like all companies functioning in the healthcare service industry, the Company is exposed to various risks including competition risks, market fluctuation risks, technology obsolescence risks, compliance risks, reputation risk, people risk, and so on. The Company is also impacted by the changing portfolio of patients (highly demanding and knowledgeable), volatile competitors (aggressive and disruptive), government interventions, and the digitization of healthcare services (centralized, electronic health records).

Management has the overall responsibility to design, implement and monitor an effective process and control environment that is aligned to the inherent risk profile of the organization, and is responsible for the identification, evaluation and management of significant risks.

Considering the above, the Company is in the process of adopting a comprehensive, integrated risk management framework to focus on key risks that might impact the achievement of business objectives. The framework will provide a structured process to identify, assess and monitor risks, and initiate suitable mitigation strategies for effective risk management.

We are committed to putting this in place during 2023.

Principal Risks

Risk name	Description	Consequence	Mitigation	Level
Technology and innovation	Technological advances in the medical field continue to evolve. In order to compete with other healthcare providers for doctors and patients, the Group must continually assess its equipment needs at its facilities and upgrade equipment as a result of technological improvements. Such equipment costs represent significant capital expenditure.	If the Group does not continually enhance its facilities with the most recent technological advances in diagnostic and surgical equipment, the Group's prospects for growth and its reputation could be adversely affected.	Equipment requires significant capital outlay so the Group must avoid excess investment in equipment that will not be used regularly and be considered in investing in new technology. Decisions are taken at a committee level to ensure robust.	Stable
Regulatory changes	The private healthcare industry is subject to extensive government legislation and associated regulations. Regulations in the healthcare industry may change, and the Group cannot predict what future healthcare initiatives will be implemented or the effect that any future legislation or regulation will have on it. In addition, environmental health and safety laws and regulations have been increasing in stringency in recent years, and it is possible that they will become significantly more stringent in the future.	The Group conducts business in a regulated industry. Changes in or compliance with applicable regulations may result in increased costs or sanctions that could have a material adverse effect on the Group.	To comply with these requirements, the Group may have to incur increased operating costs and/or capital expenditure in the future. The Group's relationship with local licensing authorities is critical to the continued operation of its business and to its future growth, including its ability to maintain its existing licenses and obtain additional licenses for any new healthcare facilities.	Stable

RISK MANAGEMENT CONTINUED

Risk name	Description	Consequence	Mitigation	Level
Human capital	<p>The Group depends on doctors and other healthcare professionals to provide medical services at its facilities. The reputation, expertise and demeanor of the doctors and other healthcare professionals who provide medical services, including services in the Group's core medical specialties, at the Group's hospitals are instrumental to its ability to attract, refer and retain existing patients.</p>	<p>If the Group is unable to successfully attract and retain doctors, its ability to successfully implement its business strategy could suffer, which may have a material adverse effect on its business, prospects, financial condition or results of operations.</p>	<p>The Group continually monitors factors that medical personnel consider important in deciding where they will work and have a robust recruitment program, while also endeavoring to keep attrition rates low.</p>	Stable
Competition	<p>The Group faces competition for patients from other private and public healthcare providers.</p> <p>In the UAE and Oman, the Group is one of the largest operators in the private hospital market and competitive factors include the quality of its hospitals, attracting and retaining the best doctors and nursing staff, and preferred network agreements with medical aid schemes on price, reputation, clinical excellence and patient satisfaction.</p>	<p>Should the Group fail to compete effectively with other healthcare providers in the markets in which it operates, the Group's business, prospects, financial condition and results of operations could be adversely affected.</p> <p>The failure to maintain the quality of services provided at the Group's facilities, provide high quality healthcare services to its patients, maintain a high level of patient satisfaction as well as avoid high rates of mortality and medical malpractice suits may also negatively impact the Group's growth and development, as well as brand or reputation.</p>	<p>The Group is continuously improving every aspect of the company to ensure and safeguard market position and moreover deliver growth.</p> <p>As patients tend to select their healthcare providers based upon brand recognition and reputation, the Group's business is dependent upon providing high quality healthcare (e.g. medical care, facilities and related services).</p> <p>Since its establishment, the Group has sought to build a good reputation to associate with its trademarks.</p> <p>The Group strives to maintain its reputation and trademarks and to counter any illegal use of its trademarks by third parties.</p>	Stable
Revenue dependence on UAE operations	<p>The Group's operations are principally located in the UAE, which accounted for 96% of Group revenue in 2022 – and Oman made up the remaining 4% of revenue.</p> <p>The Group's results of operations are, and are expected to continue to be, significantly affected by financial, economic and political developments in or affecting Abu Dhabi and Dubai and the UAE more generally and, in particular, by the level of economic activity in Abu Dhabi and Dubai.</p>	<p>The economies of Abu Dhabi and Dubai are heavily dependent on expatriate workers and consumers, and any significant reduction in their numbers could adversely affect the demand for the Group's services. In addition, as is the case across the medical services industry in the UAE, the majority of the Group's medical staff are expatriates; its business could be adversely affected if the UAE became a less desirable place to work or if there is an economic downturn, which could also affect the Group's patient inflow.</p>	<p>The Group will continue to focus on operations within the UAE and while there are factors beyond its control, it will continue to uphold its brand reputation and highest possible standards to mitigate other risks. The Group is also expanding beyond the UAE, which will generate additional revenue outside the country.</p>	Stable

Risk name	Description	Consequence	Mitigation	Level
Limitations with insurance providers	<p>The vast majority of the Group's revenue comes from a limited number of insurance providers.</p> <p>All non-national residents are required to maintain valid health insurance policies in accordance with the law. The Group provides healthcare services to its patients and then issues the claims to be reviewed and audited by their insurance companies.</p>	<p>Insurance companies could challenge, reject or delay the payment of claims submitted for medical services rendered to its patients as a result of disputes over the medical necessity of services, technical or clerical errors, and gaps in system and process compatibility between the Group and the insurance companies. An increase in claims rejections or significant delays by insurance companies to make payments could result in higher than anticipated credit losses relative to the amount of receivables due from insurance companies and/or have an adverse effect on the Group's business, prospects and results of operations.</p> <p>Healthcare Insurance companies may also reduce their network of approved medical service providers included under their health insurance policies, which could exclude the Group and/or certain of its facilities from the list of service providers. This could have an adverse effect on the Group, as it may result in decreasing the number of the Group's patients or the Group, in order to maintain its customers, having to reduce the prices charged for its services.</p>	<p>The Group has teams who are wholly responsible for liaising with insurance companies to ensure a smooth process and as few errors or disputes as possible.</p> <p>Teams at the Group are also responsible for following up with insurance companies to ensure timely payments of services.</p> <p>The Group maintains ongoing communication and relationships with insurance providers to mitigate risks of providers changing the terms of coverage for patients.</p>	Stable

RISK MANAGEMENT CONTINUED

Risk name	Description	Consequence	Mitigation	Level
Outbreaks of infectious diseases or other serious public health concerns	<p>The outbreak of infectious diseases, such as Middle East Respiratory Syndrome (MERS), influenza A (H1N1), Severe Acute Respiratory Syndrome (SARS) and, most recently, SARS-CoV-2 (COVID-19) in the Middle East could materially affect the economies and, in particular, the healthcare sectors in the jurisdictions in which the Group operates.</p>	<p>Following the outbreak of COVID-19, the governments of Dubai and Abu Dhabi implemented a range of precautionary containment measures in response to the outbreak, which required the Group to modify the way in which it operated its business to comply with new government regulations. Should there be a further increase in the spread of COVID-19 or an outbreak of any other infectious or communicable diseases in the UAE and Oman, the Group's medical practitioners and frontline staff may be exposed to a higher risk of infection due to their close interaction with patients. In addition, the supply of certain international products purchased by the Group could be suspended, delayed or otherwise adversely affected. Furthermore, there can be no assurance that any containment measures (such as those outlined above) or any of the available vaccine programs would be effective in stopping or curtailing future outbreaks of COVID-19 or other infectious diseases. The Group may also be subject to governmental actions that may affect the way it conducts or plans to conduct its business. The occurrence of any of the foregoing risks could have a material adverse impact on the Group's business, prospects, financial condition and results of operations.</p>	<p>In the event of a future outbreak, the Group has protocols and strategies in place to reduce the spread of infection across its facilities.</p> <p>We invest in state-of-the-art medical technologies to support remote work, video consultations, online pharmacy, and other patient-centric healthcare services.</p> <p>We conduct staff training and have measures in place to ensure seamless reallocation of resources.</p>	Stable
IT disruption and data protection	<p>The Group's IT systems are essential to a number of critical areas of its business operations, including its various clinical information systems covering computerized physician order entry, laboratory information systems, radiology information systems, patient archiving systems and billing systems, together with medical and non-medical materials management, resource planning and the storage of digital medical records.</p> <p>The Group is subject to a variety of data protection laws and regulations across the UAE and Oman.</p>	<p>Risks related to the Group's IT systems include, but are not limited to, malware, viruses, programming defects, network intrusion attempts, lack of required updates or modifications, failure to link programs, technical problems during the testing period, data leaks and human errors. These risks pose a direct threat to the Group's services, data and liability, as well as reputational, operational and financial performance.</p>	<p>The Group has implemented security measures to ensure, as far as possible, that systems are less vulnerable to computer viruses, cyber security risks, ransomware, hacking and similar disruptions from unauthorized access and tampering.</p> <p>As the Group relies on third-party support for certain of its IT software, such as the hospital information system and enterprise resource planning, it takes precautions to protect patient data in accordance with the privacy requirements provided under applicable laws.</p>	Stable

Risk name	Description	Consequence	Mitigation	Level
Supply chain disruption	The Group relies on third-party providers for pharmaceuticals, surgical supplies and medical equipment, and outsources various activities, such as cleaning and catering services, to sub-contractors.	<p>Supplier bottlenecks, global supply disruptions due to COVID-19, conflicts and wars or shortage of transportation, quality problems or the disruption of the business relationships with these providers could lead to disruptions or deterioration in the care provided at the Group's facilities.</p> <p>Additionally, the Group might be unable to continue to rely on suppliers and contractors, either because of an adverse change in their relationship, increased costs for obtaining the products, or an inability on the part of an external supplier or sub-supplier to provide the Group with the quantity and quality of products required in a timely manner.</p> <p>In addition, the Group may face increases in its cost of supplies that it is not able to fully pass through to increases in its tariffs.</p>	<p>The Group attempts to institute a multiple supplier policy to reduce its reliance on any particular source or suppliers but this may not be possible with respect to certain products.</p> <p>The Group aims to obtain adequate quantities and manage the costs of its supplies.</p>	Stable
Service and leasing contracts	<p>The Group has entered into a number of service contracts and framework agreements with medical equipment maintenance companies, medical waste management companies, catering service providers, operation and maintenance companies, and other service providers.</p> <p>All but one of the Group's facilities it manages is owned by Burjeel.</p>	<p>Some of these contracts and agreements are short term, while others are more long term.</p> <p>There is no guarantee that contracts can be renewed and, if renewed, there is no guarantee that they will be renewed on terms similar to the current contracts. The Group's failure to renew any of these contracts, or if they are renewed on terms less advantageous to the Group, could have a material adverse impact on the Group's business, prospects, financial condition and results of operations.</p>	<p>The Group actively manages the relationship with the suppliers and lessors, resulting in active management of all contracts.</p>	Stable

OUR PEOPLE

At Burjeel Holdings, the attraction, development and retention of a highly-skilled, diverse and engaged workforce is a fundamental strategic driver for value creation, sustainable growth and shareholder returns.

The Company's overarching people strategy is built around two core pillars designed to ensure the cost-effective sourcing of talent, payroll control, organizational transparency, diversity and equality, and compliance.



Leadership and Culture

A people-centric company culture underpinned by 'people-first values' is integral to the maintenance of a happy, healthy, committed and enabled workforce.



Talent and Skills

By hiring, training and retraining to retain the best talent, we ensure our organization is equipped with the hard and soft skills necessary to deliver sustainable growth and shareholder value.

These essential objectives are also fundamental to the realization of cross-functional communication, employee growth and development, and the nurturing of a culture of belonging and inclusion.



Awards

Global Best Employer Award – GCC

Best Employer Award – Abu Dhabi

Best Employer Award – GCC

Guinness Book of World Records

On 12th May 2022, 1,600 Burjeel nurses gathered in one place to win the Guinness World Record for 'the largest ever gathering of people dressed as nurses.' At the same time, the nurses repeated their medical oaths, winning them the World Record for 'the largest number of people simultaneously reciting an oath.' The decision to hold the event was made to honor the commitment to selfless service that nurses make when they take their oath.

Celebrating employee excellence – Covid-19 recovery

In July 2022, a 38-year-old operation theatre technician from the Indian State of Kerala, Arunkumar M Nair, suffered damaged lungs and a cardiac arrest after catching Covid-19. Without a discernible heartbeat, he was close to being declared dead, but thanks to the work of one Burjeel ICT doctor, a pulse was found, and Nair survived. After saving his life, the hospital's ICU team nursed Nair back to health over six long months, during which he was placed on extra-corporeal membrane oxygenation (ECMO) treatment for 118 days. Finally, after fighting for his life for 180 days, Nair was released from the hospital, fit and healthy.

The extraordinary care and commitment that the Burjeel team gave to Nair were celebrated when 400+ healthcare workers from 12 countries came together to create a 250 square meter 700kg 'pookalam' – a traditional floral decoration popular in Nair's homeland of Kerala. To mark the extraordinary determination of the medical professionals that saved his life, Burjeel rewarded those in the ICU team who nurtured him back to health with bonuses while also gifting Nair a special fund to pay for his child's education and an apartment. Not only that, but Burjeel created a job for Nair's wife and went on to host a special Ramadan Iftar for his family every day for 30 days.

Employee engagement and recognition

In 2022, a series of employee engagement publications, activities, and events took place. These included a Ramadan Tournament, the launch of our newsletter Burjeel Connect, a staff satisfaction survey, nurse's day celebrations, EID celebrations, Diwali, Onam celebrations and many more.

Many of these gatherings and events have allowed our multi-talented colleagues to display their unique cultural talents in painting, dancing, article writing, photography, and other areas. These activities have allowed us to build motivation and enhance communication between colleagues and departments. Additionally, to keep employees fully informed during our IPO, the Human Resources Department created special 'listing booths', providing guidance and orientation on the IPO process and helping colleagues to understand how to acquire shares should they wish to.

Attraction, retention, and compensation

In 2022, a unified budget was proposed and then implemented to provide staff – particularly nurses – with a funded career pathway from LLH to Burjeel Medical City, our largest and fastest growing

hospital. The Company also developed unified human resources policies, standardized offer letters and exit settlements. Furthermore, to streamline hiring processes and improve recruitment outcomes, the Company established a centralized recruitment function.

To enhance its already comprehensive training programs, the Company introduced new skills development initiatives in 2022, which included special training provisions at the Group-level to help improve patient services. In 2022 the newly formed unit recruited 2,767 new colleagues across the business. This figure comprised 297 clinicians, 1,169 nurses, 314 allied health professionals, 784 people in support services and 203 in administration. Of the 2,767 total, more than 300 were Emirati nationals who were all on-boarded within just 60 days.

The on-boarding process was streamlined through the deployment of a new learning and development platform and the rollout of employee self-service (ESS) and biometrics controls for better and more cost-effective on-boarding. Additionally, a new joining kit for new employees was also proposed and, by year-end, was close to being fully implemented. The kit includes an automated digital joining form.

Diversity and inclusion

The Company's recruitment and career development strategy demonstrates its firm commitment to building a fair, meritocratic and open culture that nurtures the talents of all people from all backgrounds and belief systems. To ensure diversity and equality of opportunity, the Company introduced a new cross-border placement initiative in 2022 with countries including Indonesia and Oman. The program is designed to encourage gender equality and leadership opportunities for female employees in roles as diverse as nursing management and human resources.

Looking ahead, the Company has identified a number of initiatives to further improve its diversity and inclusion metrics. These include an emphasis on 'diversity hiring', building a diverse talent mix, programs to foster an internal culture of inclusion, opportunities for People of Determination (PoD) and diversity-lens career development.

STAKEHOLDER ENGAGEMENT

Our stakeholders	How we engage	How often we engage
<p>Our employees This includes health professionals, clinical staff and all other employees at our facilities and offices</p>	<ul style="list-style-type: none"> • Continuous employee engagement activities, including roadshows, sporting events, celebrations and more • Employee surveys, so the company can constantly receive feedback and engage with our workforce • Employee recognition program that acknowledges good work and/or contributions to the company's success • Employee training program to continue to educate and up-skill our workforce • Organize clinical conferences and round tables plus our CME program to keep clinical staff up to date with the latest clinical information 	<ul style="list-style-type: none"> • Monthly meetings with all employees, in which we discuss new initiatives, best practices, and general feedback on the company's culture
<p>Suppliers / partners This includes all individuals and companies that supply products and services to the Group, and who we partner with to improve our business operations. This also includes insurance companies</p>	<ul style="list-style-type: none"> • Meeting with our suppliers/partners regularly to discuss new products and services, changes in the marketplace, and ways we can work together to create value for all our stakeholders • Participating in industry-wide events to identify latest products and technology that can improve clinical outcomes and customer satisfaction 	<ul style="list-style-type: none"> • We meet with our suppliers/partners at least every quarter, and discuss what's happening in the industry and how that affects the business
<p>Communities This includes any and all communities in which we operate in the UAE and Oman</p>	<ul style="list-style-type: none"> • We support causes that benefit the local community, including fundraising events • We offer preventive health care screening services and programs within the communities around our hospitals, and education programs in offices and workplaces • Hosting social events such as national day celebrations, Iftar during Ramadan, Christmas and other similar events • Posting health-related information regularly on our blogs 	<ul style="list-style-type: none"> • We engage with our community on a daily basis, and through the services we offer, we want to make sure that we're constantly creating value for them
<p>Regulatory and licensing bodies / Government This includes all parties that license our business and facilities and bodies that set and monitor standards in our industry</p>	<ul style="list-style-type: none"> • We have teams that manage all licensing and communication with regulatory bodies. Our senior management team regularly attend the meetings and workshops organized by regulatory bodies to keep themselves abreast of the latest developments and amendments 	<ul style="list-style-type: none"> • We engage throughout the year as and when required

Items we have discussed with our stakeholders	Outcomes of our engagements	How we have created value
<ul style="list-style-type: none"> Engagement and discussion with our employees that will help improve our company culture We let our employees know how much they mean to us, and how much they mean to the company 	<ul style="list-style-type: none"> We make it our priority to make sure all employees feel valued, appreciated and supported by their managers and peers We meet with our employees on a regular basis to ensure they feel comfortable, and are able to provide feedback on any issues that may arise in the future 	<ul style="list-style-type: none"> We create an environment where all employees feel like part of the company, and can contribute ideas that will help improve our company culture or customer service strategy We create value for our employees by providing them with an experience at a company which takes pride in their employees
<ul style="list-style-type: none"> Customer satisfaction is always an important topic to discuss when engaging with suppliers/partners. We also want to make sure our suppliers are aware of any changes or updates at the hospitals that might impact them We discuss the need for better quality and consistency of supplies including supplier performance and quality control, as well as an increase in prices. We also discuss product development needs, delivery and inventory management 	<ul style="list-style-type: none"> We implemented several initiatives to make our current processes more efficient, including paperless billing and increased automation We worked with each department to identify their specific needs and work towards resolving them We worked with our partners to improve the stability of their supply chains so we can avoid stock shortages 	<ul style="list-style-type: none"> We create value for our suppliers by being transparent about our goals, explaining why we work with them, and what to expect from our working relationship We identify opportunities to improve their experience working with us through regular meetings with our suppliers We have improved supplier quality control procedures and created better communication between departments to ensure that our customers receive the highest quality products
<ul style="list-style-type: none"> We meet with members of the community to discuss what we can do to make things better, and how we can improve our services We run surveys periodically to gather information on what products and services the community would like to see us offer We discuss how to improve the digital user experience, and how we can increase our reach on social media 	<ul style="list-style-type: none"> We focus on health education, specifically around increasing access to early detection of cancers including breast cancer, cervical cancer, prostate cancer and GI cancers We focus on engaging with our customers more frequently through social media, blogs and digital channels, and through events. This includes engaging with our customers in ongoing awareness and marketing campaigns 	<ul style="list-style-type: none"> We create value by helping people achieve greater health outcomes through preventive healthcare initiatives, health education and lifestyle changes, improving their overall quality of life We make positive changes in the world by undertaking CSR initiatives and providing a new lease of life for members of disadvantaged communities
<ul style="list-style-type: none"> Recent updates and policy changes on PR, communications, and advertising in marketing and communications 	<ul style="list-style-type: none"> We engineered solutions to resolve the current pain points for achieving approval from the regulators 	<ul style="list-style-type: none"> We attended a workshop hosted by the Department of Health that helped us better understand the healthcare needs of the country and align our business priorities with those needs

STAKEHOLDER ENGAGEMENT CONTINUED

Our stakeholders	How we engage	How often we engage
<p>Our customers This includes hospital and medical centre patients, pharmacy customers and others who use our services</p>	<ul style="list-style-type: none"> • We listen to feedback from our patients and guests, and constantly ask for their thoughts on how we can improve customer service • Involving our customers in the decision-making process for new company initiatives and service lines. This includes asking for input on our policies, procedures or practices • Creating surveys and conducting focus groups with our customers to engage and gather more information about improving our services • We offer a rewards program that gives discounts on services when customers provide feedback about their experiences (via email, mobile app, phone) • Sending out newsletters about our activities and initiatives • Regularly posting updates on social media 	<ul style="list-style-type: none"> • We engage with patients and guests on a regular basis. We are available to answer questions via email, phone, WhatsApp and social media
<p>Shareholders This includes all types of investors, both institutional and retail</p>	<ul style="list-style-type: none"> • We hold quarterly meetings with our shareholders to discuss the company's performance and future direction. We also publish an annual shareholder report that details our performance over the year 	<ul style="list-style-type: none"> • On a scheduled basis, we engage at least every quarter, but we are proactive in meeting investors as and when requested

Items we have discussed with our stakeholders	Outcomes of our engagements	How we have created value
<ul style="list-style-type: none"> We've made our appointment booking process seamless, which has resulted in reducing surgery waiting time to less than 24 hours 	<ul style="list-style-type: none"> Our customers are able to make bookings on all our digital platforms, including our app, our website and WhatsApp. Customers no longer need to call us to book an appointment We have centralized our OR management to improve efficiency, including mapping patients to the right clinical skill set to improve surgical outcomes. By centralizing our OR, we have added more OR days and increased operational efficiency, which has allowed us to provide surgical care to additional patients We have implemented several other changes, including adding more parking spaces and increasing our operating hours We implemented a new initiative, "Ask the Doctor," to educate patients about diseases and conditions. Patients can ask questions, from basic health advice to more specific concerns about certain conditions/illnesses (e.g. diabetes) 	<ul style="list-style-type: none"> We provide a strong patient experience through every interaction. We make sure that every patient feels valued and important, and we work hard to ensure that their needs are met on every visit Delivering exceptional care is a priority. We have a high-quality team of doctors, nurses and support staff who are all committed to providing the best possible health care in a timely manner by providing state of the art equipment and technology in all our healthcare facilities We make it easy to reach us. We know that when it comes to health care, people want access at any time or place—so we make sure that our digital platforms are easy to navigate, and our call centres are always open
<ul style="list-style-type: none"> We talk about new ideas and initiatives that will benefit both the company and its stakeholders, as well as what we've achieved since the last meeting We discuss any concerns or issues brought up by shareholders, and also focus on the company's strategic plans and objectives, including those relating to our operations, products or services, research and development efforts, acquisitions or other corporate activities We focus on how to make sure our brand is well-known and trusted by customers, and how we plan on adjusting our business model based on feedback from customers and other stakeholders 	<ul style="list-style-type: none"> We established a new position of brand ambassador, which includes executing advertising campaigns that incorporate social media ads, billboards, and TV commercials We review all our policies annually so that they reflect best practices for the industry and can be updated as needed without disrupting our operations or creating additional costs for shareholders Re-evaluating our marketing strategy and efforts to increase brand awareness, based on market trends and customer feedback, as well as looking at expanding into new markets Improving customer service standards across departments, including developing an action plan for implementing new service lines based on feedback from customers Implementation of new policies regarding corporate governance and ESG reporting 	<ul style="list-style-type: none"> Providing regular updates on the progress of our projects and their impact on the healthcare industry Creating a sustainable business model that will allow us to continue operations Creating value for our shareholders by creating a healthcare ecosystem which can improve the health and well-being of our communities

ESG

Environmental, social and governance (ESG)

At its core, Burjeel Holdings' environmental, social and governance (ESG) framework provides a roadmap for a responsible, profitable and sustainable business that improves the communities it interacts with in meaningful ways.

