

PURSHALTH⁺

20
23

INTEGRATED REPORT

GROWTH, RESULTS,
AND A BOLD VISION
FOR A HEALTHIER WORLD

PureHealth is a brand of scientific innovation where we combine our imagination and advances in technology to unlock time in order to extend human possibility through life, meaning and purpose.

We are the **largest integrated healthcare network in the United Arab Emirates.**

With a cross-category ecosystem that covers hospitals, clinics, diagnostics, insurance, pharmacies, health-tech, procurement and more, we are on the ground and in the cloud to advance the science of longevity.

Pioneering ground-breaking innovations and leading from the edge of tomorrow, we're on a mission to unlock time for humankind.

www.PureHealth.ae

Board of Directors Report 2-27

PureHealth Records Transformational Year Underpinned by Bumper IPO	4
Group CEO Message	6
Economic Outlook	8
Healthcare Outlook	9
At a glance	10
Strategy	11
Financial & Operational Highlights	13

Sustainability and Social Impact 28-41

Sustainability and Social Impact	30
Harnessing the power of partnerships and collective action	32
Sustainability and social impact pillars	34
Operating model and governance for sustainability and social impact	35
Key highlights of 2023	36
2024 Sustainability and Social Impact Strategic Outlook	41

Governance Report 42-43

Introduction	44
Group Governance	45
Role of Board	46
Delegation of Authority	48
Board of Directors	49
Board Committees	52
Executive Management	55
Remuneration	56
Related Parties Transactions	56
Investor Relations	57
Internal Controls	58
External Audits	61
Violations	61
Additional Incidents	61
Shareholding and Share Price Information	62
Special Resolutions	63

Financial Statements 64-138

Director's Report	66
Independent Auditor's Report	67
Consolidated Statement of Financial Position	70
Consolidated Statement of Profit and Loss	72
Consolidated Statement of Other Comprehensive Income	73
Consolidated Statement of Changes in Equity	74
Consolidated Statement of Cash Flows	75
Notes to the Consolidated Financial Statements	77
Appendix: Glossary	138

Vision

To unlock time for humankind.

Mission

To advance the science of longevity so that people live longer, healthier, happier and fuller lives.

Board of Directors Report

PureHealth Records Transformational Year Underpinned by Bumper IPO	4
Group CEO Message	6
Economic Outlook	8
Healthcare Outlook	9
At a glance	10
Strategy	11
Financial & Operational Highlights	13

PureHealth Records Transformational Year Underpinned by Bumper IPO

PureHealth Records Transformative Year, Posts 31% Revenue Growth for FY2023

Having completed its initial public offering on the Abu Dhabi Stock Exchange (ADX), 2023 was a significant and transformational year for Pure Health Holding PJSC (“PureHealth” or the “Group”).

Backed by strong investor demand and an exceptional performance on its first day of trading, PureHealth has made demonstrable progress in its vision to transform healthcare. Throughout the year, the Company announced international acquisitions, including an AED 1.8 billion stake in US-based Ardent Health Services, USA’s 4th largest private healthcare group, and a buyout of the UK’s largest private healthcare group, Circle Health Group, a USD 1.2 billion before debt deal. Strategic acquisitions have been a key growth driver for the Company, reflecting a 17% growth in PureHealth’s assets¹.

Moreover, PureHealth has delivered an outstanding set of financial results, with revenue increasing by 31% year-on-year to AED 16.4 billion, recognizing the full-year impact of acquisitions tracing back to the fourth quarter of 2022. Top-line growth coupled with cost-optimization and realized synergies across the Group’s ecosystem have translated into an EBITDA of AED 2.4 billion with a healthy EBITDA margin of c.15%. Net income stood at AED 965 million for the year.

“

PureHealth navigated a year of significant transformation in 2023, achieving robust growth that underscores the strength of its strategic vision and the dedication of its employees.”

SHAISTA ASIF
Group Chief Executive Officer

FINANCIAL HIGHLIGHTS

Revenue
AED 16.4 billion



Total comprehensive income
AED 1.1 billion



Reported EBITDA
AED 2.4 billion



EPS
AED 0.10



INITIAL PUBLIC OFFER HIGHLIGHTS

Market cap. at debut day close
AED 63.8 billion



Raised in funding
AED 3.62 billion



Over subscription by retail tranche
483x



Over subscription by institutional tranche
54x



¹ Figure includes IPO proceeds.

Group CEO Message

From Abu Dhabi to the world: Leading healthcare.



“

We are pleased to report a 31% increase in annual revenue, reflecting the effective integration of our acquisitions.”

SHAISTA ASIF
Group Chief Executive Officer

NAVIGATING CHALLENGES AND EMBRACING OPPORTUNITY

Since the pandemic and its global impact on long-term physical and mental well-being, access to healthcare facilities around the world has been transformed. For modern-day healthcare, this transformation has presented providers and professionals with unprecedented challenges at an unimaginable scale, redefining the sector for years to come. In the United Arab Emirates, PureHealth, the UAE's largest healthcare group, acted to develop and deploy an integrated ecosystem of innovative healthcare facilities to support the nation's drive against the COVID-19 pandemic.

Amidst the many challenges that COVID-19 created, a calling emerged – an opportunity to empower individuals to live healthier, happier, and longer lives, regardless of their location. This ignited a broader ambition to bring best-in-class healthcare from Abu Dhabi to the world, fused with innovative technology, and longevity at its core.

2023: A YEAR OF TRANSFORMATION AND GROWTH

In 2023, this calling became a reality with PureHealth's successful IPO, marking a pivotal moment in our journey from Abu Dhabi to the global stage. We are deeply grateful for the investment community's recognition of our ecosystem's potential to create lasting positive change.

Moreover, PureHealth announced international acquisitions, including an AED 1.8 billion stake in US-based Ardent Health Services, adding to a series of successful large acquisitions in 2022. Throughout the year, ahead of our IPO, we continued to execute our growth plans, having signed an agreement to buy the UK's largest private healthcare group, Circle Health Group, in a USD 1.2 billion before debt deal that closed in January 2024.