With steadfast commitment from the leadership and across our health system, BH continually explores ways in which to strengthen our involvement with, and commitment to, our ESG stewardship and sustainability while building on our relationship with and support for employees and patients in the communities we serve by utilizing governing practices with integrity.

Striving for best practice

Burjeel's ability to reach and maintain global standards of excellence rests in part on its accreditations and adherence to international best practices. The Company has been recognized by Joint Commission International (JCI), JCI is the world's largest healthcare accreditor. JCI's Gold Seal of Approval is a widely recognized benchmark representing the most comprehensive evaluation process in the healthcare industry. JCI has accredited 12 Burjeel hospitals, which are now part of an elite group of hospitals worldwide that deliver international standard treatment and service delivery across multiple specialties.

Burjeel's operational excellence has also been recognized through a series of awards in 2022, which include the GCC Employer Brand Awards and the Sheikh Khalifa Excellence Award by the Abu Dhabi Chamber of Commerce and Industry. The Company has also been accredited with the Jawda Data Certificate by the Emirates Classification Society Tasneef, which certifies excellence in healthcare for the community.



JCI (Joint Commission international) has accredited 12 Burjeel Holdings hospitals with continuous efforts to secure JCI accreditation for all eligible facilities



Burjeel Holdings is working with Oxford University-based Cancer Care Commission for accreditation of oncology service lines in Burjeel hospitals



Burjeel holdings has been recognized for its attractiveness as an employer by GCC Employer Brand Awards



Jawda Data Certification by the Emirates Classification Society Tasneef certifying excellence in healthcare for the community



LLH Hospital received Sheikh Khalifa Excellence Award by the Abu Dhabi Chamber of Commerce & Industry (ADCCI)

ESG Approach

Burjeel Holdings’ ESG approach is built upon three pillars: Healthy Business, Healthy People and Healthy Planet. Collectively these help the Company to contribute to the realization of five of the United Nation’s Sustainable Development Goals: Good Health and Wellbeing, Clean Water and Sanitation, Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Action.

 <p>Healthy business</p> <ul style="list-style-type: none"> • Comprehensive governance structure with an ethical business culture and strict patient data protection policies at its core <ul style="list-style-type: none"> • 3/5 board members are independent (60%) • 1/5 board members are women (20%) • Extensive workforce safety and wellbeing programs • Inclusion and diversity are key considerations in human capital development strategy, also focusing on keeping healthcare rooted in the local community <p>Strong Focus on Corporate Governance and Business Ethics</p>	 <p>Healthy planet</p> <ul style="list-style-type: none"> • Continuous efforts undertaken to minimize environmental impact of operations • Dedicated site programs related to greenhouse gas reduction and waste management • The group aims to achieve: <ul style="list-style-type: none"> • Carbon neutrality by 2030 • Sustainable use and re-use of water by 2030 • Zero waste to landfill by 2030 • Strict compliance with local environmental regulations <p>Environmental Protection</p>	 <p>Healthy people</p> <ul style="list-style-type: none"> • Enabling access to healthcare for the entire spectrum of society in the MENA region across 4 specialized brands¹, 16 hospitals, 23 medical centres, 15 retail pharmacies and 7 other assets² • Burjeel Holdings Academic Medicine and Training Initiative to further improve disease prevention and treatment capabilities in the MENA region • ‘Healing beyond boundaries’ initiative focusing on humanitarian aid in MENA, Africa and Asia <p>High Quality Care for Patients</p>
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Burjeel’s sustainability approach focuses on several United Nations Sustainable Development Goals



Notes:

- 1 LLH brand and Lifecare brand focus on mid to low income households and industrial workers, whereas Burjeel Hospital and Medeor brands are focusing on premium positioning and mid-market expatriate population.
- 2 Includes Co-Lab (central diagnostics services), VPS/Lifeline Drug Stores, Unique Valet Parking, Claim Care Revenue Cycle Management/Dynamed and IT Solutions.

HEALTHY BUSINESS

Burjeel operates under a comprehensive governance structure with an ethical business culture and strict patient data protection policies at its core. Burjeel has built a robust governance framework that delivers transparency, accountability and integrity in line with global best practices and guidelines from bodies such as the Abu Dhabi Securities Exchange (ADX) and the Securities and Commodities Authority (SCA).

To ensure that it adheres to its governance and regulatory obligations, the Company has formulated a diverse Board of Directors with a variety of backgrounds and outlooks. The Board of Directors is mandated to comprise at least 20% women and is 60% independent. The ‘Healthy Business’ pillar incorporates guidance on building extensive workforce safety and wellbeing programs, in addition to inclusion and diversity principles. The maintenance of a healthy business requires a human capital

development strategy that provides equality of opportunity to men and women and a workforce that is rooted in responsibility and business ethics.

At Burjeel Holdings, each director has access to any member of management within the Company. It is the policy of the Board to encourage its members to contact the management of the Company at any time to discuss issues and concerns. Furthermore, Members of the Board are also encouraged to visit at least one Burjeel hospital every year.

In addition to in-house Executive Leadership teams, the Company’s hospitals and clinics have organized Medical Staff and local governing bodies jointly overseeing patient care. Facilities management has both financial and non-clinical operational decision-making authority but delegates oversight of patient care and Medical Staff governance to local governing bodies.

Risk Management Measures

Risk Management teams are in place for all of the Company’s facilities. The teams work to analyze and contain risk and implement risk avoidance measures to ensure a safe and secure working environment. The foundation of the programs focuses on the continuity model to mitigate, prepare, respond and recover from events.

Each team has a Risk Manager and a dedicated corporate loss control, claims, and environmental risk and emergency management department. The Company’s risk management processes also help it to quickly identify adverse or unexpected patient outcomes and hazards and to develop company-wide corrective action when needed. The risk management protocols also include processes to control and prevent loss before events occur, in addition to hands-on methodologies to ensure that financial resources are available to pay for the costs associated with loss should risk control techniques fail.

ESG CONTINUED

HEALTHY PEOPLE

A key pillar of Burjeel's sustainability approach is the provision of high-quality care for patients across the entire spectrum of society. The Company is structured in a way to provide a breadth of healthcare services, regardless of social and economic classes, across the MENA region through four specialized brands, 16 hospitals, 23 medical centres, 15 retail pharmacies and seven other assets – including diagnostic services, insurance, IT solutions and Lifeline Drug Stores.

The Company's Healthy People pillar also includes a 'Healing Beyond Boundaries' initiative that focuses on humanitarian aid in the Middle East, Africa and Asia.

Workforce wellbeing program

As part of its commitment to fostering a positive and supportive work environment where employees are valued and respected, Burjeel has developed a comprehensive Workforce Wellbeing Program. Its core objective is to provide opportunities for employees to engage in social, team building, and wellness activities to aid physical and mental wellbeing – and to engender a spirit of teamwork.

The program's activities in 2022 included yoga sessions across three Emirates and a program of fitness and wellness events. Over 400 employees participated in #BurjeelRun at Burjeel Medical City to show their support for frontline healthcare workers and their work in helping to fight the spread of disease and illness across the community.

The Workforce Wellbeing Program also saw 1,600 Burjeel nurses gather in one place to win the Guinness World Record for 'the largest ever gathering of people dressed as nurses' in 2022. During the gathering, the nurses repeated their medical oaths, winning them the World Record for 'the largest number of people simultaneously reciting an oath.'



Employee development and training

The Company's Learning and Development team offers a variety of professional and leadership development programs to support employees' career goals and assist with succession planning. The New Employee Orientation program introduces new employees to Burjeel's Mission, Vision, Principles, and Values, its policies and procedures, as well as employee benefits and resources. Furthermore, as part of their on-boarding process, new Corporate employees participate in a two-hour Service Excellence training session.

The Service Excellence training sessions cover Service Excellence Attributes and Service Excellence Standards. The former represents the foundation of the Company's corporate culture – continuous improvement, employee development, ethical and fair treatment of all, teamwork, compassion, and innovation in service delivery. The latter

– Service Excellence Standards – defines how colleagues interact daily – treating everyone as a guest, demonstrating professionalism and excellence, and practicing teamwork.

Global Initiatives, Local Impact

The Women's Health Initiative at the World Economic Forum (WEF)

The provision of women's reproductive health and rights is critical for many reasons, including how they empower women – and how this empowerment positively impacts their communities. There is also an economic benefit: the United Nations Population Fund Sexual & Reproductive Health Agency (UNFPA) reported in 2022 that each US dollar put into family planning and maternal health in developing countries provides a return of \$8.40. Furthermore, the United Nations identified universal access as a significant global need through the 2030 Sustainable Development Goals (SDGs).

To support this vital cause, in 2022, Burjeel Holdings partnered with two healthcare entities – Jefferson Health in the USA and the global medical technology company Hologic Inc. – to develop solutions for women’s reproductive health and rights through the World Economic Forum’s (WEF) Women’s Health Initiative. Supported by existing and ongoing research in the US, the project is developing programs to provide reproductive health services in emergency departments that aims to be useful across the US and, where possible, in other countries.

Burjeel will continue to work with the project in support of a model program that will also be developed to provide care to women of childbearing age in the UAE, which is also potentially scalable to India, Oman and Saudi Arabia.

Global Health Equity Network

Burjeel Holdings has pledged to help close the gap on global health equity at the WEF, joining Pfizer, AstraZeneca, Gavi, Philips and others in the first-in-kind network to create a healthier and fairer world. The Global Health Equity Network (GHEN) brings together private sector executives, government representatives, academics, and civil society leaders to advance a collective vision of Zero Health Gaps.

Burjeel shares the network’s vision that everyone, regardless of economic status or location, must have the opportunity to fulfill their human potential in all aspects of health and wellbeing. Furthermore, the Company’s physician-led, tech-enabled platforms will leverage insights from its workforce and patients to help make strategic and healthcare delivery decisions. These insights also help us deliver system-level transformation to enable scalable, sustainable healthcare delivery in the communities we serve – from Abu Dhabi to Yemen.

Community outreach

Throughout the year, individual Burjeel facilities offer a variety of free programs and events to help educate and support local communities, such as health and wellness classes and screenings, seminars, support groups and health-related services and events. The Company’s community stewardship also includes donations, employees volunteering time and hosting events such as toy drives, food collections, and organized walks. These kinds of activities benefit a wide range of healthcare, civic and community-based organizations throughout the year.

Burjeel has also worked to advance digital inclusion in key areas of health, finance and education through its support for the EDISON Alliance’s ‘1 Billion Lives Challenge’. The challenge brings together digital inclusion solutions and helps to identify new financing mechanisms to accelerate the UN SDGs. Alongside global organizations such as Alphabet & Google, AstraZeneca and UNICEF, Burjeel is one of the first organizations from the MENA region to join the initiative.



ESG CONTINUED

HEALTHY PLANET

Right across its assets and corporate headquarters, Burjeel follows best practices to manage its use of energy, reduce waste and mitigate the environmental impact of new construction and renovation projects. In 2022, the Company introduced a series of dedicated site programs related to greenhouse gas reduction and waste management.

The Company has set itself three core environmental targets that define its approach to helping to sustain a healthy planet, which is to achieve carbon neutrality, sustainable use and reuse of water, and zero landfill waste by 2030.

Energy efficiency

Energy efficiency is a key focus for the Company, and in 2022 a series of initiatives were rolled out to reduce energy consumption for lighting by 20-30%, and heating, ventilation, and air conditioning (HVAC) energy consumption in select hospitals by 20%. Completed energy efficiency projects include:

- **Solar energy:** Centralized solar water heater systems featuring solar collector panels at the roof level of all the towers, calorifiers and hot water distribution networks across the whole of Burjeel medical city.
- **EV infrastructure:** Electric Car charging stations were introduced at Burjeel Medical City.
- **LED light fittings:** Energy-efficient LED lights were introduced across multiple hospitals, with 100% LED inside Burjeel Medical City.
- **Motion sensors:** The lighting for all common areas at Burjeel medical city are controlled through motion sensors.
- **Staff awareness program:** Energy-saving posters are widely circulated and posted in office and clinical areas to remind colleagues to turn lights off while leaving the premises.

- **Automation:** Fully automated heating, ventilation and air conditioning (HVAC) operation: Complete HVAC operations from chiller plants to field units are automated.

Climate change and healthcare hackathon

Burjeel Holdings is committed to supporting, protecting, serving and engaging with key stakeholders, including employees, physicians, patients and the communities they serve. The latter represents a commitment to supporting social causes.

In 2022, the Company partnered with the Asia School of Business (ASB), a collaboration between the MIT Sloan School of Management and Malaysia's Central Bank (Bank Negara Malaysia), for an innovative climate change and healthcare-focused hackathon in Dubai.

The hackathon saw a cohort of 59 MBA students develop and present solutions for how health systems can include

climate-informed assessments in healthcare decision-making and health policies to meet the needs of patients today and in the future. The teams proposed a number of 'hacks' that can help create resilient and sustainable solutions that are now being used to help corporate decision-making processes.

BUILDING A BRIGHTER TOMORROW

ESG principles serve as a fundamental foundation for sustainable growth and a crucial enabler of excellent patient outcomes and shareholder value. As such, the evolution of ESG policies and protocols will remain at the forefront of corporate strategy, informing every decision taken. Building upon its strong foundations, the Company has developed an exciting and ambitious ESG program for 2023 and beyond, incorporating environmental stewardship, community engagement, good governance and ethical operations at every level. Some of the new programs that began in 2022 that will continue into 2023 include:



Taking the first step towards zero food miles

In an effort to further reduce its carbon footprint and to build on its 'Food as Medicine' program, Burjeel is embarking on an initiative to promote the consumption of locally-grown food to reduce the need for traveling distances.

As part of this exciting program, the Company is collaborating with the largest tech-enabled agribusiness in the UAE focused on year-round production of premium fruits and vegetables. These high-tech greenhouses provide precise climate and environmental controls, enabling increased productivity and

reduced waste (including water, energy and time).





Governance

A clearly structured and fully implemented corporate governance system is our highest priority. Good corporate governance is the basis for our decision-making and control processes. The Group's principles and rules on corporate governance are laid down in the Articles of Association, the Regulations of the Board and the Charters of the Board Committees.

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BOARD PROFILE

The Board of Directors of Burjeel Holdings PLC (the "Company") provides strategic leadership and oversees the performance of the Company. The Board consists of 7 Directors of which there is 1 Executive Director and 6 Non-Executive Directors, 5 of whom are independent Directors. Please visit our website for their full biographies.



Dr. Shamsheer Vayalil
Chairman

Dr. Shamsheer is the founder of the Group. He served as Chairman and Managing Director of the Group from 2007 until the completion of the Pre-IPO Reorganization. Since the completion of the Pre-IPO Reorganization, he has served as Chairman of the Group.

Dr. Shamsheer is also the chairman of the board of directors of Response Plus Holding PJSC, an affiliate of the Group, which is listed on the Abu Dhabi Stock Exchange and which is the largest provider of onsite healthcare, medical emergency services and occupational health solutions in the UAE.



H.E. Ahmed Jasim Yousif Naser Alzaabi
Vice Chairman & Non-Executive Director

H.E. Ahmed Jasim Al Zaabi was appointed as Director in 2022. H.E. Ahmed is a member of the Abu Dhabi Executive Council and Chairman of the Abu Dhabi Department of Economic Development (ADDED). Additionally, he is also the Chairman of Abu Dhabi Global Market (ADGM).

Prior to these roles, he was the Group Chief Financial Officer (GCFO) at the Abu Dhabi National Oil Company (ADNOC) and has also held several leadership roles across multiple private and Government related entities in finance & investments, transformation & turnarounds, strategy and corporate governance. Additionally, he serves as a Board member on multiple private sector, government and commercial state owned entities across the energy, investment, technology, real estate and healthcare sectors. H.E. Ahmed has also served on the boards of numerous banks and financial institutions in the past.



H.E. Dr Thani bin Ahmed Al Zeyoudi
Non-Executive Director

H.E. Dr. Thani bin Ahmed Al Zeyoudi, appointed as a board member in 2022, is the UAE Minister of State for Foreign Trade and Minister in charge of Talent Attraction and Retention. As Minister, he is responsible for leading the development and expansion of the country's non-oil foreign trade, enhancing national policies and measures to enable increased inflows of foreign direct investment, and implementing initiatives to attract and retain strategic global talent in the UAE. H.E. Dr. Al Zeyoudi is also the former UAE Minister of Climate Change and Environment, where he was instrumental in elevating the UAE's global presence and contributions in climate mitigation and adaptation.



Mr. Omran Mohammedsaleh AlKhoori
Executive Director

Mr. Omran AlKhoori joined the Group in 2014 and was appointed as Director in 2022. He has over 15 years' experience in the healthcare, oil & gas industry sectors and has held key positions in marketing and business development, including Customer Service Manager at ADCO from 2011 to 2015.

Mr. AlKhoori currently serves on the board of Response Plus Holding PJSC. He is also a chairman of Areca Real Estate, a board member of Global Link Holding, a board member of Al Jazeera Sport Club, a board member of Abu Dhabi Cricket Club and a board member of Al Maryah Community Bank.



**Dr. Ghuwaya
Mohammed Khuwaidem
Abdulla Al-Neyadi**
Non-Executive Director

Dr. Ghuwaya Al Neyadi has more than 22 years of experience in the Health & Administration fields. Dr. Al Neyadi is currently the Senior Vice President for ADNOC Group Medical Services. Prior to this, Dr Neyadi served at Ministry of Health (MOH) and Health Authority Abu Dhabi (DOH) in various and inter-related senior management positions including Public Health Management, Health Regulation, and HSE.

Dr. Al Neyadi is Consultant Family Physician by practice, she received her medical degree in 1999 from Faculty of Medicine and Health Sciences at UAE University, followed by PhD as she was granted Certificate of Arab Board of Medical Specialization in Family and Community Medicine in 2005 followed by an Executive Master of Healthcare Administration in 2007.

In her current position at ADNOC, Dr. Al Neyadi continues to lead ADNOC Medical Services to further enhance service lines by establishing best practices and securing international accreditations. Dr. Al Neyadi led implementation of new medical operational model and re-structuring of ADNOC Group Medical Services through successful partnership with private sector.

Managed the crisis of COVID-19 efficiently ensuring Health and Safety of people across ADNOC Group and preventing any impact on ADNOC Group operations.

Dr Al Neyadi also devotes adequate time for community engagement programs including leading important initiatives on Corporate Social Responsibility and Gender Balance.

Dr. Al Neyadi has Board memberships in Response Plus Medical Holding (vice chair), Manzil Healthcare Services (Founder & Strategic Advisor).

Dr. Al Neyadi as a working mother engages in various social activities outside her regular work commitments. She portrays a role model of an Emirati Woman capable of efficiently balancing professional projects without compromising family responsibilities.



Dr. Mohan Chellappa
Non-Executive Director

Dr. Mohan Chellappa was appointed as Director in 2022. Dr. Chellappa currently serves as the President emeritus of Global Ventures at Johns Hopkins Medicine International where he was a founding member and had been involved in developing international clinical consultancy activities, in particular, clinical care program development, quality systems implementation and the use of IT in healthcare. Dr. Chellappa serves on the boards of Johns Hopkins Aramco Healthcare, HCL Healthcare Pvt. Ltd., HCL Technologies Limited and Frontier Lifeline Pvt. Ltd. He is an advisor to Sabre Partners, Tau Ventures, Catalio Capital Management and a partner with Dentons Global Advisors -Albright Stone bridge Group.



**Mr. Mohd Loay T A
Abdelfattah**
Non-Executive Director

Mohd Loay is an accomplished Institutional Investment Advisor. Extensive experience managing large and complex deals, overseeing investments in all major asset classes and industries. Work collaboratively with staff, executives, committees, and Boards in achieving investment objectives and organizational goals.

Additionally, Mohd Loay has a professional assurance background with experience in corporate governance, business advisory, and enterprise risk management; he comes with extensive Board experience and valuable cross-cultural awareness & adaptability.

Mohd Loay is currently working as the Chief Investment Officer – Royal Group (one of the largest investment groups in the Middle East), which he joined more than 17 years ago as the head of the group's internal audit. Before joining the Royal Group, Mohd Loay worked for several years in international auditing and consulting firms.

Mohd Loay served and sat on many boards, where he got the opportunity to work with and learn from leaders and influencers in different industries and communities.

EXECUTIVE MANAGEMENT

Mr. John Sunil

Chief Executive Officer

Mr. Sunil has more than 28 years of experience in finance, healthcare management and operations management industries, including more than 10 years of experience with the Group. Mr. Sunil holds Masters of Business Administration in finance.

Mr. Safeer Ahamed

Chief Operating Officer

Mr. Ahamed started his career with the Group in 2006 and has advanced to Chief Operating Officer position with plenty of experience in hospital operations. Mr. Ahamed holds Masters in International Business and Bachelor's Degree in Mathematics.

Mr. Hari Haritas

Chief Financial Officer

Mr. Haritas has served as the Chief Financial Officer of the Group since May 2021. He previously served as the Chief Financial Officer of the Group from June 2013 to April 2018 and as Chief Financial Officer of Burjeel Hospital LLC from 2011. Mr. Haritas joined the Group in 2011, when he was appointed Chief Financial Officer of Burjeel Hospital LLC. Between June 2013 to April 2018 and May 2021 onwards, he has been operating as the Group's Chief Financial Officer, and continues to act as the Group's Chief Financial Officer since Listing.

Mr. Haritas currently serves on the board of Response Plus Holding PJSC. He has also held board positions at other entities affiliated with the Group, including VPS Global Ltd and Appurtenant Holdings Ltd. Between March 2016 and March 2018, he served as a trustee of the Foundation for Applied Research in Cancer (FARC) in New Delhi. Mr. Haritas holds a Bachelor of Science (Botany, Zoology & Chemistry) from Multanial Modi Degree College and is a chartered accountant registered under the Institute of Chartered Accountants of India.

Mr. Muhammed Shihabuddin

Deputy Chief Financial Officer

Mr. Shihabuddin joined the Group over 15 years ago. He is currently the Group's Deputy Chief Financial Officer. Prior to his appointment as Deputy Chief Financial Officer, Mr. Shihabuddin worked for the Group in various capacities, involving capital planning and allocation, fund raising, heading treasury function, managing the Group's finance functions, and attending to relationship management with the Group's stakeholders.

He has over 18 years' experience in finance management and has spent more than 15 years in the healthcare sector. Mr. Shihabuddin holds a Bachelor of Commerce and a Master of Business Administration (Finance & Marketing).

Mr. Chetan Dev Sehgal

Director – Strategy and Investments

Mr. Chetan Dev Sehgal joined the Group in 2020, when he was appointed Director of Strategy and Investments, overseeing strategic investments and growth initiatives.

Prior to joining the Group, Mr. Sehgal had over 15 years of experience of working with KPMG in India and PwC in the UAE as part of the deals and audit-related practices, as well as over ten years of deals-related experience in the GCC markets, with a specific focus on the healthcare sector.

Mr. Sehgal holds a Bachelor of Commerce (Hons) from Shri Ram College of Commerce, University of Delhi, is a Chartered Accountant registered under the Institute of Chartered Accountants of India and is a level 2 Chartered Financial Analyst (USA).

Dr. Nabil Al Debuni
Chief Medical Officer

Dr. Al Debuni joined the Group in 2008 and was appointed the Surgeon and Medical Director of Lifeline Hospital. He subsequently became the medical director at Burjeel Hospital in 2012, leading the hospital's medical teams, before becoming Deputy Chief Medical officer for the Group in 2018. Since 2019, Dr. Al Debuni has served as the Chief Medical Officer of the Group, and he will continue to serve as Chief Medical Officer of the Group following Listing.

Dr. Al Debuni has more than 45 years' experience in the field of healthcare as a Consultant Surgeon in General Surgery, Urology, and Accident and Emergency. Dr. Al Debuni holds a Bachelors (Medicine) degree from Ain Shams University, College of Medicine and a Fellowship degree from the Royal College of Surgeons of England.

Mr. Pradeep Shilige
Chief Technical Officer

Mr. Shilige joined the Group in September 2020. He is currently the Chief Executive Officer of iMed Solutions. Following Listing, he will be the Group's Chief Technical Officer, with responsibility for monitoring the digital health of the Group.

Prior to joining the Group, Mr. Shilige was an Executive Vice President and Global Delivery Head at Cognizant. He has more than 30 years of experience in leading technology delivery, business information, consulting and operating across financial services, healthcare and retail. Mr. Shilige holds a B. Tech degree in Computer Science and Engineering from the National Institute of Technology, Karnataka.

Mr. Omran Mohammedsaleh AlKhoori
President – Business Development

Mr. AlKhoori has served as the President of Business Development of the Group since 2014. For Mr. AlKhoori's biography, see "—Board of Directors".

Dr. Mangalore Sanjai Kumar
Group Head HR

Dr. Kumar joined the Group in 2015 and was appointed the Group Head of Human Resources. Prior to joining the Group, Dr. Kumar was Vice President (Human Resources) at the International Hospital of Bahrain between June 2000 to April 2015.

Dr. Kumar holds a Bachelor of Commerce from Mangalore University, a Master of Commerce from Karnataka University, a Master of Business Administration (Hospital and Human Resources Management) from American World University, a Post-Graduation Diploma in Hospital Administration and Management from the Indian Institute of Management and Technology, a Diploma in Human Resources Management from the Institute of Commercial Management and a PhD from the Indian School of Business Management and Administration.

Mr. Mustasan Jaleel Mir
General Counsel

Mr. Mir joined the Group in 2015 as a legal executive. In December 2016

Mr. Basharat Mir was promoted to General Counsel of the Group.

Mr. Mir holds an i.BAALB (Hons) from Amity Law School, Amity University (India) and an LLM in Commercial & Corporate Law from Queen Mary University of London. He is a qualified lawyer enrolled with the Bar Council of Delhi and the Bar Council of India.

BOARD REPORT

1. Corporate governance framework

The Company is a public company limited by shares incorporated in the Abu Dhabi Global Market (ADGM) and subject to the Abu Dhabi Global Market Companies Regulations 2020 (as amended) (“Companies Regulations”) and other applicable laws and regulations in the ADGM. The Company is committed to the principles of good corporate governance. The Board of Directors believes that good corporate governance practices align the interests of all stakeholders by having structures in place that ensure the business is managed with integrity and efficiency, thereby maximizing the profitability and long-term value creation of the Company for all stakeholders.

This Corporate Governance Report is intended to provide an overview of the Company’s corporate governance framework for the year ended 31 December 2022.

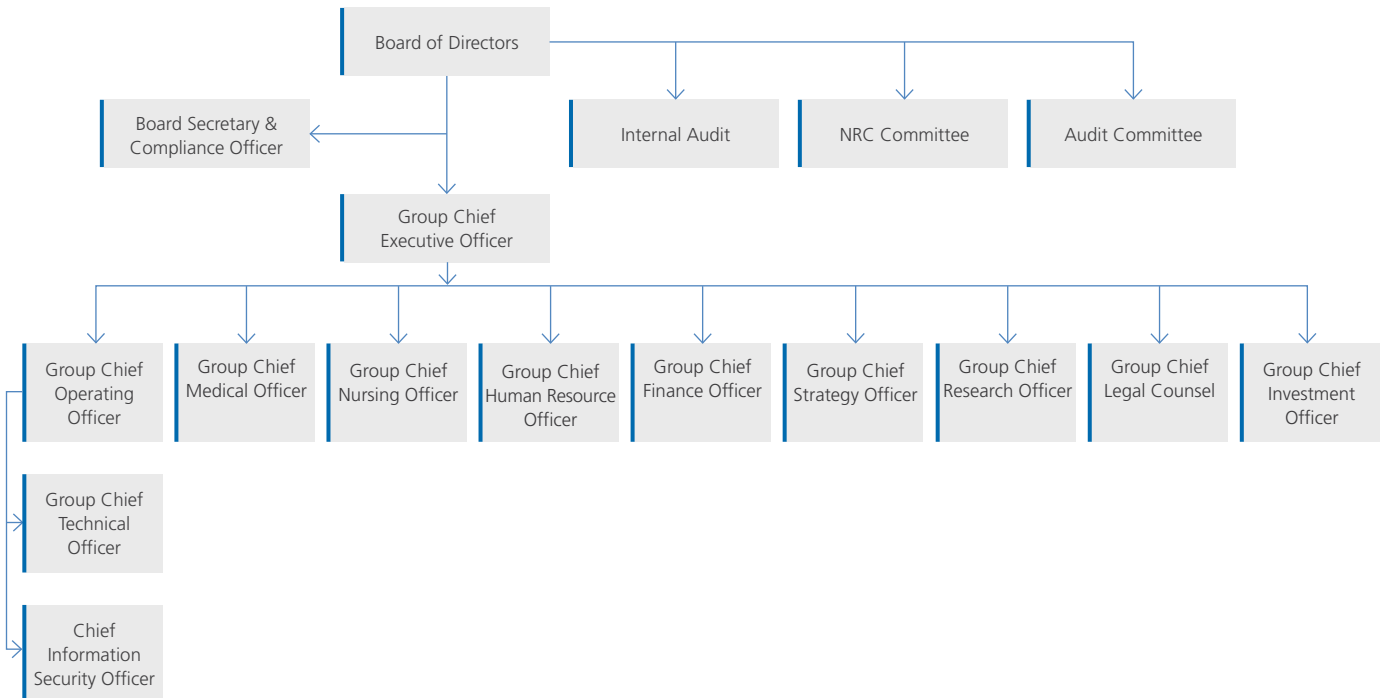
2. Corporate governance structure

The Company designed its corporate governance structure in compliance with its articles of association, the ADX listing rules, the requirements of the Securities and Commodities Authority’s (SCA) Governance Guide as modified, the Companies Regulations, and other applicable laws, rules and regulations of the ADX and international best practices.

The corporate governance framework identifies the responsibilities of the Board of Directors, individual Directors, Committees of the Board, Executive Management, and the organization’s support and control functions. The Company’s governance framework, governance policies, and several of the compliance policies and procedures will be available on our website under Corporate Governance.

2.1. Organizational Structure

The Board sets the strategic mandate with operational, financial, and sustainability goals relayed to management. The Executive Management team manage the achievement of these goals and the day-to-day operations. In executing the goals, the Executive Management team are supported by several corporate functions and local management and their teams. Each principal subsidiary is led by a functional manager who reports to the Executive Management team. The Company’s simplified organizational structure is as follows:



2.2. Governance, internal controls and risk management

The Board of Directors bears the responsibility of the internal control system comprising of Risk Management, Internal Control, Compliance and Internal audit, and oversees its implementation and effectiveness through the Audit Committee.

The Internal Audit function assists the Audit Committee by providing independent and objective assurance on the effectiveness and efficiency of risk management, internal controls, and operations. The Internal Audit function is led by Mr. Raja Manikya Rao, Head of Internal Audit who reports independently to the Audit Committee of the Board of Directors. Mr. Rao is a member of the Institute of Chartered Accountants of India with an experience of more than 2 decades in carrying out and managing Internal Audit. Mr. Rao joined the group in 2017 as Head of Internal Audit. Before joining the group, he was part of a cancer hospital chain in Bangalore, India as Head of Internal Audit. Prior to that he was part of Internal Audit vertical of PwC, Bangalore, India. During 2022, Internal Audit delivered reports of Internal Audit review of 6 major hospitals, 3 medical centres and 8 special assignments including drafting 4 process notes. Internal audit reports summarizing the findings from the audits conducted, status of risk mitigation action plans and follow-up of previously reported matters that require attention of the management has been circulated. The Internal Audit's quarterly audit report was discussed in the Audit Committee meeting in March 2023. There were no serious problems or major control failures reported in 2022.

3. The Board of Directors

The Company's governance framework is supervised by the Board of Directors. The Board of Directors is collectively responsible for the Company's management and strategy. The Board of Directors promotes a culture of openness and accountability within the Board and throughout the entire organization. The tasks, responsibilities and procedures of the Board are set out in the Articles of Association. The Board has delegated the operational management of the business to the Executive Management, apart from certain reserved matters as set out in the appropriate documentation and resolutions and is authorized to represent the Company.

Composition

The composition of the Board of Directors strives to arm the Company with leadership that is diverse in skills, experience, gender and background, thereby maximizing the Board's ability to independently and critically act without emphasis on particular interests. The composition of the Board of Directors and its terms of reference comply with the requirements of the ADGM Companies Regulations 2020 (as amended), Resolution No. (3/R.M.) of the SCA (Governance Guide) and our articles of association.

Best practices and standards related to the functioning of the Board of Directors are also applied to the extent possible to increase its effectiveness.

We adhere to the terms of reference set out by the Board of Directors in relation to its composition, operating procedures and responsibilities as follows. The independent Board members confirmed their independent status during the year 2022 and the Company verified that the legal requirements regarding the minimum number of independent Board members are satisfied. The board independence was assessed and it is confirmed that majority of the board members are independent.

Female board representation

The Company, in line with the United Arab Emirates' (UAE) approach to empower women, has worked diligently to increase female representation throughout the organization, including on the Board. Therefore, in 2022, Dr. Ghuwaya Al-Neyadi was appointed as an independent Director.

Appointment, retirement and re-election

Appointment, retirement and re-election is governed by the Articles of Association of the Company and the applicable laws. The Board Nomination and Remuneration Committee evaluates the composition of the Board annually to review the skills required for board membership and considering the required capabilities and qualifications for board membership, including the time required by a member to carry out his/ her duties as a board member;

Induction, orientation, and training

Upon appointment, new board members receive an induction tailored to their respective needs, duties, and responsibilities.

The Committees

The Board maintains three permanent committees as part of its supervisory role: the Audit Committee, the Business Development Committee, and the Nomination and Remuneration Committee (collectively, the Committees). All charters of the Committees are approved either by the Board of Directors or by the concerned committee and are all consistent with the requirements of the Governance Guide, as is the composition of each committee's membership. The charters of the Board committees include, but are not limited to, the role and responsibilities of the committee, its authority, the requirements for its composition and constitution, and its operating procedures. Members of the Board Committees acknowledge their responsibility for the committees' systems in the Company, review of their work mechanism, and ensuring their effectiveness. The Chairman of the Nomination and Remuneration Committee also acknowledges his responsibility for the committee's system, review of its work mechanism and ensuring its effectiveness. The following table summarizes how the duties of the Board and the Committees were carried out during 2022, including the focus topics that were reviewed, discussed and advised on.

BOARD REPORT CONTINUED

	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Business Development Committee
Responsibilities	Set out in the Articles of Association of the Company	Set out in the Charter	Set out in the Charter	Set out in the Charter
Number of Meetings and Resolutions	Four	Two	Two	One
Main Focus	<ul style="list-style-type: none"> • Medium and long term strategy • HSE • ESG and sustainability • Projects strategy and execution • Financing strategy • Dividend strategy • Commercial strategy and market developments • Operational performance and cost optimization • Internal controls and key internal audit findings 	<ul style="list-style-type: none"> • Evaluation Risk Management • IT and cyber security • Monitoring the group internal control framework • Tax review • Group's Compliance Framework and effectiveness • Monitoring of material claims and litigation • Assessment of the functioning of the external auditor, its appointment, including scope, risk assessment and materiality • Internal Audit Plan and Internal Audit findings 	<ul style="list-style-type: none"> • Setting and overseeing the nomination, remuneration and diversity & inclusion policies of the Company 	<ul style="list-style-type: none"> • Setting and overseeing business development procedures • Business revenue growth • New targets and new markets

Insider Trading

The Insider Trading is monitored by the Compliance Officer. The Company has an Insider Trading Policy and Register in place in accordance with regulatory requirements. The Register is updated on a regular basis. The Compliance Officer acknowledges his responsibility for monitoring the insider trading and its register.

Remuneration and Compensation

As at 31 December 2022, the Board of Directors of the Company consists of 7 board members appointed by the shareholders. No amount of board remuneration has been incurred and recognized by the Company in the audited financial statements for 2022. A proposal for the remuneration for the Board of Directors for 2023 may be considered. In the event that remuneration is proposed, it shall be submitted to shareholders for approval at the upcoming AGM.

Transactions report of the members of the Board of Directors, their spouses, and their children in the Company's securities during the year 2022.

The below table sets out the ownership and transactions of the members of the Board of Directors, their spouses and their children in the company's securities as at 31 December 2022.

Name	Position	Shares owned as at 31 December 2022	Shares owned by spouse and children as at 31 December 2022		
			Total Sale	Total Purchase	
Dr. Shamsheer Vayalil	Chairman	3,643,437,769.00	260,256,708.00	0	0
H.E. Mr. Ahmed Alzaabi	Vice-Chairman	1,000,000.00	–	–	–
H.E. Dr. Thani Alzeyoudi	Director	1,500,000.00	–	–	–
Dr. Ghuwaya Al-Neyadi	Director	500,000.00	–	–	–
Mr. Omran Alkhoori	Director	6,000,000.00	–	–	–
Dr. Mohan Chellappa	Director	–	–	–	–
Mr. Mohd Loay	Director	100,000.00	–	–	–

4. The Executive Management team

The Executive Management team is charged with the day-to-day management of the Company. They are responsible for the Company's continuity, to pursue the strategies set by the Board of Directors, the optimization of its business, and creating a culture that contributes to long-term sustainable value creation for stakeholders. Each Executive has an individual responsibility for certain business segments, functional areas, projects and tasks. The Company is committed to promote the interest of the company in the medium and long-term and encourages a "pay for performance" culture. To that end, the compensation structure for the Executive Management team contains a mix of fixed and variable performance-based pay. Fixed pay is aligned to the external market to ensure that senior leadership is adequately compensated. Variable pay is linked to performance.

The Nomination and Remuneration Committee assists the Board of Directors in setting the policy for granting bonuses, privileges and salaries to the Executive Management as well as making recommendations to the Board ensuring these remuneration elements are reasonable and in line with the Company's performance. During the year, the Company was able to deliver on its strategy. The Executive Management team effectively navigated the company to deliver strong results during the year in addition to completing a successful IPO on the ADX. Accordingly, we believe the 2022 remuneration for the Executive Management team reflects good alignment between the remuneration of the Executive Management and shareholders' long-term interests. The following table lists the members of the Executive Management Team, their appointment dates, salaries and other remuneration received during 2022:

Name	Position	Appointment Date	Total salaries and allowances paid in 2022	Bonus	Any other cash or in-kind bonus
Mr. John Sunil	Chief Executive Officer	20/09/2022	1,370,667	0	0
Mr. Hari Haritas	Chief Financial Officer	18/05/2021	1,948,712	0	0
Muhmed Shihabuddin	Deputy Chief Financial Officer	22/05/2016	1,315,000	0	0
Safeer Ahamed	Chief Operating Officer	20/09/2022	1,188,140	0	0
Chetan Dev Sehgal	Director – Strategy and Investments	07/10/2020	1,026,000	0	0
Dr Nabil Al Debuni	Chief Medical Officer	22/09/2012	879,780	0	0
Pradeep Shilige	Chief Technical Officer	01/06/2022	909,091	0	0
Omran Mohammed saleh Alkohoori	President Business Development	10/06/2014	2,018,970	0	0
Dr Manglore Sanjai Kumar	Group Head HR	06/05/2021	736,167	0	0
Mr. Mustsan Jaleel Mir	General Counsel	08/01/2016	1,115,000	0	0

5. Related party transactions in 2022

The Company did not enter into any material related party transactions in 2022.

6. Violations committed by the Company during 2022

The Company did not commit any material violations with respect to the Governance Guide and other applicable regulations during the year ended on 31 December 2022.

7. Conflicts of interest

The Company's Articles of Association and compliance policies require its employees and directors to disclose any conflicts of interest that may be actual, perceived or potential in accordance with the decisions, laws and regulations issued by the Securities and Commodities Authority and other regulatory and legislative bodies. A series of procedures for compliance with laws regarding conflicts of interest management have been developed.

BOARD REPORT CONTINUED

8. External auditor

Brief background on the external auditor

The following table shows the services provided by the external auditor during 2022 and the fees charged for these services:

Name of Audit Firm	Ernst & Young
Name of Audit Partner	Mr. Anthony O'Sullivan
Number of Year as Auditor for the Company	1 year
Total audit fees for the financial year ended 31 December 2022	1,654,187/-

The External Auditor performed other audit related services amounting to AED 6,583,727/- during 2022. The fees for services, which were delivered to the Company in 2022 by other Audit firms (other than the Company's auditors amounted to AED2,898,796/-. These fees were against advisory services, accounting and tax support, and fees for a data analytics secondment. The firms which delivered these services were as PwC and Ernst & Young Middle East.

External auditor's opinion on the financial statement

The Company's external auditor did not have any reservations to any item of the interim and annual financial statements during 2022.