DELIVERING STRONG RESULTS IN A TRANSFORMATIVE YEAR

I am proud to report PureHealth's continued growth in 2023. Underpinned by an impressive portfolio expansion, including renowned international targets across established and growing markets, the Company registered a 17% growth in assets. Asset growth is instrumental to our growth strategy, providing an opportunity to continue scaling the Company internationally while capturing valuable synergies for both our Healthcare Services and Healthtech portfolios.

This is coupled with a robust performance exemplified by a remarkable 31% year-on-year growth across our top line, reflecting the successful integration of our acquisitions.

Recognizing the post-pandemic landscape and the sector's evolution, we have continued to prioritize innovation, unlocking value across our ecosystem. These have supported cost optimization, organic synergies and the scaling up of our investments across our different verticals in anticipation of the world's emerging healthcare needs.

The Group recorded growth across all major business segments, with their respective accomplishments underscoring the strength of our strategic vision and the unwavering dedication of our employees.

LOOKING FORWARD: OUR BOLD VISION FOR GLOBAL IMPACT

As we move forward, we continue to be guided by our three pronged strategy:

1. Driving Global Expansion through M&A:

We will continue to identify strategic acquisitions that broaden our reach and expertise.

2. Enhancing Healthcare Delivery through Innovation:

We will invest in cutting-edge solutions that improve patient care and outcomes.

3. Maximizing Societal Impact through Sustainable Stewardship:

We are committed to operating responsibly and contributing positively to the communities we serve.

With this bold vision and unwavering commitment, PureHealth is poised to achieve continued success and make a positive impact on the world in the years to come.

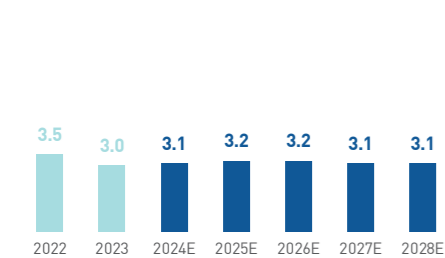
SHAISTA ASIF
Group Chief Executive Officer

Economic Outlook

GLOBAL

The global economy is poised for a gradual recovery from the previous year's slowdown. Described as "surprisingly resilient," the International Monetary Fund (IMF) projected global economic growth at 3.1% in 2024, a marginal improvement from the projections made in October 2023. This uptick is attributed to the resilience reflected across the United States and several large emerging markets and developing economies coupled with further fiscal support in China. Cautious optimism is advisable, as inflation remains a lingering concern despite its accelerated retreat (forecasted 5.8% in 2024 & 4.6% in 2025 versus 6.9% in 2023 globally) across most regions driven by restrictive monetary policy.

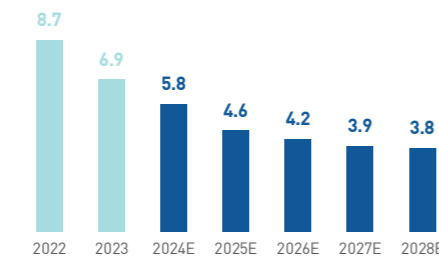
World GDP Annual Growth
% (IMF)



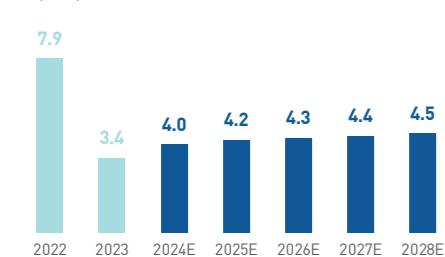
UNITED ARAB EMIRATES

While risks to global growth persist, markets including the United Arab Emirates (UAE) similarly to broader GCC remain shielded by higher oil prices and healthy fiscal buffers. The IMF projects the UAE GDP growth rate to stand at 4% in 2024, outpacing most advanced and emerging economies. The region's overall performance is driven by the evident decoupling of its non-oil economy from global trends, supported by a tangible commitment to economic diversification and lower inflation in comparison to global rates.

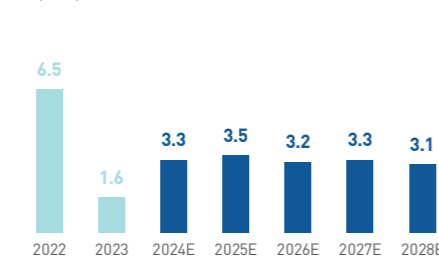
World Inflation Rate
% (IMF)



UAE GDP Annual Growth
% (IMF)



Middle East GDP Annual Growth
% (IMF)



“While risks to global growth persist, markets including the United Arab Emirates and the broader GCC remain shielded by higher oil prices and healthy fiscal buffers.”

Healthcare Outlook

GLOBAL

The healthcare sector stands on the precipice of a transformative era. Technological advancements, particularly Artificial Intelligence (AI), hold immense potential to optimize care, improve diagnoses, and enhance patient experience. In 2024, the Economist forecasts health spending to outpace inflation for the first time since 2021, rising by 1.1% in real terms despite growth slowing to 6.1% in nominal US-dollar terms.

A key trend to watch is the growing focus on health equity. Efforts are underway to bridge the gap in access and healthcare outcomes between different social and economic groups. Virtual healthcare assistants, personalized medicine and preventative care will play crucial roles in achieving this goal. As advancements in technologies, specifically AI, and the increasing adoption of health wearable devices (HWDs), continue to drive innovation in the healthcare sector, it is important to recognize the shifting focus in investment towards profitable business models within digital health. Amidst this trend, government-led healthcare agendas and the anticipated introduction of new regulations are poised to sustain the momentum of health-tech adoption. The healthcare sector is projected to allocate more than 10% of its budget, up from about 5% in 2022, to further the progress being made by AI and machine learning in 2024, according to a report by Morgan Stanley.

However, the long impact of COVID-19 persists, evidenced by ongoing workforce shortages and persistent cost pressures. Addressing the mitigation of long-term health consequences stemming from the pandemic, including chronic conditions and mental health concerns, will be vital.

In Europe, resources will continue to be constrained by government efforts to bring down fiscal deficits and public debt, particularly exacerbated during the recent pandemic. Meanwhile in the US, pressure is rising with dissatisfaction over current healthcare provisions, promoting calls for further reforms. Additionally, the mounting price pressures from drug makers are expected to exert downward pressure on the sector, especially if negotiations, primarily in the US, regarding price hikes do not favor the pharmaceutical industry.

UNITED ARAB EMIRATES

Throughout the Middle East (ME) and specifically in the UAE, a confluence of demographic shifts, technological advancements and a growing focus on

quality healthcare services is poised to revolutionize the region's healthcare landscape. The healthcare market in the MENA region is projected to grow at a compounded annual growth rate (CAGR) of 11.7%, surging from US\$185.5 billion in 2019 to US\$243.6 billion in 2023. Additionally, in 2022, the healthcare expenditure in the GCC was estimated at \$105 billion, with the UAE alone accounting for 25% of the total healthcare spending in the GCC.

GROWTH AVENUES

Health-tech investments have surged, particularly in telemedicine, AI driven diagnostics and digital health solutions. Dealroom reports that health-tech companies in MENA (excluding Israel) have reached a combined value of over US\$1.5 billion in 2022, marking a 22-fold increase since 2016. The UAE has emerged as a key player, with over 250 health-tech startups within its ecosystem. These startups have collectively raised US\$460 million from 2009 through September 2023, representing 75% of all MENA VC health-tech funding.

DEMOGRAPHIC SHIFTS

Sector growth in the UAE is propelled by ongoing population expansion. With annual population growth averaging approximately at 0.8%, the Emirates now accommodates nearly 9.6 million residents.

Moreover, shifting demographics are expected to shape future trends, as the proportion of the population over 60 years old is projected to increase from 3% in 2020 to 20% by 2050. This shift creates an opportunity for increased focus on longevity & preventive care, paving the way for investments in longevity clinics and associated technologies.

The region's rising popularity as a medical tourism is expected to continue, especially as healthcare costs in western countries continue to rise. The trend is reinforced by public-private partnerships that actively promote the development of healthcare infrastructure and services, particularly evident in the UAE.

HUMAN CAPITAL IS KEY

Challenges affecting the sector globally persist, led by human capital restrictions as demand for skilled healthcare professionals outpaces supply. The global health care sector faces a severe shortage of workers, with projections indicating a shortfall of 10 million by 2030.

UAE accounts for

25%
of GCC healthcare spending

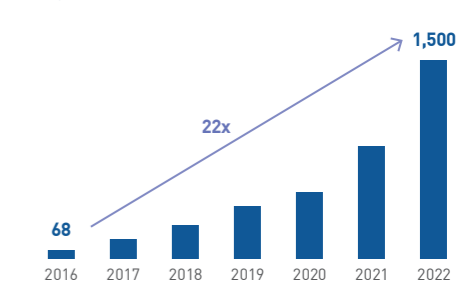


MENA healthcare market

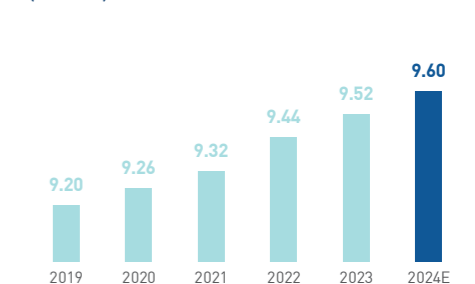
US\$244 billion
by 2023



MENA Healthtech Value
US\$M



UAE Population
(Millions)



CONCLUSION

A wave of tech investment is transforming healthcare across the MENA region, with the UAE at the forefront. Vertically integrated players like PureHealth are flourishing as telemedicine, AI, and other technologies integrate across broad consumer segments. This, coupled with rising populations, promises not only revenue growth but also an accelerated expansion of healthcare services. However, a looming shortage of qualified professionals casts a shadow on this promising future. This talent gap could hinder the overall transformation, dampen efficiency, and ignite fierce competition for skilled workers. Addressing this challenge will be crucial in sustaining the region's exciting healthcare boom.

At a glance

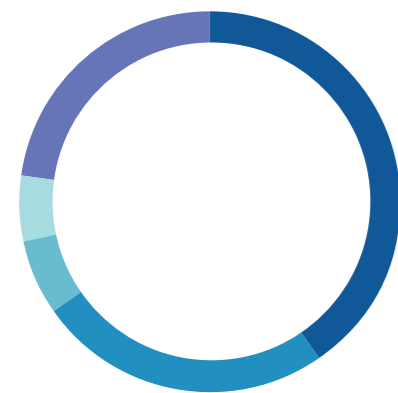
A UNIQUE OFFERING

PureHealth is the UAE's largest Healthcare group and only vertically integrated payor-provider platform in the MENA region.

Operating across 6 key verticals, PureHealth holds a portfolio of more than 10 companies across the UAE in addition to an established international presence in the US and UK, Ardent Health Services and Circle Health Group, through an active M&A strategy.

Backed by the Government of Abu Dhabi and key entities, with investors including Abu Dhabi Holding (ADQ), Alpha Dhabi Holding PJSC, and International Holding Company (IHC), the Group offers a diversified healthcare ecosystem with a growing international footprint.

Shareholder ownership structure as of 31 December 2023



Q Healthcare	40.5%
Alpha Dhabi Holding	24.9%
International Holding Company	6.5%
AH Capital	5.6%
Others	22.5%

PORTFOLIO

Healthcare Services



B2C Pharmacy



Diagnostics



Insurance



Technology



Procurement



International



Strategy

1. Driving Global Expansion through M&A

PureHealth's distinctiveness as a holding company lies in its comprehensive range of healthcare verticals, making it a one-of-a-kind entity in the healthcare sector. This multifaceted approach allows us to deliver an integrated healthcare experience that is unmatched in the region.