9. Corporate social responsibility and sustainability report

The Company is committed to environmental, social, and governance (ESG) principles, with environmental, social and governance matters fully integrated into our strategic objectives with direct supervision by our Board of Directors. We have integrated sustainability and ESG principles into our policies and operations, and encourage sustainable practices in our supply chain and communities wherever possible. As a local employer in each of our communities, we are proud to have strong stakeholder engagement programs in place that allow us to identify and participate in the social development causes that matter most locally.

10. Shareholding and share price information

Share price

The following table presents the Company's highest and lowest share price at the end of each month for the year 2022 since listing on 27 October 2022:

2022	High AED	Low AED	Close AED
October 2022	2.38	2.31	2.38
November 2022	2.32	2.30	2.32
December 2022	2.27	2.25	2.27

Overview of shareholders whose ownership percentage exceeds 5% of the Company's capital as on 31 December 2022.

The following table shows the shareholders whose ownership percentage exceeds 5% of the Company's capital as of 31 December 2022:

Name	Number of Owned Shares	Percentage
VPS Healthcare Holdings Pvt Ltd	3,643,437,769.00	70.0%
Quant Lase Lab LLC	750,710,477.00	14.4%
SYA Holdings Pvt Ltd	260,256,708.00	5.0%

11. Controls of investors relationships with the listed companies

We ensure that relevant information is provided equally and simultaneously to all interested parties through our website, which includes a dedicated Investor Relations section to promote efficiency and effectiveness in accordance with the SCA's applicable requirements and controls of investor relations management. In addition, the Company's Investor Relations function is staffed with the required qualifications and experience to clearly and effectively communicate with all stakeholders. The qualifications of the Investor Relations team include experience in the fields of public relations, full knowledge of the Company's activities and opportunities, and ability to use different channels of communication and skills to communicate with investors and other stakeholders.

Contact details for the investor relations team are as follows:

Mr. Chetan Sehgal

Investor Relations Director

Chetan.seghal@burjeelholdings.com

12. The Board Secretary

The Board Secretary plays an important role in organizing the Company's corporate governance, the Board's meetings and Committees, and communicating key decisions with the management team. The Board Secretary's key responsibilities include:

- Working closely with the Board of Directors and Executive Management to plan meetings and coordinate attendance.
- Drafting and distributing board and general meeting agendas.
- Drafting, distributing, confirming, and archiving meeting minutes, board reports, and other legal documents.
- Maintaining the board and company calendars.
- Following meeting procedures, decision-making rules and governance policies
- Managing communication and correspondence with the Board of Directors and its committees, the Company's management team, and external stakeholders.
- Supporting the Board of Directors' evaluation process.
- Assisting in the preparation and review of key regulatory filings, corporate annual reports, and other reports, as well as other announcements regarding material events.

13. Material events during 2022

The Company announces material events and information by publishing press releases on its website and submitting regulatory disclosures to the ADX. Please visit the Company's website for all press releases and disclosures. Key events during 2022 include:

- May 2022, we launched Burjeel Holdings as part of the preparation for our IPO on ADX in October -- a milestone that saw us significantly deleverage and position the business for future growth.
- Amongst our many milestones, we successfully performed a highly complicated pediatric bone marrow transplant and Burjeel Medical City performed its first kidney transplant. We cemented our position as the UAE's hub for complex medical procedures.
- We also formed associations with Prof. Kypros Nicolaides, Dr. Dror Paley and others, launching Kypros fetal medicine and therapy centre, bringing world-class experience to this market which drives results on the ground and elevates our attractiveness to medical tourists from abroad.
- Burjeel Holdings is proud to commit to an MoU with the Ministry of Investment to explore expansion opportunities, with investments of up to USD 1 billion. The Kingdom of Saudi Arabia is a key market of focus and expansion for us. We are excited to support the Kingdom's healthcare ambitions and bring our expertise to a sector that is integral to the delivery of Vision 2030
- Burjeel Holdings has signed an MoU to enter into a strategic partnership with Indonesia's Mitra Jaya Group. Burjeel will offer its expertise in the design and operations of health facilities, with a specific focus on developing oncology and complex care capabilities – an unmet need in a burgeoning health market that's expected to grow in value to \$68 billion by 2030. The MoU aligns with our goal of expanding into new geographies and delivering healthcare services through a capex-light approach.

BOARD REPORT CONTINUED

14. Emiratization Percentage – For the year 2022, the Company achieved the 2 percent Emiratization target Group Policies

- The Company designed its corporate governance structure in compliance with its articles of association, the ADX listing rules, the requirements of the Securities and Commodities Authority's (SCA) Governance Guide as modified, the Companies Regulations, and other applicable laws, rules and regulations of the ADX and international best practices.
- The corporate governance framework identifies the responsibilities of the Board of Directors, individual Directors, Committees of the Board, Executive Management, and the organization's support and control functions. The Company's governance framework, governance policies, and several of the compliance policies and procedures will be available on our website under Corporate Governance.
- The Company's internal policies cover anti-bribery and corruption, anti-money laundering, conflict of interest, data protection, information security, insider trading, investor relations, related party transactions, sanctions and trade and whistle-blowing.

Board and Committee Meeting attendance

- Since the IPO, the Board of Directors convened three meetings and passed a written resolution by circulation. The Audit Committee convened one meeting and passed a written resolution. The Nomination and Remuneration Committee convened two meetings. The Business Development Committee convened two meetings. All meetings were attended by all members and all resolutions were approved by all members.

Board and Management Remuneration

- The policy for the remuneration and compensation of the Board of Directors and the Senior Management of the Company will be presented to the Nomination and Remuneration Committee during its meeting scheduled on 13 March 2023. Following endorsement by the Nomination and Remuneration Committee, the said policy will then be presented to the Board of Directors and the Annual General Meeting.

Committees

- Audit Committee:
 - Chairman: H.E. Mr. Ahmed Alzaabi
 - Members: Dr. Ghuwaya Al-Neyadi, Mr. Omran Alkhoori and Mr. Mohd Loay
- Nomination and Remuneration Committee:
 - Chairman: H.E. Dr. Thani Alzeyoudi
 - Members: Dr. Ghuwaya Al-Neyadi, Dr. Mohan Chellappa, Mr. Omran Alkhoori and Mr. Mohd Loay
- Business Development Committee:
 - Chairperson: Dr. Ghuwaya Al-Neyadi
 - Members: H.E. Dr. Thani Alzeyoudi and Mr. Omran Alkhoori

Approved by the Board of Directors on 20 March 2023

Dr. Shamsheer Vayalil – Chairman of the Board of Directors

H.E. Dr. Thani Alzeyoudi – Chairman of the Nomination and Remuneration Committee

H.E. Mr. Ahmed Alzaabi – Chairman of the Audit Committee

Dr. Ghuwaya Al-Neyadi – Chairperson of the Business Development Committee

Mr. Hari Haritas – Chief Financial Officer

Mr. Raja Rao – Head of Internal Audit

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of Burjeel Holdings PLC (formerly "Burjeel Holdings PVT. Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") have pleasure in submitting their report, together with the audited consolidated financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is to act as a holding company for the entities within the Group. The principal activities of the subsidiaries are to provide multi-speciality hospitals, medical, surgical and dental services and sale of pharmaceutical goods and medical equipment.

Results

	2022 AED	2021 AED
Revenue	3,924,010,647	3,350,991,234
Total comprehensive income for the year	354,579,393	234,105,952

Directors

The Directors of the Company as of 31 December 2022 are as follows:

Dr. Shamsheer Vayalil (Appointed – 07-Jan-2020)

H.E. Ahmed Jasim Yousuf Naser Alzaabi (Appointed – 08-Sep-2022)

H.E. Dr Thani bin Ahmed Al Zeyoudi (Appointed – 08-Sep-2022)

Mr. Omran Mohammed Saleh Al Khoori (Appointed – 08-Sep-2022)

Dr. Ghuwaya Mohammed Khuwaidem Abdulla Al-Neyadi (Appointed – 08-Sep-2022)

Dr. Mohan Chellappa (Appointed – 08-Sep-2022)

Mr. Mohd Loay T A Abdelfattah (Appointed – 19-Sep-2022)

Directors' statement to the disclosure to auditors

In so far as the Directors are aware, there is no relevant information of which the Group's auditors are unaware. The Group's auditors have been provided with access to all information of which we are aware that is relevant to the preparation of consolidated financial statements.

Auditors

A resolution to reappoint Ernst and Young as auditors for the ensuing year will be put to the shareholder at Annual General Meetings.



Dr. Shamsheer Vayalil Parambath

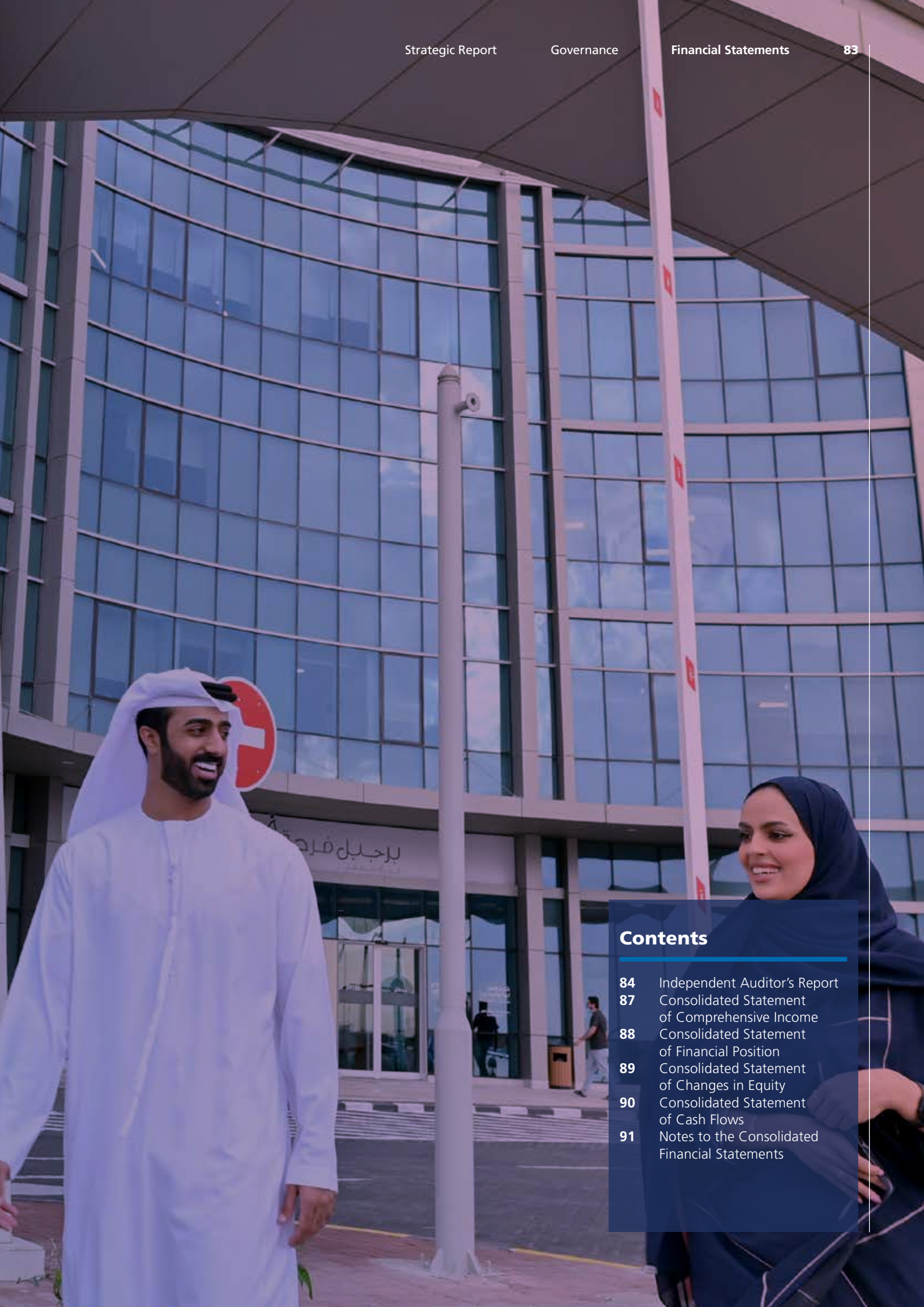
Chairman



burjeel
holdings

Financial Statements

2022 was a milestone year for Burjeel Holdings; with record earnings (led by strong revenue growth and 2X growth in BMC revenue) and a robust balance sheet in place following our IPO (significant de-leveraging achieved from settlement of related party balance and primary IPO proceeds), the Group is well positioned to accelerate growth, by deepening expertise in complex medicine, driving expansion into new markets and elevating utilization and patient yield. We hold an optimistic outlook for 2023, led by sustained revenue growth and margin expansion, as significant investment into new services at Burjeel Medical City starts to yield.



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BURJEEL HOLDINGS PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Burjeel Holdings PLC (formerly "Burjeel Holdings PVT. Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the statement of consolidated financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended then, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Abu Dhabi Global Market ("ADGM"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition

Revenue recognition is considered to be a key area of focus given that revenue is material and an important determinant of the Group's performance and profitability. The Group recognises revenue from number of revenue streams relating to its healthcare segments including hospitals, medical centres and pharmacies revenues. Given the magnitude of the amount, volume of transactions and diversity of operations, we consider revenue recognition to be a key audit matter.

During the year ended 31 December 2022, total revenue of the Group amounted to AED 3,924,010,647 (2021: AED 3,350,991,234) (Note 3).

To address the above risk, we performed the following procedures among others:

- Reviewed the Group's revenue recognition policy as per IFRS 15, Revenue from contracts with customers and assessed its appropriateness;
- Understood the design of the internal controls surrounding the revenue recognition process;
- Performed substantive testing over transactions on a sample basis and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
- Performed correlation analysis between revenue and trade receivables, and performed analytical review procedures on revenue based on monthly sales and profit margins;
- Performed cut off procedures by selecting a sample of transactions before and after the year end to evaluate the recognition in the current reporting period;
- Tested journal entries on a sample basis, based on revenue related risk profiles (such as amounts, posting date, adjustments) to identify any instances of management override; and
- Evaluated the adequacy of disclosures relating to revenue.

Provision for expected credit losses

At 31 December 2022, gross trade receivables amounted to AED 1,756,444,534 against which provision for expected credit loss ("ECL") of AED 704,675,768 was recorded (Note 10). The gross trade receivables represent 37% of the total assets presented in the consolidated financial statements. The Group assesses at each reporting date whether the financial assets carried at amortized cost are credit-impaired. Management has applied the simplified approach for measurement of ECL for trade receivables. The ECL model involves the use of various assumptions, historical trends relating to the Group's trade collections experience and other specific factors. The Group exercises significant judgement when determining both when and how much to record as the ECL.

We have considered ECL as key audit matter given the size of trade receivables and the identification of significant delays in the collection of trade receivables which results in the application of significant auditor judgement regarding the accounting estimates made by management in determining the ECL.

The Group's disclosures included in note 2 of consolidated financial statements outline the accounting policy and significant estimates made and judgements applied for determining the ECL.

We performed the following procedures in relation to the provision for expected credit losses:

- We obtained an understanding of the process and identified the relevant controls over the measurement and determination of the allowance for ECL;
- We compared the ECL model developed by management against the requirements of IFRS 9 and reviewed the methodology against accepted best practice;
- We tested the arithmetical accuracy of the model;
- We performed procedures on individually significant balances, such as substantiating transactions with underlying documents, including inspecting contracts, tracing subsequent receipts to the bank statements and inspecting the underlying invoices, to obtain evidence for the existence and valuation of the recorded receivables;
- We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data;
- We compared the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and
- We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other information

Other information consists of the information included in the Board of Directors' report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor's report. Management is responsible for the other information.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the consolidated financial statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association, Companies Regulation 2020 of Abu Dhabi Global Market (ADGM), and for such internal control as the 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, the 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 the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BURJEEL HOLDINGS PLC CONTINUED

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 Auditors' 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 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.

As part of an audit in accordance with ISAs, 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 Auditors' 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 Auditors' 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 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, action taken to eliminate threats or safeguards applied.

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.

Report on Other Legal and Regulatory Requirements

- i) the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Regulations 2020 of ADGM; and
- ii) the financial information included in the Director's report is consistent with the books of account and records of the Group.

Signed by:



Anthony O'Sullivan
Ernst & Young

20 March 2023
Abu Dhabi

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

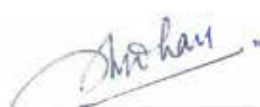
	Notes	2022 AED	2021 AED
Revenue	3	3,924,010,647	3,350,991,234
Doctors' and employees' salaries and emoluments	4	(1,701,419,442)	(1,394,587,366)
Inventories consumed	9	(899,954,378)	(756,065,001)
Depreciation of property and equipment	7(a)	(247,401,883)	(281,239,499)
Amortization of intangible assets	7(b)	(4,151,114)	(5,597,367)
Depreciation of right of use assets	16	(102,834,722)	(107,453,005)
Rent expenses	16	(13,518,840)	(9,309,073)
Provision for expected credit losses	10	(65,127,796)	(112,798,403)
Utility charges		(48,647,648)	(42,373,391)
Other expenses	6	(338,815,552)	(278,042,667)
OPERATING PROFIT FOR THE YEAR		502,139,272	363,525,462
Finance costs	5	(210,970,393)	(209,202,939)
Interest income from related parties	17	42,190,735	58,468,706
Share of profit from associates	19	21,219,779	21,314,723
PROFIT FOR THE YEAR		354,579,393	234,105,952
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		354,579,393	234,105,952
Profit for the year and total comprehensive income for the year attributable to:			
Equity holders of the Parent		338,142,826	220,922,484
Non-controlling interests	24	16,436,567	13,183,468
		354,579,393	234,105,952
<i>Earnings per share attributable to the equity holders of the Parent:</i>			
Basic and diluted earnings per share	23	0.06	0.04

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Property and equipment	7(a)	2,001,503,707	2,180,920,588
Intangible assets	7(b)	7,278,837	7,929,931
Right of use assets	16	1,018,557,484	1,138,517,781
Capital work in progress	8	23,281,616	16,324,776
Investment in associates	19	29,072,565	17,390,767
Term deposits		2,552,500	3,195,989
		3,082,246,709	3,364,279,832
Current assets			
Inventories	9	239,850,836	207,308,714
Accounts receivable and prepayments	10	1,189,537,105	894,083,418
Amounts due from related parties	17	23,538,218	1,595,991,492
Bank balances and cash	11	149,962,481	133,815,562
		1,602,888,640	2,831,199,186
TOTAL ASSETS		4,685,135,349	6,195,479,018
EQUITY AND LIABILITIES			
Equity			
Share capital	12(a)	520,513,417	734,000
Shareholder's account	12(b)	–	532,963,590
Share premium	12(c)	366,854,049	–
Other reserve	12(d)	3,039,504	2,889,504
Shareholder's contribution	12(e)	3,553,665	19,684,559
Retained earnings (accumulated losses)		194,686,535	(192,832,640)
Equity attributable to equity holders of the parent		1,088,647,170	363,439,013
Non-controlling interests	24	29,199,928	17,763,361
Total equity		1,117,847,098	381,202,374
Non-current liabilities			
Interest bearing loans and borrowings	14	903,820,385	2,648,798,249
Lease liabilities	16	1,077,976,668	1,183,119,647
Employees' end of service benefits	13	121,447,629	101,343,150
Derivative financial instruments	22	28,374,631	32,463,738
		2,131,619,313	3,965,724,784
Current liabilities			
Accounts payable and accruals	15	945,477,127	1,046,177,187
Lease liabilities	16	97,632,216	98,156,398
Interest bearing loans and borrowings	14	356,971,713	558,908,655
Amounts due to related parties	17	35,587,882	53,832,937
Bank overdrafts	14	–	91,476,683
		1,435,668,938	1,848,551,860
Total liabilities		3,567,288,251	5,814,276,644
TOTAL EQUITY AND LIABILITIES		4,685,135,349	6,195,479,018



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to the Equity holders of the parent						Total AED	Non- controlling interest AED	Total equity AED
	Share capital AED	Shareholders' account AED	Share premium AED	Other reserve AED	Shareholder's contribution AED	Retained earnings (accumulated losses) AED			
As at 1 January 2021	734,000	524,784,885	–	2,889,504	19,234,561	(413,755,124)	133,887,826	4,429,893	138,317,719
Profit for the year	–	–	–	–	–	220,922,484	220,922,484	13,183,468	234,105,952
Total comprehensive income for the year	–	–	–	–	–	220,922,484	220,922,484	13,183,468	234,105,952
Additional contribution (Note 12(e))	–	–	–	–	449,998	–	449,998	150,000	599,998
Movement in shareholder's account, net (Note 12(b))	–	8,178,705	–	–	–	–	8,178,705	–	8,178,705
As at 31 December 2021	734,000	532,963,590	–	2,889,504	19,684,559	(192,832,640)	363,439,013	17,763,361	381,202,374
As at 1 January 2022	734,000	532,963,590	–	2,889,504	19,684,559	(192,832,640)	363,439,013	17,763,361	381,202,374
Profit for the year	–	–	–	–	–	338,142,826	338,142,826	16,436,567	354,579,393
Total comprehensive income for the year	–	–	–	–	–	338,142,826	338,142,826	16,436,567	354,579,393
Additional contribution (Note 12(e))	–	–	–	–	300,000	–	300,000	–	300,000
Increase in share capital (Note 12(a))	549,266,000	(532,835,106)	–	–	(16,430,894)	–	–	–	–
Reduction in share capital (Note 12(a))	(49,526,349)	–	–	–	–	49,526,349	–	–	–
Issuance of share capital (Note 12(a)) / (Note 12(c))	20,039,766	–	380,755,564	–	–	–	400,795,330	–	400,795,330
Equity issuance costs (Note 12(c))	–	–	(13,901,515)	–	–	–	(13,901,515)	–	(13,901,515)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(5,000,000)	(5,000,000)
Transferred to statutory reserve (Note 12(d))	–	–	–	150,000	–	(150,000)	–	–	–
Movement in shareholder's account, net (Note 12(b))	–	(128,484)	–	–	–	–	(128,484)	–	(128,484)
As at 31 December 2022	520,513,417	–	366,854,049	3,039,504	3,553,665	194,686,535	1,088,647,170	29,199,928	1,117,847,098