Our unique model includes integrating health insurance into our operations, a feature that sets us apart and underscores our commitment to providing holistic healthcare solutions. This integration allows us to innovate on healthcare business models and focus on moving towards a value-based, outcome-centered approach.

The Group's emergence as a healthcare equity platform marks a cornerstone in its journey to bringing healthcare excellence

from Abu Dhabi to the world driven through a series of acquisitions.

The Group's M&A strategy targets healthcare sectors and subsectors beyond healthcare providers, including pharmacy chains, digital pharmacy dispensing solutions, diagnostics, healthcare technologies, health insurance, and supply chains. Bound by clear criteria, these targeted firms are growth-oriented with a strong market position, offering globalization, operational, & synergy potential.

PureHealth Capital, our dedicated investment arm, spearheads international expansion, unlocking access to diverse populations and demographics. After successfully completing multiple large

acquisitions in the UAE, including SEHA, Daman, Union71, Rafed, and The Life Corner, PureHealth continues to identify key healthcare markets around the globe to capitalize on emerging trends.

PureHealth has so far completed two distinct transactions in the USA and the UK, whilst continuing to explore attractive assets in other large markets.

This strategic move fosters the acquisition of critical digital and clinical capabilities in specialist areas, along with establishing our presence in new markets. Notably, this propels PureHealth into a truly unique healthcare equity platform with unparalleled expansion opportunities.

2. Enhancing Healthcare Delivery through Innovation

PureHealth is on a mission to diversify its offerings and drive patient-centricity and clinical and operational excellence by harnessing the power of AI and digitization across all its verticals. At the core of PureHealth's ethos is a relentless pursuit of transformation and the creation of synergies across our diverse operations. This strategic focus is aimed at enhancing operational efficiency, fostering innovation, and delivering superior patient care.

With a clear vision to become a leading customer-centric smart innovator, the Group is heavily invested in digitizing every touchpoint throughout the patient journey. One concrete example of this strategy is Pura, the digital front door to our healthcare system and a personalized AI Coach. It is our flagship product which will be a major driver to move healthcare from a reactive to a proactive paradigm and a significant step forward towards embedded healthcare. With personalized disease management and wellness modules, a virtual care platform, and embedded medicine delivery through Dawak, Pura is a fully integrated, one-stop place for the users' healthcare needs.

Moreover, Pure Net, a Health-Tech SaaS platform, offers B2B solutions where healthcare companies and partners can access Digital Health as a Service, on-demand. Catalysing the healthcare value chain, PureNet enables end-to-end digital care through the elimination of fragmented assets and the enhancement of operational excellence. PureNet integrates the healthcare ecosystem offering a set of comprehensive strategic, operational, and tactical solutions to transform the healthcare value chain and provide integrated and accessible patient-centric care.

Complementing our digital ambitions, innovation fuels PureHealth's growth strategy, not just through technology but also by pioneering emerging specialties. Embracing cell therapy and regenerative medicine positions the Group as an early mover, securing a competitive edge in the UAE's evolving healthcare landscape.

PureHealth's Rapid Adoption track for piloting innovative solutions continuously introduces leading best-in-class solutions to our patients as part of our journey to enhance healthcare around the world.

Moreover, our internal Trailblazer program actively engages with the front-line workers across the ecosystem to identify problems and propose solutions which upon validation are rolled out at scale.

In addition, Pure Health is committed to making its organization a knowledge-based ecosystem, to advance the field of Medical Research and Clinical Trials. ADHRC, (Abu Dhabi Health Research Center), stands at the first and only dedicated Outpatient Research facility of its kind with the capacity to conduct large-scale trials.

These commitments underscore PureHealth's most fundamental principle of putting patients at the heart of all we do. Our organizations pride themselves on always practicing in the best interests of the patient. In this spirit, PureHealth has announced 2024 as the "Year of Patient Experience", a group-wide agenda to ensure every interaction is marked with compassion, efficiency, and exceptional healthcare quality.

Strategy continued

3. Maximizing Societal Impact through Sustainable Stewardship

As an organization that is steadfast in making healthcare accessible and sustainable, PureHealth understands the importance of sustainability of the environment around us, the societies we live in, and the corporate pillars that guide and govern us.

A key element of our strategy is our collaboration with Government stakeholders, particularly in population health management initiatives, such as the IFHAS screening program. We are committed to supporting these initiatives, recognizing the critical role they play in enhancing public health outcomes.

PureHealth's involvement in these programs reflects our dedication to the communities we serve. By collaborating with the UAE Government, we aim to leverage our expertise and resources to drive innovative solutions for achieving healthcare objectives, ultimately shaping the future of healthcare delivery.

Being recognized as the leading healthcare network in the region, PureHealth has taken a significant step towards a more sustainable future by joining the United Nations-backed Race to Zero Initiative. This esteemed collaboration signifies our dedication to aligning with the UAE's ambitious climate goals, including COP28 and the Abu Dhabi Climate Change Strategy.

By becoming the first healthcare institution in the MENA region to join United Nations backed Race to Zero, PureHealth establishes itself as a pioneer in sustainable healthcare practices. This move demonstrates a strong commitment to mitigating emissions and building resilience against the challenges posed by climate change.

Our involvement extends beyond membership, actively participating in the Global Green and Healthy Hospitals Network and the Healthcare Climate Challenge,

reiterating our dedication to climate-smart healthcare solutions. As a proud front-runner in this vital movement, PureHealth strives for a world where sustainability and longevity are intertwined, shaping a healthier future for both people and the planet.