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 AED	2021 AED
OPERATING ACTIVITIES			
Profit for the year		354,579,393	234,105,952
Adjustments for:			
Depreciation on property and equipment	7(a)	247,401,883	281,239,499
Amortization of intangible assets	7(b)	4,151,114	5,597,367
Depreciation of right of use assets	16	102,834,722	107,453,005
Provision for expected credit losses	10	65,127,796	112,798,403
Share of profit from investments in associates	19	(21,219,779)	(21,314,723)
Interest income from related parties	17	(42,190,735)	(58,468,706)
Write off of right of use assets	16	–	9,855
Provision for employees' end of service benefits	13	35,608,752	30,343,510
Adjustment for rent concession	16	–	(902,537)
Remeasurement of right of use assets and lease liabilities	16	75,426	–
Gain on disposal of property and equipment		(350,000)	–
Change in fair value of derivative financial instruments	22	9,416,881	(2,497,976)
Finance costs	5	210,970,393	209,202,939
		966,405,846	897,566,588
Working capital changes:			
Inventories		(32,542,122)	(50,190,667)
Accounts receivable and prepayments		(360,581,483)	(347,785,989)
Amounts due from related parties		78,547,604	(80,804,191)
Accounts payable and accruals		(100,700,060)	61,140,717
Amounts due to related parties		(18,245,055)	15,010,694
Cash generated from operations		532,884,730	494,937,152
Employees' end of service benefits paid	13	(16,413,018)	(14,585,578)
Finance costs paid		(158,237,562)	(152,691,646)
Net cash flows from operating activities		358,234,150	327,659,928
INVESTING ACTIVITIES			
Purchase of property and equipment	7(a)	(72,544,213)	(68,079,009)
Additions to intangible assets	7(b)	(3,500,020)	(83,350)
Additions to capital work in progress	8	(7,112,256)	(17,577,082)
Proceeds from sale of property and equipment		521,627	–
Movement in non-current term deposits		643,489	379,994
Net movements in amounts due from related parties		1,536,585,150	78,755,751
Net movement in restricted cash		–	4,150,000
Dividend income received from associates, net of investments	19	13,200,000	14,000,000
Net cash flows from investing activities		1,468,213,777	11,546,304
FINANCING ACTIVITIES			
Net movement in shareholder's account		(128,484)	8,178,705
Net movement in share contribution		300,000	449,998
Proceeds from issuance of shares		400,795,330	–
Issuance costs on issuance of shares		(13,901,515)	–
Payment of principal portion of lease liabilities	16	(140,468,862)	(135,982,458)
Dividend paid to non-controlling interests		(5,000,000)	–
Additional contribution from non-controlling interest		–	150,000
Net movement in margin account		(44,481)	2,206,899
Repayment of derivative financial instruments	22	(13,505,988)	–
Proceeds from interest bearing loans and borrowings		300,964,524	151,181,258
Repayment of interest bearing loans and borrowings		(2,247,879,330)	(270,198,697)
Net cash flows used in financing activities		(1,718,868,806)	(244,014,295)
NET INCREASE IN CASH AND CASH EQUIVALENTS		107,579,121	95,191,937
Cash and cash equivalents at 1 January		39,157,261	(56,034,676)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	146,736,382	39,157,261

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

1 ACTIVITIES

Burjeel Holdings PLC (formerly "Burjeel Holdings PVT. Limited") (the "Company" or the "Parent") is registered in Abu Dhabi Global Market (ADGM) under license number 000003466 as a Public Company Limited by Shares. The Company was incorporated on 7 January 2020 (the "inception date"). The registered address of the Company is 402-DO2, 15th Floor, Al Sarab Tower, Abu Dhabi Global Market Square, Maryah Island, Abu Dhabi, United Arab Emirates. The Company and its subsidiaries are collectively referred to as the Group (the "Group").

The principal activity of the Company is to act as a holding company (Proprietary Investment Company) for the entities within the Group. The principal activities of the subsidiaries are to provide multi-speciality hospitals, medical, surgical and dental services and sale of pharmaceutical goods and medical equipment.

On 8 September 2022, the Company's shareholders passed a resolution to change the name of the Company to Burjeel Holdings PLC from Burjeel Holdings PVT. Limited and the legal formalities to change the Company's name were completed on 15 September 2022.

The Company was 100% owned and controlled by Dr. Shamsheer Vayalil Parambath (hereinafter referred as the "Owner", the "Director" or the "Shareholder") through VPS Healthcare Holdings PVT. LTD, an entity registered as a Private Company Limited by Shares in Abu Dhabi Global Market (ADGM) under license number 000003462. On 20 September 2022, the ownership of VPS Healthcare Holdings PVT. Ltd decreased to 79.8% as VPS Healthcare Holdings PVT. Ltd sold 750,710,477 (15%) of its shares to Quant Lase Lab LLC and transferred 260,256,708 (5.2%) of its shares to SYA Holdings PVT. Ltd.

On 10 October 2022, the Company listed 11% of its share capital on Abu Dhabi Securities Exchange ("ADX") as part of Initial Public Offering ("IPO") (Note 12(a)).

Subsequent to the IPO, the shareholding of the Company is as follows:

VPS Healthcare Holdings PVT. Ltd	– 70.0%
Quant Lase Lab LLC	– 14.4%
SYA Holdings PVT. Ltd.	– 5.0%
Publicly traded	– 10.6%

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on 20 March 2023.

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and applicable provision of the Companies Regulations 2020 of Abu Dhabi Global Market (ADGM).

The financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company.

The consolidated financial statements are prepared under the historical cost basis except for derivative financial instruments which are carried at fair value.

2.2 Basis of preparation

Dr Shamsheer Vayalil entered into a Framework and Share Purchase Agreement ("FSPA") dated 28 March 2022 for the transfer of shares (the shares), relating to the entities listed in Note 2.5 to the consolidated financial statements (the 'Entities'), that are beneficially owned and controlled by Dr Shamsheer Vayalil. As per the FSPA, Dr Shamsheer Vayalil has transferred the entire economic interest in the Entities to the Company and Burjeel Management PVT. Ltd (the "Intermediate Holdco"), an entity wholly owned by the Company. Thereby, the Company holds 98% of the transferred shares and the remaining 2% is held by the Intermediate Holdco.

The aforementioned transfer of shares to the Company is a common control transaction as the Entities will continue to be controlled by Dr Shamsheer Vayalil before and after the reorganisation. Therefore, this reorganisation is considered to be outside the scope of IFRS 3 Business Combinations. The Company has applied the pooling of interest method of accounting for the reorganisation.

Accordingly, for the purpose of this consolidated financial statements:

- The assets and liabilities of the Entities were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognise any new assets or liabilities, at the date of the acquisition that would otherwise be recognised under the acquisition method.
- No goodwill was recognised as a result of the consolidation. Any difference between the consideration transferred and the acquired net assets was reflected within equity.
- The statement of comprehensive income reflects the results of the Entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

2.2 Basis of preparation continued

The basic principle of accounting for business combinations under common control using the pooling of interest method is that the structure of ownership is discretionary, and any reorganisation thereof is without economic substance from the perspective of the controlling party. The pooling of interest method is considered to involve the combining parties being presented as if they had always been combined. To this effect, the Company accounts for the transaction from the beginning of the period in which the combination occurs (irrespective of its actual date) and restates comparatives to include all combining entities.

The Company restated the periods prior to the business combination under common control, to the extent that the combining parties were under common control of the same controlling party (retrospective approach). The financial information in the consolidated financial statements were restated for periods prior to the combination, to reflect the combination as if it had occurred from the beginning of the earliest period presented.

The concept of pooling generally is based on the premise of a continuation of the combining entities. Consistently, the pre-combination equity composition and history associated with the assets and liabilities would be carried forward upon the combination. In the consolidated financial statements of the Group:

- the share capital of the individual entities that were combined are reflected as shareholders' contribution;
- the shareholders' account of the individual entities that were combined are reflected under 'shareholders' account';
- the retained earnings or the accumulated losses of the individual entities that were combined are reflected under 'retained earnings or accumulated losses'; and
- the statutory reserves of the individual entities that were combined are reflected as 'other reserves'

2.3 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- AIP IFRS 9 Financial Instruments – Fees in '10 per cent' test for derecognition of financial liabilities
- AIP IAS 41 Agriculture – Taxation in fair value measurement

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 : Classification of liabilities as Current or Non-Current
- Amendments to IAS 8: Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

The management is currently assessing the impact of adopting the above standards and amendments on the Group's consolidated financial statements in the period of their initial application. The Group intends to adopt these standards, if applicable, when they become effective.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

2.5 Basis of consolidation continued

Details of the Company's significant subsidiaries are as follows:

Name of subsidiaries	Beneficiary ownership percentage	Place of incorporation	Principal activities
List of operating entities			
Burjeel Hospital LLC	100%	UAE	Health care services
Burjeel Hospital Pharmacy LLC	100%	UAE	Health care services
Burjeel Farha Hospital LLC (formerly Medeor 24x7 International Hospital LLC)	100%	UAE	Health care services
Burjeel Day Surgery Centre LLC	100%	UAE	Health care services
Burjeel Alreem Pharmacy LLC	100%	UAE	Health care services
Burjeel Medical City LLC	100%	UAE	Health care services
Burjeel Medical City Pharmacy LLC	100%	UAE	Health care services
Burjeel Medical Centre LLC	100%	UAE	Health care services
Burjeel Medical Centre Al Shamkha LLC	100%	UAE	Health care services
Burjeel Pharmacy Al Shamkha LLC	100%	UAE	Health care services
Burjeel Medical Centre Al Zeina LLC	100%	UAE	Health care services
Burjeel Home Care Services LLC	100%	UAE	Health care services
Burjeel Pharmacy Al Marina LLC	100%	UAE	Health care services
Burjeel Oasis Medical Centre LLC	100%	UAE	Health care services
Burjeel Pharmacy LLC	100%	UAE	Health care services
Burjeel Royal Hospital LLC	100%	UAE	Health care services
Burjeel Royal Pharmacy LLC	100%	UAE	Health care services
Burjeel Medical Centre Barari LLC	100%	UAE	Health care services
Burjeel Pharmacy Barari Mall LLC	100%	UAE	Health care services
Burjeel Retail Pharmacy LLC (formerly Burjeel Pharmacy Al Dhafra LLC)	100%	UAE	Health care services
Burjeel Hospital for Advanced Surgery LLC	100%	UAE	Health care services
Burjeel Specialty Hospital LLC	100%	UAE	Health care services
Claims Care Revenue Cycle Management Office LLC	100%	UAE	Provision of group services within the Group
LLH Hospital LLC	100%	UAE	Health care services
LLH Hospital Pharmacy LLC	100%	UAE	Health care services
Tajmeel Cosmo Clinic LLC	100%	UAE	Health care services
Tajmeel Royal Clinic LLC	100%	UAE	Health care services
Tajmeel Royal Pharmacy LLC	100%	UAE	Health care services
Tajmeel Kids Park Medical Centre LLC	100%	UAE	Health care services
Tajmeel Specialized Medical Centre LLC	100%	UAE	Health care services
Tajmeel Royal Dental Clinic LLC	100%	UAE	Health care services
Burjeel Pharmacy Forsan Central Mall LLC	100%	UAE	Health care services
Burjeel Drug Store LLC (formerly VPS Drug Store LLC)	100%	UAE	Procurement
Unique Valet Parking	100%	UAE	Valet Parking Services
Lifeline Hospital LLC	100%	Oman	Health care services
Dynamed Healthcare Solutions Pvt Ltd	100%	India	Provision of services within the Group
LLH Hospital Al Musaffah LLC	100%	UAE	Health care services
LLH Hospital Pharmacy Al Musaffah LLC	100%	UAE	Health care services
LLH Medical Centre Al Musaffah LLC	100%	UAE	Health care services
LLH Medical Centre LLC	100%	UAE	Health care services
LLH Pharmacy Al Musaffah LLC	100%	UAE	Health care services
Lifecare Hospital LLC	50%	UAE	Health care services
LLH Pharmacy LLC	100%	UAE	Health care services
Lifecare International Pharmacy LLC	50%	UAE	Health care services
Lifecare Clinic LLC	50%	UAE	Health care services
Lifecare Medical Centre LLC	50%	UAE	Health care services
Lifeline Drug Store LLC	100%	UAE	Procurement
I Med IT Solutions LLC	100%	UAE	Provision of services within the Group
Medeor 24x7 Hospital LLC	100%	UAE	Health care services
Medeor 24x7 Pharmacy LLC	100%	UAE	Health care services
Burjeel Farha Pharmacy LLC (formerly International Pharmacy LLC)	100%	UAE	Health care services

Name of subsidiaries	Beneficiary ownership percentage	Place of incorporation	Principal activities
List of operating entities* continued			
Medeor 24x7 Hospital LLC	100%	UAE	Health care services
Marina Health Promotion Centre LLC	100%	UAE	Health care services
List of dormant entries*			
Burjeel Dental Laboratory LLC	100%	UAE	Teeth Manufacturing & Compensation Lab
Burjeel Cancer Institute LLC	100%	UAE	Cancer Diseases Surgery
Burjeel IVF Centre LLC	100%	UAE	Health care services
Burjeel Darak Management LLC	100%	UAE	Management Office
Burjeel Quick Clinic L.L.C	100%	UAE	Health care services
Burjeel Judiciary Medical Centre LLC	100%	UAE	Health care services
Burjeel Judiciary Pharmacy LLC	100%	UAE	Health care services
Burjeel Management PVT. Limited	100%	UAE	Intermediary Holding Company
Co Lab Services LLC	100%	UAE	Medical Analysis
Co Rad Services LLC	100%	UAE	X-Ray Diagnosis
LLH Mobile Clinic LLC	100%	UAE	Mobile Medical Services
LLH Mobile Medical Unit LLC	100%	UAE	Mobile Medical Services
LLH Mammography Unit LLC	100%	UAE	X-Ray Diagnosis
LLH Clinic LLC	100%	UAE	Health care services
VPS Investments and Property	100%	UAE	Real Estate Lease & Management Services
Kypros Nicolaides Fetal Medicine and Therapy Centre LLC	100%	UAE	Health care services
List of associates			
First IVF Fertility Centre LLC	30%	UAE	Health care services
International Knee & Joint Centre LLC	40%	UAE	Health care services

98% of the beneficial ownership of the above subsidiaries are owned by the Company and 2% is owned by the Intermediate Holdco which is a 100% subsidiary of the Company.

* These entities have not yet carried out any business or commercial operations from the date of their incorporation until the reporting date.

2.6 Significant accounting estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments, estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

Judgments

Determining the lease term of contracts with renewal and termination options – the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group typically exercises its option to renew for these leases because on the previous experience and the future intention of the management to continue, significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of hospital, medical centres and stores with longer lease periods (i.e., >5-10 years) are not included as part of the extended lease term as these are not reasonably certain to be exercised.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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2.6 Significant accounting estimates and assumptions continued

Identifying performance obligations

At inception of the contract with customers, the Group assesses the performance obligations embedded in the contracts. Based on the assessment, the Group has concluded that sale of goods and healthcare services is generally expected to be the performance obligation. Management considers other incidental services are integral part of healthcare services and not capable of being distinct in the context of contract with the customers. There are no other performance obligations or benefits derived by the customers from the contracts.

Determining method to estimate variable consideration and assessing the constraint

The contracts for the sale of goods include a right of return and discounts that give rise to variable consideration, primarily relating to pharmacy business. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions.

Determining transaction price and allocation

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer. The Group assesses whether, the services are distinct or capable of being distinct within the content of the contracts. The Group has concluded that the services are substantially the same and have the same pattern of transfer to the customers.

Some contracts include disallowances for medical and non-medical reasons. As these transaction prices are not deemed to be collectible the transaction price must be allocated to the performance obligations on a relative stand-alone collectible basis. Management estimates the stand-alone selling price at contract inception based on observable prices likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer or benefits of the services being provided is received and consumed by the customer.

Consideration of significant financing component in a contract

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group concluded that there is no significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of goods to the customer.

Principal versus agent considerations (judgement relating to revenue recognition)

The Group enters into contracts with its customers for supply of goods and services. The Group determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct the use of the or obtain benefits from the good or services. The following factors indicate that the Group controls the goods before they are being transferred to customers. Therefore, the Group determined that it is a principle in all its revenue arrangements.

- The Group is primarily responsible for fulfilling the promise to provide the specified goods or services.
- The Group has inventory risk before the specified goods has been transferred to the customers.
- The Group has discretion in establishing the price for the specified goods or services.
- The Group is exposed to all the credit risks associated with the revenue arrangement.

Also, each contractual arrangement with individual doctors is assessed against specific criteria to determine whether the Group is acting as principal or agent in the arrangement with these doctors. The Group has determined that it is acting as Principal in these arrangements if it has the responsibility for providing the medical services to the patient, it acts as the primary obligator and it bears the risk of providing the medical service.

Consolidation of subsidiaries, including in entities in which the Group holds 50% of the beneficial ownership

The Group has evaluated all the investee entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 Consolidated Financial Statements. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

The Group considers that it controls certain entities with a beneficial holding of 50% (as mentioned in note 2.5) even though it owns only 50% of the voting rights. The Group has contractual arrangements in place that provides it with control through existing rights that give the current ability to direct the relevant activities of the investee that significantly affect the returns of the investee. The general manager, who is responsible for managing the affairs of the investee, is appointed by the Group.

Use of estimates and assumptions

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on the Group's results of operations, consolidated financial positions and cash flows.

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date gross inventories were AED 239,850,836 (2021: AED 207,308,714) with no provision for slow moving or obsolete items (2021: Nil). Any difference between the amounts actually realized in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Estimated useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. The cost of property and equipment is depreciated over the estimated useful life, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. The Group reviews the estimated useful lives of property and equipment at the end of each annual reporting period and any changes to the estimated useful life is adjusted prospectively. The residual values have not been considered as they are deemed immaterial.

Useful lives of right of use assets

The Group's management determines the estimated useful lives of its right-of-use assets for calculating amortization. The cost of right of use assets are amortized over the estimated useful lives of the assets, which is based on shorter of the lease term and the estimated useful lives of the assets. The Group reviews the estimated useful lives of right of use assets at the end of each annual reporting period. Any change in the lease term or pattern of consumption of these assets are adjusted prospectively.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating units being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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2.6 Significant accounting estimates and assumptions continued

Provision for expected credit losses

The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision for employees' end of service benefits

An actuarial valuation is not considered necessary by management in respect of employees' end of service benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected to be significant.

Rejections on medical services

In the Middle East, the normal business process associated with transactions with insurers includes an amount of claims disallowed which is not paid by the insurer. These rejected claims could be for various technical or medical reasons. Accordingly, the healthcare entities within the Group accept and expect an amount of consideration that is less than what was originally invoiced. These write-offs constitute variable consideration under IFRS 15. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur. Under IFRS 15, these rejected claims are recognised as part of revenue (decreasing the revenue recognised).

2.7 Summary of significant accounting policies

Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of comprehensive income.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognized its share of any changes, when applicable, in the consolidated statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of the associate is shown on the face of the consolidated statement of comprehensive income outside operating profit.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The impairment loss is then recognised as 'Share of losses of joint ventures' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of comprehensive income.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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2.7 Summary of significant accounting policies continued

Revenue from contract with customers

The Group is mainly engaged in providing medical, healthcare and polyclinic services and sale of medicines.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, historical collections, rejection rates and excluding taxes and duty. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group provides inpatient and outpatient services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The fees for services include charges for doctors' consultancy fees, room rent, radiology, laboratory, and pharmaceutical items used. Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided. A performance obligation is a promise to transfer distinct goods and services to a customer. Hospital services provided to patients are regarded as a bundle of services which comprise accommodation, meals, theatre time, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements. Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients and/or medical insurers. Fees are calculated and billed based on various tariff agreements with insurers/customers.

Normal business process associated with transactions with insurers includes an amount of claims disallowed (disallowance provision) which is not paid by the insurer. These disallowed claims could be for various technical or medical reasons. Disallowance write-offs on rejected claims is a general practice by the insurers in the Middle East. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. These write-offs constitute variable consideration under IFRS 15. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur.

The Group does not expect to have any contracts where the period between the transfer of the promised service to the patient and the payment by the patient exceeds one year. Consequently, the Group does not adjust any of the transaction prices for time value of money.

Sale of goods – pharmacy

The Group operates a chain of pharmacies selling medical inventories. Revenue from the sale of goods is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the medical inventories and takes delivery in a store, at which the right to consideration becomes unconditional.

Revenue from operations and management

Income from operations and management represent the services rendered for the management of customer's clinics and medical centers. This income is recognised on a time apportionment basis.

i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain contracts with customers provide customers with a right of return and discounts. The rights of return and discounts give rise to variable consideration.

Sale contracts provide a customer with a right to return the goods within a specified period. The Group uses the 'expected value method' to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of goods sold) is also recognised for the right to recover products from a customer. However, considering the historical experience and pattern of subsequent returns, which were not significant, the Group has not recognised a refund liability and right to recover/return assets.

ii) Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group does not receive any long terms advances from customers in relation to its revenue arrangements.

iii) Non-cash consideration

The Group does not receive any non-cash considerations.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease and presented as part of revenue due to its operating nature. The Group does not transfer substantially all the risks and rewards incidental to ownership of the asset leased out and accordingly these lease contracts are classified as operating leases. Contingent rents are recognised as revenue in the period in which they are earned.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on property and equipment at the following rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life:

Buildings	50 years
Leasehold improvements	4 – 20 years
Medical equipments	7 – 12 years
Furniture and fixtures	2 – 10 years
Computer and office equipments	4 – 5 years
Motor vehicles	4 – 5 years

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable. Whenever the carrying amount of property and equipment exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of comprehensive income. The recoverable amount is the higher of fair value less costs to sell of property and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property and equipment no longer exist or have reduced.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment and includes property and equipment that is being developed for future use. Capital work-in-progress is not depreciated, however, tested for impairment when indicator exists. Allocated costs along with borrowing costs directly attributable to the construction of the asset are capitalised. Cost of capital work-in-progress represents the purchase price or cost of service required to complete an asset.

The capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

Intangible assets

Intangible assets are mainly computer software licenses and implementation costs and are stated at cost less accumulated amortization and any impairment in value. Intangible assets include computer software licenses, configuration and implementation costs. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The average useful lives of the intangible assets are assessed to be between 4 to 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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2.7 Summary of significant accounting policies continued

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes bank balances and cash, accounts and other receivables, long term deposits and amounts due from related parties.

The Group does not have any financial assets at fair value through OCI or financial assets carried at fair value through profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand, margin deposits and short-term deposits, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management and excludes any balances provided as security and not available for the Group's use.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Group applies a simplified approach in calculating ECLs as these financial assets do not contain significant financing component and usually have a maturity of one year or less. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on ECLs at each reporting date. The Group has established default rates that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

The Group considers a financial asset in default when contractual payments are 300 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

2.7 Summary of significant accounting policies continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, lease liabilities, bank overdrafts, derivative financial instruments, amounts due to related parties, accounts payable and accruals.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement comprehensive income.

This category generally applies to loans and borrowings, lease liabilities, bank overdrafts, amounts due to related parties, accounts payable and accruals.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities at fair value through profit or loss are recognised in the statement of comprehensive income under finance costs. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are classified as derivative financial instrument unless they are designated as effective hedging instruments or financial guarantee contract. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. Derivative financial instruments are carried in the statement of financial position at fair value reflecting changes in interest rates. The gains or losses arising from changes in fair values are recognised in the income statement unless the derivative is designated as a net investment hedge or effective portion of cash flow hedges, which is recognised in other comprehensive income. If the fair value of the derivative is positive it is classified as an asset, if the fair value of the derivative is negative it is classified as a liability.

The Group also uses interest rate caps and swaps to manage its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments consist of profit rate swaps and are measured at the present value of estimated future cash flows and discounted based on the applicable yield curves derived from quoted interest rates. Based on the degree to which the fair value is observable, the profit rate swaps are grouped as level 2 in the fair value hierarchy.

Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Inventories

Inventories are valued at the lower of cost and net realizable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in United Arab Emirates and Oman. The entitlement to these benefits is usually based upon the employees' final salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension contributions are made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the consolidated statement of comprehensive income during the employee's period of service.

End of service benefit for Omani employees are contributed in accordance with the terms of the Social Securities Law 1991 and Civil Service Employees Pension Fund Law.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

2.7 Summary of significant accounting policies continued

Foreign currency translations

The consolidated financial statements are presented in AED which is the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction, Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets are depreciated on a straight-line basis over the lease term as follows:

Land	51.5 years
Buildings	5 to 25 years

i) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Oman

Lifeline Hospital LLC, the subsidiary in Oman had a tax exemption granted up to 26 November 2016. The carried forward tax losses amounting to AED 55,694,778 (Riyal Omani 5,838,027) from the date of establishment to 26 November 2016 are eligible for set off against future taxable income without expiry.

The tax rate applicable to Lifeline Hospital LLC is 15% (2021: 15%). For the purpose of determining the taxable result for the year, the accounting loss has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The subsidiary in Oman has taxable loss for the year. Therefore, the applicable tax rate is Nil (2021 : Nil). The average effective tax rate cannot be determined in view of the taxable loss.

The subsidiary in Oman has declared and estimated tax losses available for offset against future taxable profits as follows:

	At 31 December	
	2022 AED	2021 AED
2011 (assessed – indefinite)	283,634	283,634
2012 (assessed – indefinite)	7,008,895	7,008,895
2013 (assessed – indefinite)	4,967,421	4,967,421
2014 (assessed – indefinite)	9,108,706	9,108,706
2015 (assessed – indefinite)	5,686,355	5,686,355
2016 (assessed – indefinite)	28,639,767	28,639,767
2016 (assessed – definite)	–	3,473,523
2017 (assessed – definite)	48,577,632	48,577,632
2018 (assessed – definite)	40,641,430	40,641,430
2019 (assessed – definite)	20,562,955	20,562,955
2020 (declared)	13,882,875	13,882,875
2021 (declared)	7,055,336	7,055,336
2022 (estimated)	9,559,159	–
	195,974,165	189,888,529

No deferred tax asset on the carried forward losses has been recognised in these consolidated financial statements due to uncertainty regarding availability of future taxable profits. The tax assessments were issued by the taxation authorities up to the year 2019.

India

Dynamed Healthcare Solutions Pvt Ltd, the subsidiary in India was incorporated on 18 August 2017 at Infopark Special Economic Zone (Phase-II) in Kochi, State of Kerala and it is subject to the provisions of the Special Economic Zone Act, 2005. The subsidiary in India has 100% income tax exemption on export income for Special Economic Zone units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years. Dynamed Healthcare Solutions Pvt Ltd provides services to Group Entities in Middle East and therefore, its income is being generated from export revenue. Dynamed Healthcare Solutions Pvt Ltd is still under the tax exemption phase therefore, no provision has been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

2.7 Summary of significant accounting policies continued

Deferred income tax

Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates as at the consolidated reporting date that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. Changes to these balances are recognized in the consolidated statement of profit or loss or in other comprehensive income in the year they occur.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT, except:

- 1- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- 2- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

UAE corporate taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (confirmed to be AED 375,000 a Cabinet Decision issued subsequent to the year end). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 - Income Taxes.

The Group is currently in the process of assessing the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.

3 REVENUE

3.1 Types of revenue

	2022 AED	2021 AED
Clinic revenue	3,811,509,084	3,258,024,198
Pharmacy sales	64,532,394	57,926,216
Other operating income	40,790,376	28,009,878
Revenue from contracts with customers	3,916,831,854	3,343,960,292
Rental income	7,178,793	7,030,942
	3,924,010,647	3,350,991,234

3.2 Revenue from contracts with customers – timing of recognition

	2022 AED	2021 AED
Out patient – services rendered at the point in time	2,471,733,638	2,171,350,097
In patient – services rendered over the time	1,339,775,446	1,086,674,101
Pharmacy – services rendered at the point in time	64,532,394	57,926,216
Other operating income – services rendered at the point in time	40,790,376	28,009,878
	3,916,831,854	3,343,960,292

3.3 Revenue from contracts with customers by geographical markets

	2022 AED	2021 AED
United Arab Emirates	3,743,327,982	3,151,138,051
Sultanate of Oman	173,503,872	192,822,241
	3,916,831,854	3,343,960,292

3.4 Revenue from contracts with customers by asset type

	2022 AED	2021 AED
Hospitals	3,431,309,993	2,913,289,538
Medical centres	380,199,091	344,734,660
Pharmacies	64,532,394	57,926,216
Others	40,790,376	28,009,878
	3,916,831,854	3,343,960,292

Performance obligations

The performance obligation is satisfied based on the nature of medical services or upon delivery of the medical goods or supplies in case of pharmacy items. Certain contracts for the sale of pharmacy items provide customers with a right of return. However, the sales returns are negligible as compared to the gross revenue for the sale of pharmacy items. Based on the analysis of the historical data and experience, sales return is estimated to be less than 0.05% of the total sales made during a financial year. Considering that the sales returns of the Group are not significant, the Group has not recorded a refund liability and a right of return asset for anticipated sales returns as of the reporting dates.

In the Middle East, the normal business process associated with transactions with insurers includes an amount of claims disallowed which is not paid by the insurer. These rejected claims could be for various technical or medical reasons. Accordingly, the healthcare entities within the Group expect an amount of consideration that is less than what was originally invoiced. These rejections constitute variable consideration under IFRS 15. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur. Under IFRS 15, these rejected claims are recognised as part of revenue (decreasing the revenue recognised).

Rental income

The rental income received from external parties during the year from the letting of excess or unused spaces in the hospitals and medical centres. Rental income is based on individual lease agreements with a committed lease term of 1 year or less. Therefore, these are categorized as short-term leases.

There are no unsatisfied performance obligations as of the reporting dates; therefore, there are no transaction prices that are required to be allocated over the remaining or unsatisfied performance obligations.

4 DOCTORS' AND EMPLOYEES' SALARIES AND EMOLUMENTS

	2022 AED	2021 AED
Doctors' and employees' salaries and emoluments	1,578,420,121	1,284,630,666
Staff accommodation costs	29,533,297	27,308,624
Employees' end of service benefits (note 13)	35,608,752	30,343,510
Employees' insurance costs	25,561,552	22,515,797
Others	32,295,720	29,788,769
	1,701,419,442	1,394,587,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

5 FINANCE COSTS

	2022 AED	2021 AED
Interest on loans and borrowings	147,465,131	142,394,372
Interest expense on lease liabilities (note 16)	51,851,850	56,879,905
Facility renewal fee	2,225,221	2,887,053
Interest on bank overdrafts	8,494,046	4,774,196
Interest on bills discounted	934,145	2,267,413
	210,970,393	209,202,939

6 OTHER EXPENSES

	2022 AED	2021 AED
Housekeeping and hospitality expenses	77,646,137	62,207,685
Repair and maintenance costs	64,096,560	52,726,849
Marketing expenses	54,494,277	55,498,740
Corporate charges (note 17)	28,108,885	30,000,000
Legal and professional expenses	22,550,349	25,456,531
Security charges	16,094,872	13,260,708
Transportation expenses	15,281,120	7,250,524
Change in fair value of profit rate swaps (note 22)	9,416,881	(2,497,976)
Printing and stationery	8,204,405	6,968,507
Credit card commission	3,997,262	3,866,553
Bank charges	3,487,543	1,480,715
Miscellaneous expenses	35,437,261	21,823,831
	338,815,552	278,042,667

7(a) PROPERTY AND EQUIPMENT

	Buildings AED	Leasehold improvements AED	Medical equipments AED	Furniture and fixtures AED	Computer and office equipments AED	Motor vehicles AED	Total AED
2022							
Cost:							
At 1 January 2022	754,646,076	1,301,315,407	1,765,538,155	154,292,986	107,711,676	63,215,438	4,146,719,738
Additions	3,695,192	9,402,511	28,534,541	7,738,863	16,715,153	6,457,953	72,544,213
Transfer to related parties (note 17)	-	(4,013,685)	(12,445,075)	(117,840)	(98,798)	(4,669,680)	(21,345,078)
Transfer from capital work-in-progress (note 8)	-	-	119,083	36,333	-	-	155,416
Disposals	-	(209,880)	(8,949,210)	-	-	(50,562)	(9,209,652)
At 31 December 2022	758,341,268	1,306,494,353	1,772,797,494	161,950,342	124,328,031	64,953,149	4,188,864,637
Accumulated depreciation:							
At 1 January 2022	18,785,008	502,370,605	1,171,248,278	132,202,915	85,965,389	55,226,955	1,965,799,150
Charge for the year	15,117,503	76,391,853	132,476,175	9,240,975	10,597,865	3,577,512	247,401,883
Transfer to related parties (note 17)	-	(1,760,678)	(11,704,968)	(84,218)	(85,458)	(3,166,756)	(16,802,078)
Disposals	-	(175,650)	(8,833,316)	-	-	(29,059)	(9,038,025)
At 31 December 2022	33,902,511	576,826,130	1,283,186,169	141,359,672	96,477,796	55,608,652	2,187,360,930
Net carrying amount:							
At 31 December 2022	724,438,757	729,668,223	489,611,325	20,590,670	27,850,235	9,344,497	2,001,503,707

Property and equipment amounting to AED 426,968,078 (2021: AED 2,118,873,910) have been pledged as security against Group's loans and borrowings (note 14).

Burjeel Medical City buildings are constructed on land leased from Abu Dhabi Department of Economic Development. Initial period of the lease was 27 years. During 2022, the land lease has been extended perpetually by Abu Dhabi Department of Economic Development.

	Buildings AED	Leasehold improvements AED	Medical equipments AED	Furniture and fixtures AED	Computer and office equipments AED	Motor vehicles AED	Total AED
2021							
Cost:							
At 1 January 2021	746,927,314	1,286,335,116	1,657,478,624	148,433,990	101,464,654	59,780,372	4,000,420,070
Additions	7,718,762	14,916,541	29,902,622	5,858,996	6,247,022	3,435,066	68,079,009
Transfer from capital work in progress (note 8)	–	63,750	78,156,909	–	–	–	78,220,659
At 31 December 2021	754,646,076	1,301,315,407	1,765,538,155	154,292,986	107,711,676	63,215,438	4,146,719,738
Accumulated depreciation:							
At 1 January 2021	3,757,912	423,179,066	1,006,330,410	122,763,936	77,316,264	51,212,063	1,684,559,651
Charge for the year	15,027,096	79,191,539	164,917,868	9,438,979	8,649,125	4,014,892	281,239,499
At 31 December 2021	18,785,008	502,370,605	1,171,248,278	132,202,915	85,965,389	55,226,955	1,965,799,150
Net carrying amount:							
At 31 December 2021	735,861,068	798,944,802	594,289,877	22,090,071	21,746,287	7,988,483	2,180,920,588

7(b) INTANGIBLE ASSETS

	2022 AED	2021 AED
Cost:		
At 1 January	58,151,712	58,068,362
Additions	3,500,020	83,350
At 31 December	61,651,732	58,151,712
Accumulated amortization:		
At 1 January	50,221,781	44,624,414
Charge for the year	4,151,114	5,597,367
At 31 December	54,372,895	50,221,781
Net carrying amount	7,278,837	7,929,931

Additions during the year represents primarily upgrade of revenue cycle management software.

8 CAPITAL WORK IN PROGRESS

	2022 AED	2021 AED
Cost:		
At 1 January	16,324,776	76,968,353
Additions during the year	7,112,256	17,577,082
Transfers to property and equipment (note 7(a))	(155,416)	(78,220,659)
At 31 December	23,281,616	16,324,776

Capital work in progress represents costs for the design, development, procurement and construction of hospitals and medical equipment and other costs including overhead expenses incurred during the development stage directly attributable to the construction of hospitals or departments within the hospitals. No borrowing cost was capitalised during the year ended 31 December 2022 (2021: AED Nil).

These properties and installation of equipment are expected to be completed in 2023 to 2024. These include amounts incurred towards architectural, tenant improvement, and interior work, supply and installation. When commissioned, capital work in progress is transferred to the appropriate asset category under property and equipment and depreciated in accordance with the Group's policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

9 INVENTORIES

	2022 AED	2021 AED
Pharmaceutical products	147,513,333	129,781,909
Consumables	92,337,503	77,526,805
	239,850,836	207,308,714

The cost of inventories recognised as an expense and included in consolidated statement of comprehensive income are as follows:

	2022 AED	2021 AED
Inventories consumed	899,954,378	756,065,001

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2022 AED	2021 AED
Trade receivables	1,756,444,534	1,457,987,543
Less: provision for expected credit losses	(704,675,768)	(642,950,973)
	1,051,768,766	815,036,570
Advances and other receivables	59,464,269	26,274,014
Unbilled receivables	33,851,716	17,083,905
Prepayments	30,794,473	22,955,290
Deposits	13,657,881	12,733,639
	1,189,537,105	894,083,418

Trade receivables includes amounts due from insurance companies for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Movement in the provision for expected credit losses is as follows:

	2022 AED	2021 AED
At 1 January	642,950,973	531,142,524
Charge for the year	65,127,796	112,798,403
Write off during the year	(3,403,001)	(989,954)
At 31 December	704,675,768	642,950,973

As at 31 December, the ageing analysis of unimpaired trade receivables is as follows:

	Total AED	Neither past due nor impaired AED	Past due but not impaired			
			< 30 days AED	31 – 90 days AED	91 – 270 days AED	> 270 days AED
2022	1,051,768,766	659,225,945	122,143,484	121,653,301	127,809,889	20,936,147
2021	815,036,570	534,020,654	80,596,601	91,969,782	90,275,965	18,173,568

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the receivables are therefore, unsecured. Neither past due nor impaired are those receivables which are under review and approval process with the insurance companies. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

11 BANK BALANCES AND CASH

	2022 AED	2021 AED
Cash in hand	1,630,957	4,042,586
<i>Bank balances:</i>		
Current account	144,940,291	124,440,222
Fixed deposits	165,134	2,151,136
Margin deposits	3,226,099	3,181,618
Bank balances and cash	149,962,481	133,815,562

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2022 AED	2021 AED
Bank balances and cash	149,962,481	133,815,562
Less: bank overdrafts (note 14)	–	(91,476,683)
Less: margin deposits	(3,226,099)	(3,181,618)
Cash and cash equivalents	146,736,382	39,157,261

Fixed deposits are kept with local commercial banks in the United Arab Emirates, Oman and India and carry interest at prevailing market rates. Fixed deposits with an original maturity of more than three months are excluded from cash and cash equivalents.

Margin deposits are cash guarantees paid to various banks. These deposits are not liquid and are not readily convertible to cash as they are subordinated to the respective facilities. Therefore, these deposits are excluded from cash and cash equivalents.

The expected credit loss on bank balances is estimated to be immaterial as the Group only deals with reputable banks with good ratings.

12(a) SHARE CAPITAL

	2022 AED	2021 AED
Authorised		
31 December 2022: 5,500,000,000 shares of AED 0.10 each (US\$ 0.027)	550,000,000	
31 December 2021: 100 shares of AED 7,340 each		734,000
Issued and fully paid		
31 December 2022: 5,205,134,175 shares of AED 0.10 each (US\$ 0.027)	520,513,417	
31 December 2021: 100 shares of AED 7,340 each		734,000

During the year, the Company increased its share capital by AED 549,266,000 by transferring AED 532,835,106 and AED 16,430,894 from the shareholder's account and shareholder's contribution respectively. The legal formalities with Abu Dhabi Global Market were completed on 14 June 2022 and Abu Dhabi Global Market issued a registration license with an amount of authorised share capital US\$ 149,863,760 (AED 550,000,000).

On 14 September 2022, the Company resolved to reduce its share capital from AED 550,000,000 to AED 500,473,651 (US\$ 136,368,842) in order to meet Securities and Commodities Authority requirement that the net shareholder's equity shall not be less than 100% of the paid-up capital.

On 10 October 2022 the Company listed 550,729,221 (11%) of its ordinary shares on the Abu Dhabi Securities Exchange ("ADX"). Out of the total 550,729,221 shares, the Company issued 350,331,556 (63.6%) existing shares and 200,397,665 (36.4%) new shares as part of the IPO.

12(b) SHAREHOLDER'S ACCOUNT

Shareholder's account represents the net amount invested by Dr Shamsheer Vayalil in the Group Entities. The Shareholder's account balance is unsecured, interest free, and has no fixed repayment terms. Any repayment of this amount is at the sole discretion of the Company and Group Entities. During the year, the amount was allocated towards the increase in the share capital.

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12(c) SHARE PREMIUM

Share premium represents amounts received in excess of par value relating to new shares issued on 10 October 2022 as part of the IPO net off equity issuance costs. The equity issuance costs amounting to AED 13,901,515 directly attributable to the issuance of new shares have been deducted from the share premium.

12(d) OTHER RESERVE

Other reserve represents statutory reserve relating to subsidiaries. These reserves are not available for distribution except in such circumstances as specified in the relevant laws and regulations applicable to the respective entities in their country of incorporation.

12(e) SHAREHOLDER'S CONTRIBUTION

Shareholder's contribution included as part of total equity represents Dr Shamsheer Vayalil interest in the share capital of entities listed in Note 2.5 to the consolidated financial statements which are transferred to the Group as disclosed in Note 2.2 – "basis of preparation" to the consolidated financial statements.

13 EMPLOYEES' END OF SERVICE BENEFITS

The movement in the provision for employees' end of service benefits was as follows:

	2022 AED	2021 AED
At 1 January	101,343,150	85,585,218
Charge for the year (note 4)	35,608,752	30,343,510
Transferred from a related party (note 17)	908,745	–
Employees' end of service benefits paid	(16,413,018)	(14,585,578)
At 31 December	121,447,629	101,343,150

14 INTEREST BEARING LOANS AND BORROWINGS

	2022 AED	2021 AED
Term loans	1,006,959,849	2,888,426,321
Ijarah loan	–	137,724,585
Short-term loans	250,000,000	97,000,000
Bill discounting	–	75,755,938
Loan for bank guarantees	–	2,299,099
Vehicle loans	3,832,249	1,681,490
Rent loans	–	4,819,471
	1,260,792,098	3,207,706,904

Current and non-current portion of interest-bearing loans and borrowings are as follows:

	2022 AED	2021 AED
Non-current	903,820,385	2,648,798,249
Current	356,971,713	558,908,655
	1,260,792,098	3,207,706,904
Bank overdrafts (note 11)*	–	91,476,683

Bank overdrafts are obtained from commercial banks in the United Arab Emirates and Sultanate of Oman, repayable on demand and carry interest at EIBOR plus a margin and in certain cases a fixed rate of 6.5% per annum. As at 31 December 2022, the Group settled all of its overdraft facilities.

Non-current

Group entity name	Facility	Country	Bank type	Loan maturity year	Security	2022 AED	2021 AED
Burjeel Medical City LLC	Term loan	UAE	Commercial	2026*	Corporate and personal guarantee and pledge	–	756,702,749
Burjeel Hospital LLC	Term loan	UAE	Islamic	2030	Corporate and personal guarantee and pledge	748,952,996	815,467,823
Burjeel Hospital LLC	Vehicle Loan	UAE	Islamic	2026	Financed vehicle	2,552,263	–
Medeor 24x7 Hospital LLC	Term loan	UAE	Islamic	2029*	Corporate and personal guarantee and pledge	–	303,136,915
LLH Hospital Al Musaffah LLC	Term loan	UAE	Islamic	2029*	Corporate and personal guarantee and pledge	–	176,022,904
LLH Hospital LLC	Term loan	UAE	Islamic	2030*	Corporate and personal guarantee and pledge	–	192,633,333
Burjeel Royal Hospital L.L.C.	Ijarah loan	UAE	Islamic	2026*	Corporate and personal guarantee and pledge	–	122,856,573
Burjeel Specialty Hospital L.L.C.	Term loan	UAE	Commercial	2028	Corporate and personal guarantee and pledge	111,622,404	117,247,404
Burjeel Day Surgery Centre LLC	Term loan	UAE	Commercial	2024	Corporate and personal guarantee and pledge	40,473,897	70,473,897
Life Line Hospital LLC	Term loan	Oman	Commercial	2027*	Commercial mortgage and Corporate and personal guarantee	–	43,884,000
LLH Hospital LLC	Vehicle loan	UAE	Commercial	2025*	Corporate and personal guarantee	–	732,398
Burjeel Homecare Services LLC	Vehicle loan	UAE	Commercial	2024	Financed vehicle	71,397	236,395
Burjeel Hospital LLC	Term loan	UAE	Commercial	2023*	Corporate and personal guarantee and pledge	–	6,986,748
Medeor 24x7 Hospital LLC	Term loan	UAE	Commercial	2024*	Corporate and personal guarantee and pledge	–	37,180,000
LLH Hospital LLC	Term loan	UAE	Commercial	2023*	Corporate and personal guarantee and pledge	–	5,222,667
Dynamed Healthcare Solutions Pvt. Ltd	Vehicle loan	India	Commercial	2025	Financed vehicle	147,428	14,443
						903,820,385	2,648,798,249

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14 INTEREST BEARING LOANS AND BORROWINGS CONTINUED

Current

Group entity name	Facility	Country	Bank type	Loan maturity year	Security	2022 AED	2021 AED
Burjeel Hospital LLC	Term loan	UAE	Islamic	2030	Corporate and personal guarantee and pledge	68,410,552	57,525,708
Burjeel Hospital LLC	Short-term loan	UAE	Islamic	2023	Corporate and personal guarantee	250,000,000	–
LLH Hospital LLC	Term loan	UAE	Islamic	2030*	Corporate and personal guarantee and pledge	–	18,270,000
LLH Hospital LLC	Short-term loan	UAE	Islamic	2022*	Corporate and personal guarantee and pledge	–	97,000,000
Medeor 24x7 International Hospital LLC	Term loan	UAE	Commercial	2023*	Corporate and personal guarantee and Pledge of financed equipment	–	43,701,896
LLH Hospital Al Musaffah LLC	Term loan	UAE	Islamic	2029*	Corporate and personal guarantee and pledge	–	26,142,857
Medeor 24x7 Hospital LLC	Term loan	UAE	Islamic	2029*	Corporate and personal guarantee and pledge	–	42,861,916
Burjeel Royal Hospital L.L.C.	Bill Discounting	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	15,999,999
Burjeel Royal Hospital L.L.C.	Ijarah loan	UAE	Islamic	2026*	Corporate and personal guarantee and pledge	–	14,868,012
Medeor 24x7 International Hospital	Term loan	UAE	Commercial	2023*	Corporate and personal guarantee and Pledge of financed equipment	–	33,573,881
Burjeel Day Surgery Centre LLC	Term loan	UAE	Commercial	2024	Corporate and personal guarantee and pledge	30,000,000	12,000,000
Medeor 24x7 Hospital LLC	Term loan	UAE	Commercial	2024*	Corporate and personal guarantee and pledge	–	20,670,000
Burjeel Day Surgery Centre LLC	Bill discounting	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	10,754,351
Burjeel Hospital for Advanced Surgery	Bills discounting	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	14,977,151
Burjeel Hospital LLC	Bill discounting	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	11,949,715
Burjeel Specialty Hospital L.L.C.	Term loan	UAE	Commercial	2028	Corporate and personal guarantee and pledge	7,500,000	1,875,000
Marina Health Promotion Centre LLC	Term loan	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	5,155,556
LLH Hospital LLC	Bill discounting	UAE	Commercial	2022*	Personal guarantee and pledge	–	6,495,000
Burjeel Medical Centre Barari LLC	Term loan	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	1,387,642
LLH Hospital LLC	Bank Guarantee	UAE	Commercial	2022*	Corporate and personal guarantee	–	2,299,099
Marina Health Promotion Centre LLC	Bill discounting	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	2,328,968
Lifeline Hospital LLC	Term loan	Oman	Commercial	2027*	Commercial mortgage and Corporate and personal guarantee	–	3,816,000
LLH Hospital LLC	Rent loans	UAE	Commercial	2022*	Corporate and personal guarantee	–	2,486,138
LLH Hospital LLC	Vehicle loan	UAE	Commercial	2025*	Corporate and personal guarantee	–	437,346
Burjeel Hospital LLC	Vehicle loan	UAE	Commercial	2026	Financed vehicles	854,026	–
Burjeel Homecare Services LLC	Vehicle loan	UAE	Commercial	2024	Financed vehicle	165,000	141,304
Tajmeel Kids Park Medical Centre LLC	Vehicle loan	UAE	Commercial	2023*	Financed vehicle	–	27,615
Burjeel Hospital for Advanced Surgery	Vehicle loan	UAE	Commercial	2022*	Financed vehicle	–	47,714

Group entity name	Facility	Country	Bank type	Loan maturity year	Security	2022 AED	2021 AED
Burjeel Hospital LLC	Term loan	UAE	Commercial	2023*	Corporate and personal guarantee and pledge	–	7,960,563
Burjeel Medical City LLC	Term loan	UAE	Commercial	2026*	Corporate and personal guarantee and pledge	–	50,328,000
Burjeel Hospital for Advanced Surgery	Term loan	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	3,701,902
Burjeel Royal Hospital L.L.C.	Rent loans	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	2,333,334
Burjeel Royal Hospital L.L.C.	Term loan	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	6,347,661
LLH Hospital Al Musaffah LLC	Term loan	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	17,492,512
LLH Hospital LLC	Term loan	UAE	Commercial	2023*	Corporate and personal guarantee and pledge	–	5,970,350
Lifeline Hospital LLC	Bill discounting	Oman	Commercial	2022*	Commercial mortgage and corporate and personal guarantee	–	13,250,754
Lifeline Drugstore LLC	Term loan	India	Commercial	2022*	Personal guarantee and pledge	–	1,322,969
Lifeline Drugstore LLC	Term loan	UAE	Commercial	2022*	Corporate and personal guarantee and pledge	–	3,363,467
Dynamed Healthcare Solutions Pvt Ltd	Vehicle loan	India	Commercial	2025	Financed vehicle	42,135	44,275
						356,971,713	558,908,655

Security & pledges

- Corporate guarantees by the entities within the Group;
- Personal guarantee of Dr Shamsheer Vayalil and
- Certain property and equipment, assignment of insurance receivables of the entities with the Group entities are pledged against the loans and borrowings (Note 7(a)).

* During the year, the Company received AED 1,727,717,309 from VPS Healthcare LLC to settle its balance due to the Company. Further, the Company raised funds through issuance of new shares in IPO amounting to AED 400,795,330. These amounts were used to repay term and other loans, derivative financial instruments and bank overdrafts amounting to AED 2,105,414,057.

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows used in financing activities.

	1 January 2022 AED	Cash flows AED	Other AED	31 December 2022 AED
Current:				
Interest bearing loans and borrowings	558,908,655	(558,908,655)	356,971,713	356,971,713
Non-current:				
Interest bearing loans and borrowings	2,648,798,249	(1,388,006,151)	(356,971,713)	903,820,385
Total	3,207,706,904	(1,946,914,806)	–	1,260,792,098
	1 January 2021 AED	Cash flows AED	Other AED	31 December 2021 AED
Current:				
Interest bearing loans and borrowings	755,847,289	(755,847,289)	558,908,655	558,908,655
Non-current:				
Interest bearing loans and borrowings	2,570,877,054	636,829,850	(558,908,655)	2,648,798,249
Total	3,326,724,343	(119,017,439)	–	3,207,706,904

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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14 INTEREST BEARING LOANS AND BORROWINGS CONTINUED

Interest rates

Interest rates on these loans and borrowings are at EIBOR plus a fixed margin. The range is as follows:

Commercial loans	– EIBOR + 3% (2021: EIBOR + 3% to 6%)
Ijara loans	– Nil (2021: EIBOR + 3% to 5%)
Bills discounted	– Nil (2021: EIBOR + 2% to 6%)
Rent loans	– Nil (2021: EIBOR + 3% to 5%)
Vehicle loans	– 3% to 10% (2021: 3% to 10%)

15 ACCOUNTS PAYABLE AND ACCRUALS

	2022 AED	2021 AED
Trade accounts payable	665,581,688	641,545,384
Employees' salaries payables	159,686,456	209,513,383
Accrued expenses	86,501,095	97,508,037
Retention payable	7,503,326	60,241,070
Advances received from insurers and customers	6,453,064	21,007,952
Other payables	19,751,498	16,361,361
	945,477,127	1,046,177,187

16 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for land and buildings leases and are part of core operations of the Group. Generally, the Group is restricted from assigning and subleasing the leased assets. Some of the lease contracts include extension and termination options, which are further discussed below.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below, is the carrying amount of the Group's right-of-use asset and lease liabilities and the movement during the respective years:

	Right of use assets AED	Lease liabilities AED
As at 1 January 2022	1,138,517,781	1,281,276,045
Additions	4,453,260	4,453,260
Depreciation expense	(102,834,722)	–
Re-measurement of liability	(21,578,835)	(21,503,409)
Accretion of interest expense	–	51,851,850
Payments	–	(140,468,862)
As at 31 December 2022	1,018,557,484	1,175,608,884
As at 1 January 2021	1,245,980,641	1,361,281,135
Depreciation expense	(107,453,005)	–
Adjustment for rent concession	–	(902,537)
Write off	(9,855)	–
Accretion of interest expense	–	56,879,905
Payments	–	(135,982,458)
As at 31 December 2021	1,138,517,781	1,281,276,045

Lease liabilities are analyzed in the consolidated statement of financial position as follows:

	2022 AED	2021 AED
Current	97,632,216	98,156,398
Non-current	1,077,976,668	1,183,119,647
	1,175,608,884	1,281,276,045

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. There are no contracts wherein, the extension options are not expected to be exercised or termination options are expected to be exercised. Therefore, there are no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Included in right of use assets is a land with a net book value of AED 9,055,003 (2021: AED 6,173,400) and remaining right of use assets are leased properties amounting to AED 1,009,502,481 (2021: AED 1,132,344,381).

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2022 AED	2021 AED
Depreciation expense of right of use assets	102,834,722	107,453,005
Interest expense on lease liabilities (note 5)	51,851,850	56,879,905
Expense relating to short term leases	13,518,840	9,309,073

In 2022, the Group had total cash outflows for leases of AED 140,468,862 during 2022 (2021: AED 135,982,458). There are no future cash outflows relating to leases that have not yet commenced. The Group's lease contracts do not contain any variable lease payments.

Changes in lease liabilities arising from financing activities:

	1 January 2022 AED	Cash flows AED	Other AED	31 December 2022 AED
Current:				
Leases liabilities	98,156,398	(140,468,862)	139,944,680	97,632,216
Non-current:				
Leases liabilities	1,183,119,647	-	(105,142,979)	1,077,976,668
Total	1,281,276,045	(140,468,862)	34,801,701	1,175,608,884

	1 January 2021 AED	Cash flows AED	Other AED	31 December 2021 AED
Current:				
Leases liabilities	120,725,289	(135,982,458)	113,413,567	98,156,398
Non-current:				
Leases liabilities	1,240,555,846	-	(57,436,199)	1,183,119,647
Total	1,361,281,135	(135,982,458)	55,977,368	1,281,276,045

The 'Other' column includes the effect of reclassification of non-current portion of lease liabilities to current due to the passage of time, rent concessions and the effect of accretion on interest on lease liabilities. The Group classifies interest on lease liabilities as cash flows from operating activities.

17 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and senior management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of all transactions are approved by the management of the Group.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2022 AED	2021 AED
Revenue	16,003,838	19,382,108
Interest income	42,190,735	58,468,706
Doctors' and other employees' salaries and benefits	3,660,354	9,498,957
Purchases	18,585,093	14,495,032
Others	37,506,165	37,919,520
Corporate charges* (note 6)	28,108,885	30,000,000
End of service benefits transferred from a related party (note 13)	908,745	-

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17 RELATED PARTY TRANSACTIONS AND BALANCES CONTINUED

As at 31 December 2022 and 2021, various group entities and Dr Shamsheer Vayalil have provided corporate and personal guarantees to the banks for loans and other facilities obtained by the Entities.

Certain properties and equipment with a net book value of AED 3,040,076 (2021: Nil) and AED 1,502,924 (2021: Nil) were transferred to First IVF Fertility Centre LLC and VPS Healthcare respectively, related parties for consideration equal to the book value which resulted in no gain or loss (note 7a).

* Corporate charges include allocation of common cost mainly HR support, IT support, finance operations support and other general overheads from VPS Healthcare, a related party up to the period ended 30 June 2022. Subsequent to 30 June 2022, these functions have been transferred to the Group and are now direct costs of the Group.

Balances with related parties included in the consolidated statement of financial position are as follows:

	2022 AED	2021 AED
Amounts due from related parties		
<i>Current</i>		
<i>Entities under common control</i>		
VPS Healthcare LLC*	9,334,733	1,504,149,148
Hirmas Real Estate LLC	7,009,963	6,110,417
International Knee & Joint Centre LLC	4,509,510	3,996,110
First IVF Fertility Centre L.L.C	1,070,795	–
Sahara Medical Centre LLC	717,403	–
Workers Village Real Estate	383,325	–
Al Barakah Investment	300,111	–
Burjeel Management Pvt Ltd	200,000	–
Life Pharma FZE	12,378	27,323,471
Lifeline Scientific Office	–	46,027,236
Response Plus Medical Services LLC - Dubai Branch	–	4,353,500
Response Plus Medical Services One Person LLC	–	3,459,398
National Petroleum Construction Company managed by LLH Hospital Al Mussafah LLC	–	344,683
Life Care Clinic LLC Branch	–	227,529
	23,538,218	1,595,991,492

* This balance carried an interest rate of 6% per annum until 30 September 2022 (31 December 2021: 6% per annum).

During the year, Dr Shamsheer Vayalil settled the gross amounts due from VPS Healthcare from the proceeds of IPO.

	2022 AED	2021 AED
Amounts due to related parties		
Response Plus Medical Services LLC	18,745,226	26,358,998
Ziva Wet Wipes LLC	6,911,090	10,449,943
Al Raha Village Properties LLC	4,568,664	4,495,475
Keita Catering LLC	3,988,685	162,928
International Construction Contracting Company	1,053,254	295,254
Health Tech Training Centre LLC	188,906	4,320,381
Middle East North Africa Conference Company LLC	112,198	101,698
Health Tech Training Centre LLC – Dubai Branch	19,859	–
Occumed Clinic LLC	–	7,361,916
Workers Village Real Estate LLC	–	269,063
Adline Advertising LLC	–	17,281
	35,587,882	53,832,937

Terms and conditions with related parties

Outstanding balances at the year-end arise in the normal course of business and due to receipt and payment transactions. The Entities have not recorded any impairment of amounts due from related parties. This assessment is undertaken each reporting date through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The remuneration of the members of key management during the years were as follows:

	2022 AED	2021 AED
Salaries and other benefits	30,521,229	21,422,829
Employees' end of service benefits	2,101,168	1,459,396
	32,622,397	22,882,225
Number of key management personnel	39	38

18 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's principal financial liabilities consist of accounts payables, interest bearing loans and borrowings, amounts due to related parties, derivative financial instruments, lease liabilities and certain other liabilities. The main purpose of the financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivable, amounts due from related parties and bank balances and cash and certain other assets, which arise directly from its operations and inter-company receipt and payment transactions.

Risk management activities carried out by the Group are under policies approved by the management. The Group identifies and evaluates financial risks in close co-operation with the Group's operating units. The financial risk management disclosures have been presented to illustrate different potential scenarios and situations that the Group may encounter in practice.

Credit risk

Credit risk refers the risk arising on account of a default by counterparty on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually. The Group uses its own trading records to rate its major customers.

The Group is exposed to credit risk on its accounts receivable, bank balances and amounts due from related parties as disclosed in Notes 10, 11 and 17, respectively. Credit risk is limited to the carrying values of each class of financial assets in the consolidated statement of financial position.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating) The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group does not hold collateral as security.

The Group's five largest customers account for approximately 76% of outstanding accounts receivable at 31 December 2022, (2021: 73%). The average credit period on trade receivables is 90 days (2021: 90 days).

Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group. The Group seeks to limit its credit risk with regard to bank balances by dealing only with reputable banks. These balances are callable on demand and held with reputable financial institutions. Management has assessed that the credit risk is minimal on bank balances.

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18 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES CONTINUED

Amounts due from related parties

Amounts due from related parties is not considered to represent significant credit risk because amounts due from related parties are from the companies owned and controlled by the Group and therefore do not carry any significant risks of default. The credit risk is assessed to be minimal as there is no historical default and these balances are due from entities, which has common shareholding.

Other financial assets

With respect to credit arising from the other financial assets of the Group, which comprise other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Interest rate risk

The Group has no significant interest-bearing assets and the Group's income, and operating cash flows are substantially independent of changes in market interest rates. Any excess cash and cash equivalents are invested at short term market interest rates.

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group is exposed to interest rate risk on its interest-bearing loans and borrowings.

Interest rate sensitivity analysis

The sensitivity analyzes below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the statement of financial position date. For floating rate liabilities and bank deposits, the analysis is prepared assuming the amount of liability and bank deposit outstanding at the statement of financial position date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit or loss, based on the floating rate financial liabilities held at reporting dates. The analysis is prepared assuming the amount of interest-bearing assets and liabilities (floating rate) outstanding at the reporting date was outstanding for the whole year. The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant. In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk, as the year-end exposure does not reflect the exposure during the year.

	Increase/ decrease in basis points	Effect on profit/(loss) AED
2022	+100	(12,607,921)
	-100	12,607,921
2021	+100	(33,294,962)
	-100	33,294,962

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities and funding from Dr Shamsheer Vayalil. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and funding from Dr Shamsheer Vayalil. The Group monitors its risk of shortage of funds using cash flow budgeting in which it considers the cash flows and as well as their sources of funding.

The Group limits its liquidity risk by ensuring bank facilities are available and by funding non-current assets with long term loans. Trade payables are normally settled within 90 to 120 days of the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities, based on contractual payment dates and current market interest rates.

	On demand AED	Less than 3 months AED	3 to 12 months AED	1 to 5 years AED	More than 5 years AED	Total AED
2022						
Interest bearing loans and borrowings	–	283,414,848	85,980,617	486,911,961	446,909,071	1,303,216,497
Lease liabilities	–	42,770,129	102,432,409	500,293,157	982,688,939	1,628,184,634
Amounts due to related parties	–	11,200,879	24,387,003	–	–	35,587,882
Trade and accounts payable	–	300,429,867	552,093,101	–	–	852,522,968
Derivative financial instruments	–	–	–	28,374,631	–	28,374,631
Total	–	637,815,723	764,893,130	1,015,579,749	1,429,598,010	3,847,886,612
2021						
Interest bearing loans and borrowings	77,275,778	205,746,409	390,671,246	2,174,434,321	1,173,635,889	4,021,763,643
Lease liabilities	–	40,765,284	137,894,624	692,988,299	739,306,883	1,610,955,090
Amounts due to related parties	–	15,052,231	38,780,706	–	–	53,832,937
Trade and accounts payable	–	753,369,465	174,291,733	–	–	927,661,198
Bank overdrafts	91,476,683	–	–	–	–	91,476,683
Derivative financial instruments	–	–	–	32,463,738	–	32,463,738
Total	168,752,461	1,014,933,389	741,638,309	2,899,886,358	1,912,942,772	6,738,153,289

In 2017, Medeor International Hospital in Al Ain, United Arab Emirates entered into an agreement with a bank to finance the capital expenditure of the new hospital. The repayment of loan was over the period of 5 years in 20 installments on quarterly basis. The first repayment started in 2018. As of 31 December 2021, Medeor International Hospital was not in compliance with two of the seven financial covenants. The bank did not declare an event of default under the loan agreement and the facility was renewed without any penalty in 2022, but these breaches constituted events of default and could have resulted in the lender requiring immediate repayment of loans. Accordingly, as of 31 December 2021, the Group classified these loans and borrowings of AED 63,892,438 and AED 43,701,896, respectively as current liability. As at 31 December 2022, this loan was settled in full and consequently, there were no breaches of covenants.

Foreign currency risk

The Group is exposed to foreign currency risk arising from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a currency other than the respective functional currencies of the Group entities. As the UAE Dirham and Omani Riyal is pegged to the USD, balances in these currencies are not considered to represent significant foreign currency risk.

Management has set up policies to require Group companies to manage their foreign currency risk against their functional currency. Further, the Group is not significantly exposed to foreign currency risk in respect of its subsidiary in India as those operations are minimal as compared to the Group's operations. The Group's exposure to foreign currency changes is not material.

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18 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES CONTINUED

Capital management

The primary objective of the Group's capital management is to ensure that it is able to continue as going concern while maintaining healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest bearing loans and borrowings, lease liabilities, accounts payables and accruals and amounts due from related parties, less cash and cash equivalents. Capital includes total equity.