In conclusion, PureHealth's strategic initiatives and collaborations are designed not only to expand our global outreach but also to reinforce our commitment to innovation, sustainability, and societal impact. Through our unique equity healthcare platform, distinct operational model, and collaborative efforts with government stakeholders, we are setting new standards in the healthcare industry, ensuring we remain at the cutting edge of healthcare excellence.



Financial & Operational Highlights

FINANCIAL HIGHLIGHTS

Revenue

AED 16.4 billion



Reported EBITDA

AED 2.4 billion



Total comprehensive income

AED 1.1 billion



EPS

AED 0.10



Total assets

AED 28.2 billion



Total liabilities

AED 12.1 billion



Total equity

AED 16.1 billion



Cash and bank balance

AED 10.6 billion



OPERATIONAL HIGHLIGHTS

Hospitals

100+



Clinics

300+



Labs

147+



Employees

56,000+



Members insured

3 million+



Annual claims processed

50 million+



Financial & Operational Highlights continued



FINANCIAL SUMMARY

The Group achieved 31% year on year increase in revenues, demonstrating strong growth.

In Q4 FY22, PureHealth acquired SEHA, Daman, and The Life Corner. The full year impact of these acquisitions is presented in our FY23 financials. There continues to be ongoing integration and associated transformation which will result in incremental profitability in FY24.

Income Statement Extracts (AED Million)	FY 2022	FY 2023
Revenue	12,486	16,399
EBITDA	4,235	2,437
% EBITDA Margin	34%	15%
Net Profit	4,286	965
% NP Margin	34%	6%
Total Comprehensive Income	4,265	1,100

Key revenue drivers for FY23 include:

- **Hospitalization** – Robust growth in non-COVID-19 patient volumes across outpatient (OP), Inpatient (IP), and Emergency Department (ED) segments.
- **Insurance** – Higher retention of key accounts, an increase in premiums on renewals and significant increase in new business accounts. In addition, the Health Fund Management segment benefited from an increase in Thiqa and Basic members.
- **Procurement** – Our procurement business increased significantly in 2023 on account of 44% growth in procurement and supply chain.

EBITDA and Net Profit for FY23 came in lower compared to FY22, reflecting a normalization of demand for healthcare services following the peak of the COVID-19 pandemic.

Excluding Covid revenues and profitability, the EBITDA for FY22 would be c. AED 243 million, compared to a FY23 EBITDA of AED 2.4 billion. Our FY22 normalized (excluding Covid) EBITDA margin is c.6% compared to c.15% for FY23.

The FY22 Net Profit of AED 4.3 billion, excluding Covid business would amount to AED 293 million. Our FY22 normalized Net Profit margin is c.7% compared to c.6% for FY23.

SEGMENTAL RESULTS

Hospitalization & Other Related Services

The Hospitalization and Other Related Services segment encompasses a diverse portfolio of healthcare providers, including Abu Dhabi Health Services Company (SEHA), YAS Clinic Group (YCG), Abu Dhabi Stem Cell Center (ADSCC), The Life Corner (TLC), Tamouh Healthcare, and Ardent Health Services (USA).

Our Hospitalization and Other Related Services segment experienced robust revenue growth driven by strategic expansion, service diversification, operational excellence and delivering exceptional patient care. This has resulted in an increase inpatient footfall and bed occupancy along with an improvement in efficiency throughout FY23.

Figures in AED Million	FY 2022	FY 2023
Segment Revenues	5,254	9,006
EBITDA	1,924	1,600
% EBITDA margin	36.6%	17.8%
Net Profit	1,724*	979
% NP margin	32.8%	10.9%

* On a normalized basis (i.e. revenues adjusted for Covid), the segment would have reported a net loss of c. AED 328 million in FY22.

Key highlights include:

- Spanning a covered area of more than 340,000 square meters, Sheikh Tahnoon Bin Mohammed Medical City (STMC), a brand new, state-of-the-art, multi-specialty facility with a capacity of 867 beds (including 149 Rehabilitation beds) was recently inaugurated and has commenced operations in phases. The initial phases included operationalization of comprehensive rehabilitative and outpatient services in 2023. By July 2024, it will become the largest healthcare facility in the Al Ain region boasting a range of tertiary care specialties such as Cardiology, Neurosciences, Surgical Oncology services, Orthopedics, Interventional Radiology, Nephrology, Bariatrics etc.

The facility's focus is to establish itself as a Center of Excellence in Stroke, Bariatrics, Neurosciences, Robotics, Rehabilitation, and Cardiac Surgery, with plans to deploy new and advanced technologies such as:

- Sliding Gantry CT scan for Interventional Radiology
- Telemedicine Theatre Control System
- Robotic Automated Pharmacy System
- 3-D Kinetic Analysis System
- Hyperbaric Oxygen Therapy
- Aquatic Therapy
- Neuromuscular testing and rehabilitation technology

Hospitalization, annualized non-Covid volume growth for FY22 vs FY23:

Outpatient volume

15% YoY

Inpatient volume

19% YoY

Emergency Department volume

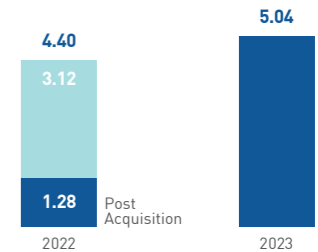
10% YoY

Bed occupancy

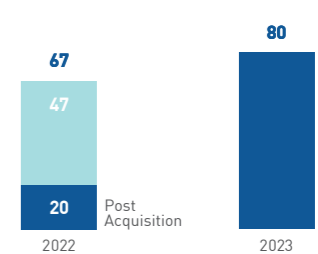
63%

Improved by 6 percentage points over FY22

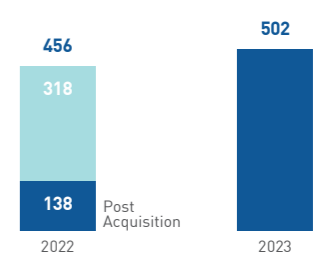
Non-Covid Outpatient Vols* (Millions)



Non-Covid Inpatient Vols* (Millions)



Non-Covid Emergency Vols* (Thousands)



*Non-COVID volumes only

Note: SEHA was acquired in Q4 2022 and post-acquisition volumes for 2023 have been shown separately in the graphs above.

Financial & Operational Highlights continued

The expansion of the Emergency department of Tawam Hospital in 2023 has allowed us to enhance capacity by adding in new waiting areas, assessment, evaluation rooms.

With STMC (Sheikh Tahnoon Medical City) and Al Tawam Hospital combining as the two largest healthcare facilities in Al Ain, we will ensure provision of all required general and specialized services in the region. Both hospitals will complement each other and bring best-in-class services while looking to achieve operational efficiencies by working together.

Sheikh Khalifa Medical City (SKMC) in Abu Dhabi has renovated and expanded its Emergency Department. It was recognized during the year as Center of Excellence for Pediatric Cardiac Surgery by Department of Health Abu Dhabi, showcasing the high quality of specialized services SKMC provides in pediatric services.

Some of our other initiatives across our facilities included:

- By extending clinic hours with evening sessions, there has been a significant increase in outpatient visits for FY23 when compared with FY22.
- Reactivation and enhancement of clinical services in Al Rahba and Al Ain Hospital has improved patient volumes.
- Dedicated centers for Long Term Care (LTC) and IVF were established in 2023 to cater for growing patient needs resulting in the addition of 200 plus beds.
- Resumption of clinical operations at Al Shamkha, Zakher, and Al Maqam Healthcare Centers led to 120,000 additional patients in 2023.
- Launched Disease Prevention & Screening Centers in strategic locations, adding capacity for visa screenings across Abu Dhabi and the Al Ain region.
- IFHAS Screening visits increased by 58% year-on-year leading to increased topline growth.
- The growing demand for healthcare services has translated to a higher demand for drugs and pharmaceuticals which has in turn benefited our pharmacy operations.
- Operational efficiencies have allowed us to reduce prescription leakage, contributing to an improved top line.

The acquisition of a 26% stake in Ardent Health Services in May 2023, the fourth largest privately held acute care hospital operator in the USA, further strengthens our reach and service offerings. Ardent brings 30 hospitals, over 200 care sites, and a diverse range of acute, behavioral, and ambulatory care services operating across six states in the US.



HEALTH INSURANCE

Daman, UAE's largest Health Insurance provider, was acquired in Q4 2022 and covers over 2,000 hospitals and clinics across UAE.

Figures in AED Million	FY 2022	FY 2023
Segment Revenues	1,344	5,853
EBITDA	86	422
% EBITDA margin	6.4%	7.2%
Net Profit	58	343
% NP margin	4.3%	5.9%

Daman experienced solid revenue growth of 16% on an annualized basis in FY23. An aggressive expansion strategy was adopted which contributed to market share gains. Simultaneously, the company also proactively implemented measures to manage claims which are expected to deliver positive results in 2024.

The Health Fund Management business achieved strong growth, with both Thiqa and Basic memberships increasing by 7.5% and 5.2%, respectively.

Cost efficiency initiatives, synergies with the Pure Health Group, and a strategic realignment of our investment strategy led to improved profitability in FY23.

“
The Health Fund Management business achieved strong growth, with both Thiqa and Basic memberships increasing by 7.5% and 5.2%, respectively.”



Financial & Operational Highlights continued



Unmatched Infrastructure and Expertise

Our Lab Division signifies several key strengths that solidify our leadership position:

- **Largest accredited lab network in GCC:** With 35 EIAC and ENAS-accredited labs, 11 CAP-accredited labs, 3 AABB-accredited blood banks, the first ASHI-accredited lab in the UAE, and 98 labs under JCI hospital accreditations, our Labs offer unmatched domestic geographical reach and compliance standards.
- **Prestigious Reference Laboratory for Infectious Diseases (RLID):** The integration of RLID, recognized by the WHO and equipped with BSL-3 safety standards, significantly enhances our Lab's capabilities in infectious disease testing and research.
- Developed an **in-house innovative UAE CPRA calculator**, a first of its kind tool that empowers physicians with crucial data to improve transplant success rates.

By leveraging its extensive network, skilled workforce and innovative services, our Labs Division is well positioned to maintain its leadership status and contribute significantly to the advancement of healthcare in the UAE.

Looking ahead, the Labs Division targets double-digit revenue growth in 2024, fueled by adaptability, strategic focus, and repositioning of the PureLab brand.

The commitment to clinical excellence remains a cornerstone of this Division's growth exemplified by the upcoming Reference Lab in Abu Dhabi. This state-of-the-art facility will not only enhance testing capacity and turnaround times but will also introduce two new Centers of Excellence in Anatomical Pathology and Genetics.

LABORATORY MANAGEMENT SERVICES

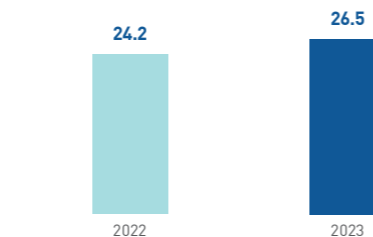
Our Labs Division remains the market leader in medical diagnostics within the UAE, serving communities through its extensive network of over 147 ISO-accredited laboratories. Our Labs Division, staffed by the UAE's largest team of laboratory experts, including over 50 pathologists and over 1,200 skilled technologists, provides the most extensive test menu in the country. This includes highly specialized esoteric tests, ensuring that our patients have the most accurate diagnoses possible.