	2022 AED	2021 AED
Interest bearing loans and borrowings (note 14)	1,260,792,098	3,207,706,904
Lease liabilities (note 16)	1,175,608,884	1,281,276,045
Accounts payable and accruals (note 15)	945,477,127	1,046,177,187
Amounts due to related parties (note 17)	35,587,882	53,832,937
Cash and cash equivalent (note 11)	(146,736,382)	(39,157,261)
Net debt	3,270,729,609	5,549,835,812
Equity	1,088,647,170	363,439,013
Equity and net debt	4,359,376,779	5,913,274,825
Gearing ratio	75%	94%

19 INVESTMENT IN ASSOCIATES

Details of the Group's associates are as follows:

Name of entity	Principal activities	Place of incorporation and operation	Ownership percentage	
			At December	
			2022	2021
Associate				
International Knee & Joint Centre LLC	Supply of sports medicine and the provision of medical and rehabilitation services in relation to sports injuries and, in particular, those related to the knee.	U.A.E.	40%	40%
First IVF Fertility Centre LLC	To run, operate and manage fertility and infertility treatment centre for the patients	U.A.E	30%	30%

The above investment is accounted for using the equity method in these consolidated financial statements.

a) International Knee & Joint Centre LLC

Movement in International Knee & Joint Centre LLC ('Knee & Joint Centre') are as follows:

	2022 AED	2021 AED
Balance at 1 January	5,664,567	9,132,911
Share of the profit for the year	11,900,790	10,531,656
Dividend received during the year	(13,200,000)	(14,000,000)
Balance at 31 December	4,365,357	5,664,567

The following table illustrates the summarized of financial information relating to the Group's investment in Knee & Joint Centre:

	2022 AED	2021 AED
Total assets	29,264,784	55,932,885
Total liabilities	(18,436,137)	(41,771,468)
Net assets	10,828,647	14,161,417
The Group's share of net assets in Knee & Joint Centre – 40% share	4,365,357	5,664,567
The Group's carrying amount of investment in Knee & Joint Centre (A)	4,365,357	5,664,567
	2022 AED	2021 AED
Revenue	78,725,684	71,471,805
Profit for the year	29,751,975	26,329,140
Other comprehensive income	–	–
Total comprehensive income	29,751,975	26,329,140
The Group's share of profit in Knee & Joint Centre – (B)	11,900,790	10,531,656
The Group's share of total comprehensive in Knee & Joint Centre	11,900,790	10,531,656

Knee & Joint Centre had no contingent liabilities or capital commitments as at 31 December 2022 (2021: Nil).

b) First IVF Fertility Centre LLC

Movement in First IVF Fertility Centre LLC (IVF) are as follows:

	2022 AED	2021 AED
Balance at 1 January	11,726,200	943,133
Share of the Group's profit for the year	9,318,989	10,783,067
Investment during the year	3,662,019	–
Balance at 31 December	24,707,208	11,726,200

The following table illustrates the summarised of financial information relating to the Group's investment in IVF:

	2022 AED	2021 AED
Total assets	70,071,210	54,917,670
Total liabilities	(16,191,094)	(15,830,337)
Net assets	53,880,116	39,087,333
The Group's share of net assets in IVF – 30% share	24,707,208	11,726,200
The Group's carrying amount of investment in IVF – (C)	24,707,208	11,726,200
	2022 AED	2021 AED
Revenue	92,749,919	85,211,440
Profit for the year	32,017,770	35,943,557
Other comprehensive income	–	–
Total comprehensive income	32,017,770	35,943,557
The Group's share of profit in IVF – (D)	9,318,989	10,783,067
The Group's share of total comprehensive in IVF	9,318,989	10,783,067

IVF had no contingent liabilities or capital commitments as at 31 December 2022 (2021: Nil).

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31 DECEMBER 2022

19 INVESTMENT IN ASSOCIATES CONTINUED

Total share of the Group's profit from associates are as follows:

	2022 AED	2021 AED
International Knee & Joint Centre LLC – (B)	11,900,790	10,531,656
First IVF Fertility Centre LLC – (D)	9,318,989	10,783,067
	21,219,779	21,314,723

The Group's total carrying amount of investment in associates are as follows:

	2022 AED	2021 AED
International Knee & Joint Centre LLC – (A)	4,365,357	5,664,567
First IVF Fertility Centre LLC – (C)	24,707,208	11,726,200
	29,072,565	17,390,767

20 SEGMENTAL REPORTING

For management purposes, the Group is organised into business units or segments based on its products and services and has four reportable segments as follows:

- Hospitals;
- Medical Centre;
- Pharmacies; and
- Others

Hospital includes entities that provide inpatient, day-care services and Outpatient services to patients to diagnosis the disease and offer medical and surgical treatment as part of in-patient services.

Medical Centre includes entities which offer only outpatient services to patients which includes medical consultation, lab and radiology diagnostic treatment (if required), will refer the patient to hospitals for Inpatient and day care services, if needed.

Pharmacies includes all the retail pharmacies which are outside the premises of the hospitals and medical centres. Pharmacies act as retail stores and selling pharmaceutical and cosmetic products.

Others represent business units that support the hospitals, medical centre, and pharmacies to manage the supply chain, valet parking and claim submission etc.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officers of the Group is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Segment performance is evaluated based on profit or loss including EBIT and EBITDA and is measured consistently with profit or loss in the consolidated financial statements.

As at and for the year ended 31 December 2022

	Hospitals AED	Medical centre AED	Pharmacies AED	Others AED	Total segments AED	Adjustments and eliminations AED	Consolidation AED
Revenue							
Out patient revenue	2,271,452,560	384,659,120	-	-	2,656,111,680	(184,378,042)	2,471,733,638
In patient revenue	1,339,775,446	-	-	-	1,339,775,446	-	1,339,775,446
Total clinical revenue	3,611,228,006	384,659,120	-	-	3,995,887,126	(184,378,042)	3,811,509,084
Pharmacy sales	-	-	64,781,528	-	64,781,528	(249,134)	64,532,394
Others	34,435,032	523,406	634,947	793,076,337	828,669,722	(787,879,346)	40,790,376
Rental income	7,142,467	36,326	-	-	7,178,793	-	7,178,793
Total revenue	3,652,805,505	385,218,852	65,416,475	793,076,337	4,896,517,169	(972,506,522)	3,924,010,647
Revenue							
External customer	3,472,287,492	380,758,823	65,167,341	5,796,991	3,924,010,647	-	3,924,010,647
Intersegment	180,518,013	4,460,029	249,134	787,279,346	972,506,522	(972,506,522)	-
Total revenue	3,652,805,505	385,218,852	65,416,475	793,076,337	4,896,517,169	(972,506,522)	3,924,010,647
Segment profit	264,610,687	73,957,108	4,518,615	11,492,983	354,579,393	-	354,579,393
Finance costs	207,752,430	2,923,775	-	294,188	210,970,393	-	210,970,393
Finance income	(42,190,735)	-	-	-	(42,190,735)	-	(42,190,735)
Profit before interest, taxation (EBIT)	430,172,382	76,880,883	4,518,615	11,787,171	523,359,051	-	523,359,051
Depreciation and amortization	315,467,209	36,226,139	755,653	1,938,718	354,387,719	-	354,387,719
Profit before interest, taxation, depreciation, amortization (EBITDA)	745,639,591	113,107,022	5,274,268	13,725,889	877,746,770	-	877,746,770
Total assets as at 31 December 2022	7,715,105,176	539,866,298	112,194,472	2,460,825,938	10,827,991,884	(6,142,856,535)	4,685,135,349
Total liabilities as at 31 December 2022	7,118,332,118	546,114,292	116,746,941	1,967,561,981	9,748,755,332	(6,181,467,081)	3,567,288,251
<i>Other disclosures:</i>							
Additions to property and equipment	66,960,433	3,885,063	647,416	1,051,301	72,544,213	-	72,544,213
Additions to capital work in progress	7,085,006	27,250	-	-	7,112,256	-	7,112,256
Additions to intangible assets	107,882	44,578	-	3,347,560	3,500,020	-	3,500,020
Property and equipment transferred to a related party (net book value)	4,543,000	-	-	-	4,543,000	-	4,543,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

20 SEGMENTAL REPORTING CONTINUED As at and for the year ended 31 December 2021

	Hospitals AED	Medical centre AED	Pharmacies AED	Others AED	Total segments AED	Adjustments and eliminations AED	Consolidation AED
Revenue							
Out patient revenue	1,893,915,413	349,499,361	–	–	2,243,414,774	(72,064,677)	2,171,350,097
In patient revenue	1,086,674,101	–	–	–	1,086,674,101	–	1,086,674,101
Total clinical revenue	2,980,589,514	349,499,361	–	–	3,330,088,875	(72,064,677)	3,258,024,198
Pharmacy sales	–	–	58,204,525	–	58,204,525	(278,309)	57,926,216
Others	22,243,745	1,955,167	516,782	540,508,663	565,224,357	(537,214,479)	28,009,878
Rental income	7,018,229	–	12,713	–	7,030,942	–	7,030,942
Total revenue	3,009,851,488	351,454,528	58,734,020	540,508,663	3,960,548,699	(609,557,465)	3,350,991,234
Revenue							
External customer	2,941,951,511	346,689,827	58,455,713	3,894,183	3,350,991,234	–	3,350,991,234
Intersegment	67,899,977	4,764,701	278,308	536,614,480	609,557,466	(609,557,466)	–
Total revenue	3,009,851,488	351,454,528	58,734,021	540,508,663	3,960,548,700	(609,557,466)	3,350,991,234
Segment profit							
Finance costs	154,297,128	44,654,054	3,554,314	31,600,456	234,105,952	–	234,105,952
Finance income	204,112,215	4,243,081	–	847,643	209,202,939	–	209,202,939
	(58,468,706)	–	–	–	(58,468,706)	–	(58,468,706)
Profit before interest, taxation (EBIT)	299,940,637	48,897,135	3,554,314	32,448,099	384,840,185	–	384,840,185
Depreciation and amortization	346,778,682	43,519,070	1,341,810	2,650,309	394,289,871	–	394,289,871
Profit before interest, taxation, depreciation, amortization (EBITDA)	646,719,319	92,416,205	4,896,124	35,098,408	779,130,056	–	779,130,056
Total assets as at 31 December 2021	8,108,779,203	476,820,023	94,418,429	382,859,000	9,062,876,655	(2,867,397,637)	6,195,479,018
Total liabilities as at 31 December 2021	7,742,130,436	555,236,920	102,651,078	272,886,378	8,672,904,812	(2,858,628,168)	5,814,276,644
<i>Other disclosures:</i>							
Additions to property and equipment	62,081,945	3,910,293	639,904	1,446,867	68,079,009	–	68,079,009
Additions to capital work in progress	17,567,999	9,083	–	–	17,577,082	–	17,577,082
Additions to intangible assets	53,004	30,346	–	–	83,350	–	83,350

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

Revenue by Geographic segments:

	Emirate of Abu Dhabi AED	Emirate of Dubai & Northern Emirates AED	Sultanate of Oman AED	Total AED
For the year ended 31 December 2022				
In patient revenue	1,128,632,398	161,591,588	49,551,460	1,339,775,446
Out patient revenue	2,198,066,897	155,582,090	118,084,651	2,471,733,638
Pharmacy	64,532,394	–	–	64,532,394
Other income	29,355,334	5,567,281	5,867,761	40,790,376
	3,420,587,023	322,740,959	173,503,872	3,916,831,854
Rental income	7,027,832	15,000	135,961	7,178,793
Total revenue	3,427,614,855	322,755,959	173,639,833	3,924,010,647
For the year ended 31 December 2021				
In patient revenue	863,300,296	168,082,619	55,291,186	1,086,674,101
Out patient revenue	1,860,842,110	174,949,079	135,558,908	2,171,350,097
Pharmacy	57,926,216	–	–	57,926,216
Other income	21,721,540	4,316,191	1,972,147	28,009,878
	2,803,790,162	347,347,889	192,822,241	3,343,960,292
Rental income	6,417,441	515,000	98,501	7,030,942
Total revenue	2,810,207,603	347,862,889	192,920,742	3,350,991,234

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the year ended 31 December 2022.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

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21 FAIR VALUES OF FINANCIAL INSTRUMENTS CONTINUED

For the year ended 31 December 2022 fair values of derivative financial instruments amounted to:

	2022 AED	2021 AED
Derivative financial instruments – liability (note 22)	28,374,631	32,463,738

The Group enters into derivative financial instrument transactions with various banks and financial institutions with investment grade credit ratings.

The management assessed that the fair values of all other financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

22 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into a profit rate swap agreements to manage the interest rate exposure. The changes in the fair value of the derivatives amounting to AED 9,416,881 (loss) for the year ended 31 December 2022(2021: AED 2,497,976 (profit)) is included as a component of other expenses in the consolidated statement of comprehensive income.

The fair values of the Group's derivative financial instruments as at 31 December are as follows:

	2022 AED	2021 AED
Profit rate swaps – non-current liabilities (note 21)	28,374,631	32,463,738

Movement in the derivative financial instruments during the year is as follows:

	2022 AED	2021 AED
At 1 January	32,463,738	34,961,714
Additions during the year	9,416,881	(2,497,976)
Repayments during the year	(13,505,988)	–
	28,374,631	32,463,738

Profit rate swaps:

The Group uses derivative financial instruments to manage the interest rate risk. As at 31 December 2022 and 31 December 2021, the Group entered into interest rate swap agreement(s) to limit exposure to interest rate increases related to a portion of the floating rate indebtedness. As at 31 December 2022 and 31 December 2021, the aggregate notional principal amounts of the outstanding interest rate swap contracts amount to AED 491,429,670 and AED 927,169,991 respectively. The derivative financial instruments represent the recognition of a financial liability amounting to AED 28,374,631 and AED 32,463,738 as at 31 December 2022 and 31 December 2021 respectively, relating to the fair value adjustment of the profit rate swaps.

The fair values of the profit rate swaps are estimated using quotes from external sources or the counterparty to the instruments. In valuing unquoted instruments, valuation techniques, including discounted cash flow models and option pricing models, are used as appropriate. The loss on the interest rate swap is recognised in the consolidated statement of comprehensive income for respective years.

The following table analyzes within the fair value hierarchy the Group's financial instruments measured at fair value at 31 December 2022 and 31 December 2021.

	Level 1 AED	Level 2 AED	Level 3 AED
Derivative financial instruments – Profit rate swaps measured at fair value:			
31 December 2022	–	28,374,631	–
31 December 2021	–	32,463,738	–

The levels of fair value inputs used to measure the investments are characterised in accordance with the fair value hierarchy established by IFRS 7. The management uses its judgment and consider factors specific to the investment in determining the significance of an input to a fair value measurement. The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

Level 1: Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Group uses Level 1 inputs for investments in publicly traded unrestricted securities for which the Group does not have a controlling interest. The Group does not measure the fair value of the financial instruments using Level 1 inputs as of 31 December 2022 and 31 December 2021.

Level 2: Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group measures the fair value of financial instruments using this category.

Level 3: Level 3 inputs are unobservable and cannot be corroborated by observable market data. The Group does not measure the fair value of the financial instruments using Level 3 inputs as of 31 December 2022 and 31 December 2021.

Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these instruments to be different than the valuations currently assigned.

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Changes in liabilities:

	At 1 January AED	Cash flows AED	Non-cash transactions AED	At 31 December AED
31 December 2022				
Derivative financial instruments – (non-current)	32,463,738	(13,505,988)	9,416,881	28,374,631
31 December 2021				
Derivative financial instruments – (non-current)	34,961,714	–	(2,497,976)	32,463,738

The 'Non-cash transaction' column includes the effect of changes in fair value of derivative financial instruments. The Group classifies these changes in fair value of derivative financial instruments is a non-cash activity and does not affect the consolidated statement of cash flows.

23 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the Equity holders of Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the Equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

23 EARNINGS PER SHARE CONTINUED

The information necessary to calculate basic and diluted earnings per share is as follows:

	2022 AED	2021 AED
Earnings:		
Profit attributable to the Equity holders of the Parent	338,142,826	220,922,484
Number of shares		
Weighted -average number of ordinary shares for basic and diluted earnings per share (restated*)	5,205,134,175	5,004,736,510
Earnings per share		
Basic and diluted earnings per share (AED) (restated*)	0.06	0.04

* The weighted average number of shares includes the impact of bonus shares issued, split of shares, reduction of share capital during the year. During the year, there is no dilution in the weighted average number of shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

24 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries of the Group that has material non-controlling interest is provided below:

	Country of incorporation	Ownership 2022	Ownership 2021
Lifecare Hospital LLC	UAE	50%	50%
Lifecare International Pharmacy LLC	UAE	50%	50%
Lifecare Clinic LLC	UAE	50%	50%
Lifecare Medical Centre LLC	UAE	50%	50%
		2022 AED	2021 AED
Lifecare Hospital LLC & Lifecare International Pharmacy LLC (i)		31,199,023	18,362,338
Lifecare Clinic LLC (ii)		105,395	370,391
Lifecare Medical Centre LLC (iii)		(2,104,490)	(969,368)
		29,199,928	17,763,361
Total comprehensive income for the year attributable to non-controlling interests:			
		2022 AED	2021 AED
Lifecare Hospital LLC & Lifecare International Pharmacy LLC (i)		17,686,686	3,464,522
Lifecare Clinic LLC (ii)		(114,998)	90,148
Lifecare Medical Centre LLC (iii)		(1,135,121)	(371,202)
		16,436,567	13,183,468

i) Lifecare Hospital LLC & Lifecare International Pharmacy LLC ('Lifecare Hospital')

The summarised financial information of Lifecare Hospital is provided below. This information is based on amounts before inter-company eliminations.

	2022 AED	2021 AED
Statement of comprehensive income for the year:		
Revenue	249,907,631	244,735,180
Expenses	(214,534,259)	(217,806,137)
Profit for the year	35,373,372	26,929,043
Profit allocated to non-controlling interest	17,686,686	13,464,522
Statement of cash flows for the year:		
Cash flows from operating activities	9,272,155	14,966,014
Cash flows used in investing activities	(11,592,245)	(1,341,960)
Cash flows used in financing activities	(6,329,486)	(11,500,003)
Net cash (outflows)/inflows	(8,649,576)	2,124,051
Statement of financial position:		
Total assets	290,765,704	293,176,857
Total liabilities	(228,367,657)	(256,452,181)
Net assets	62,398,047	36,724,676
Accumulated non-controlling interest	31,199,023	18,362,338

ii) Lifecare Clinic LLC ('Lifecare Clinic')

The summarised financial information of Lifecare Clinic is provided below. This information is based on amounts before inter-company eliminations.

	2022 AED	2021 AED
Statement of comprehensive income for the year:		
Revenue	2,266,434	2,955,293
Expenses	(2,496,429)	(2,774,998)
(Loss) profit for the year	(229,995)	180,295
(Loss) profit allocated to non-controlling interest	(114,998)	90,148
Statement of cash flows for the year:		
Cash flows from operating activities	300,000	(74,657)
Cash flows used in investing activities	–	(225,343)
Cash flows used in financing activities	(300,000)	300,000
Net cash (outflows)/inflows	–	–
Statement of financial position:		
Total assets	2,962,801	2,353,526
Total liabilities	(2,752,012)	(1,612,743)
Net assets	210,789	740,783
Share of non-controlling interest	105,395	370,391

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 DECEMBER 2022

24 MATERIAL PARTLY-OWNED SUBSIDIARIES CONTINUED

iii) Lifecare Medical Centre LLC ('Lifecare Medical Centre')

The summarised financial information of Lifecare Medical Centre is provided below. This information is based on amounts before inter-company eliminations.

	2022 AED	2021 AED
Statement of comprehensive income for the year:		
Revenue	1,562,913	1,910,788
Expenses	(3,833,156)	(2,653,191)
Loss for the year	(2,270,243)	(742,403)
Loss allocated to non-controlling interest	(1,135,121)	(371,202)

	2022 AED	2021 AED
Statement of cash flows for the year:		
Cash flows (used in) from operating activities	(11,428)	135,573
Cash flows used in investing activities	–	(131,819)
Net cash (outflows)/inflows	(11,428)	3,754

Statement of financial position:		
Total assets	1,273,074	1,467,687
Total liabilities	(5,482,054)	(3,406,423)
Net liabilities	(4,208,980)	(1,938,736)
Share of non-controlling interest	(2,104,490)	(969,368)

25 CONTINGENCIES AND COMMITMENTS

Contingencies:

As at 31 December 2022, the Group had contingent liabilities in respect of labor guarantees amounting to AED 1,622,432 (2021: AED 3,820,200) and performance guarantees amounting to AED 9,453,423 (2021: AED 7,799,476), arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group in the normal course of business is involved from time to time in claims and counter claims with respect to contractors, customers and other parties. The Group undertake a periodic review of its potential exposure to claims made against it by vendors and as at 31 December 2022 there is no material exposure that requires to be disclosed.

Capital commitments:

Capital expenditure contracted but not yet incurred at the end of the year are as follows:

	2022 AED	2021 AED
Building improvements	9,127,550	2,204,829
Medical equipment	6,399,924	2,952,734
Others	727,023	1,153,667
	16,254,497	6,311,230

26 COMPARATIVE INFORMATION

The Group has changed presentation of comparative information in consolidated statement comprehensive income and consolidated financial position to conform to the current year presentation. This reclassification did not have any impact on the previously reported profit or equity of the Group.

The reclassifications are summarised as follows:

	2021 AED As previously reported	2021 AED As reclassified now	AED Reclassification
Consolidated statement of comprehensive income:			
Doctors' and other employees' salaries and benefits	1,373,099,955	1,394,587,366	21,487,411
Other expenses	293,047,053	278,042,667	(15,004,386)
Inventories consumed	762,548,026	756,065,001	(6,483,025)
Consolidated statement of financial position:			
Non-current liabilities:			
Lease liabilities	1,108,599,810	1,183,119,647	74,519,837
Current liabilities:			
Lease liabilities	172,676,235	98,156,398	(74,519,837)

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