Figures in AED Million	FY 2022	FY 2023
Segment Revenues	3,950	1,043
EBITDA	1,914	196
% EBITDA margin	48.4%	18.8%
Net Profit	1,867*	149
% Net Profit margin	47.3%	14.3%

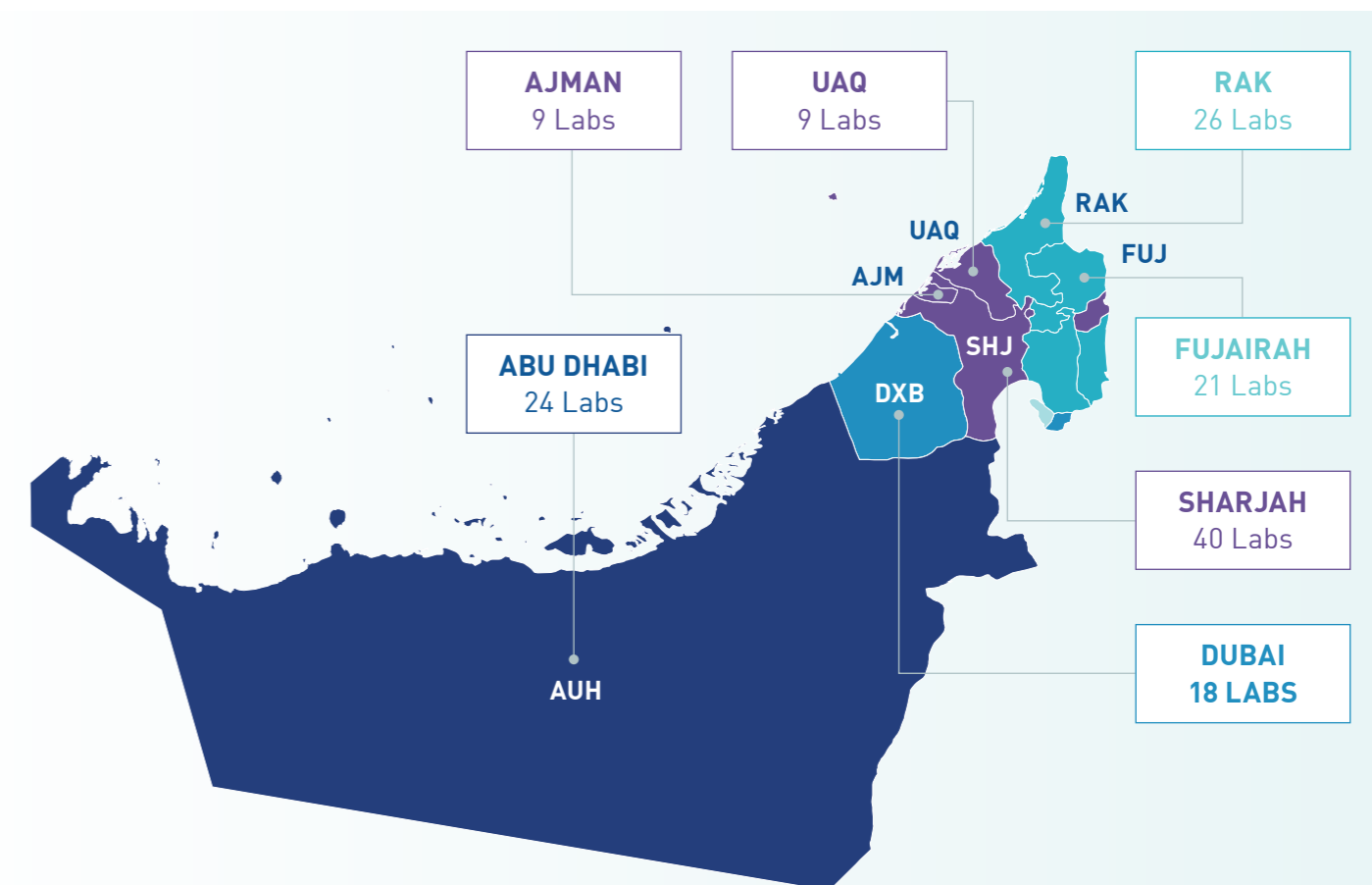
* Normalized Net Loss of AED 19 million in 2022 adjusted for Covid and other corporate expenses.

Reported net profit for FY23, when compared with FY22 reflects a decrease on account of decline in Covid-related testing. Excluding the Covid-related tests, the segment witnessed a strong growth of 9x in net profitability when compared to FY22. This growth was driven by an increase in non-Covid test volumes along with operational efficiencies (primarily reduced cost per test), demonstrating the Group's resilience and resource optimization strategy.

Lab Vols* (Millions)



* Non Covid volumes only.



Financial & Operational Highlights continued

“Our Procurement and Supply of Medical Products segment achieved impressive growth of 44% in 2023 compared to the previous year.”

PROCUREMENT & SUPPLY OF MEDICAL RELATED PRODUCTS

Our Procurement and Supply of Medical Products segment, encompassing Rafed (the UAE's first healthcare-focused Group Purchasing Organization) and One Health (distributor of leading medical diagnostic brands and the largest provider of biomedical services), achieved impressive growth of 44% in 2023 compared to the previous year.

Figures in AED Million	FY 2022	FY 2023
Segment Revenues	2,846	4,099
EBITDA	197	280
% EBITDA margin	6.9%	6.8%
Net Profit	194*	274
% Net Profit margin	6.8%	6.7%

* Normalized Net Profit of AED 139 million in 2022 adjusted for Covid.

This significant expansion was driven by several key factors:

- **Increased patient volumes:** Growing demand for healthcare services translated to higher demand for medical supplies.
- **Strategic diversification:** Expansion into new areas like pharmaceutical products further broadened the segment's reach and revenue stream.
- **Customer acquisition and retention:** Onboarding new customers and strengthening relationships with existing ones fueled sustainable growth.
- **Cost optimization:** The segment prioritized operational excellence and resource optimization, contributing to profitability.

This combined approach positions the segment for continued success, supporting efficient and cost-effective procurement within the healthcare industry.



HOSPITAL MANAGEMENT SERVICES

The Medical Office (TMO) is responsible for the governance of a network of general and specialized hospitals on behalf of "The Committee for Follow-Up on Implementing Initiatives for H.H. The President of UAE". These hospitals provide high-quality healthcare services to residents primarily in the Northern Emirates. For the management of these hospitals, TMO receives a mix of fixed (annual service fee) and variable (revenue sharing) fees.

Besides management of healthcare activities at the facilities under its purview, TMO also advises the Presidential Court on major infrastructure programs and projects related to healthcare matters in the UAE. The TMO Hospital portfolio includes:

- Sheikh Khalifa Hospital – Ajman
- Sheikh Khalifa Women and Children Hospital – Ajman
- Rashid Centre for Diabetes and Research – Ajman
- Sheikh Khalifa Hospital – Masfoot
- Sheikh Khalifa Specialty Hospital – Ras Al Khaimah
- Sheikh Khalifa General Hospital – Umm Al Quwain
- Sheikh Khalifa Hospital – Fujairah
- National Rehabilitation Center Abu Dhabi (NRC)

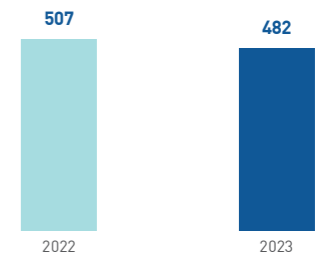
Figures in AED Million	FY 2022	FY 2023
Segment Revenues	1,474	1,522
EBITDA	175	157
% EBITDA margin	11.9%	10.3%
Net Profit	175	157
% Net Profit margin	11.9%	10.3%

TMO has signed contract with UAE Government to manage the operations of NRC in 2023 which is the UAE's first and largest substance abuse rehabilitation center and endeavors to develop its services to better cater to the community's needs, following the latest scientific methods of treatment. It has a state-of-the-art complex with individual inpatient and outpatient services buildings covering a total built up area of 43,000 square meters.

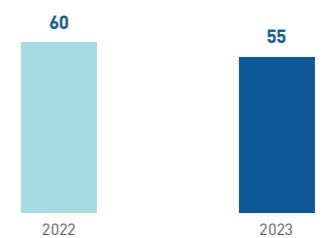
TMO started the phased opening of the largest healthcare facility in the Emirate of Fujairah, the Sheikh Khalifa Hospital Fujairah, with 249 beds, 55 outpatient clinics, 2 Endoscopy, 2 Cath Labs, 2 HBOT (Hyperbaric Oxygen therapy) Chambers, and 13 Radiology rooms covering over 84,000 square meters built up area. The ramping up of operations of the new hospital and expectation around the roll out of mandatory insurance in the Northern Emirate is expected to increase profitability of the segment in 2024.

A resumption of full operations following the COVID-19 pandemic has resulted in elevated consumption of medical supplies and other resources contributing to a decline in net profit for 2023.

TMO Patient Vols (000)



Bed Occupancy (%)



Financial & Operational Highlights continued



SERVICES & OTHER SEGMENTS

This segment includes PureCS, an IT solutions provider acquired in the last quarter of FY23. PureCS offers a comprehensive suite of services, including:

- **IT management and consulting:** Delivering strategic guidance and operational support to optimize clients' IT infrastructure.
- **End-to-end IT services and supplies:** Providing a full range of technology solutions, from hardware and software procurement to implementation and maintenance.
- **Cloud services:** Enabling businesses to leverage the agility and scalability of cloud computing.
- **AI-based information systems:** Developing and deploying cutting-edge artificial intelligence solutions for various applications.
- **Cyber Security:** Establishing the region's first healthcare-focused cyber security operations center to provide end-to-end assurance on information security, while enhancing patient experience through sustainable digital healthcare.

PureCS has a large in-house team of experts and will play a critical role in PureHealth's transformation into digital services, data management and developing new products. Having a dedicated technology transformation and services company will ensure PureHealth is agile in the ever fast evolving space of healthcare and consumer technology.

Figures in AED Million

	FY 2023
Segment Revenues	76
EBITDA	(24)
% EBITDA margin	-31.6%
Net Profit	-26
% Net Profit margin	-34.2%

While post-acquisition integration remains ongoing, PureCS contributed Net Profit of AED 6.4 million to the segment's bottom line in FY23.

This above was offset by transaction costs of AED 30 million in 2023, attributable to PureHealth's acquisition of Circle Health in the UK.

We anticipate PureCS to be a significant growth driver in the coming years, expanding our service offerings and driving digital transformation within the wider healthcare sector.

“Total Assets of the Group have increased by AED 4.1 billion.”

Financial & Operational Highlights continued

BALANCE SHEET EXTRACTS

Balance Sheet Extracts, in AED Million	FY 2022	FY 2023
Non-Current Assets	8,165	9,590
Current Assets	15,940	18,584
Total Assets	24,105	28,174
Non-Current Liabilities:	3,412	3,892
Current Liabilities:	9,362	8,226
Total Liabilities	12,774	12,118
Total Equity	11,331	16,056
Total Debt (incl EOSB and lease liabilities)	3,445	3,369
Net Cash Position	3,558	7,191
Net Cash to EBITDA	0.8x	3.0x
Current Ratio	1.7	2.3
Total Debt to EBITDA	0.8x	1.4x
Total Debt to Equity	0.3x	0.2x

Total Assets of the Group have increased by AED 4.1 billion. This increase is primarily due to inclusion of the Group's USD 500 million investment in Ardent Health Services in May 2023 and proceeds of AED 3.62 billion from the bumper IPO in December 2023.

The current ratio of the Group has increased on account of better working capital management and increased cash balance. On an overall basis working capital as a percentage of revenue has decreased to 3% in 2023 vs. 6% in 2022.

The business is in a net cash position given low levels of debt. The current net cash to EBITDA ratio is 3.0x for the Group – allowing the business to obtain leverage if required, in order to further increase its footprint both locally and internationally.

Total Equity of the Company has increased by AED 4.7 billion in 2023, on account of the IPO and net income for the year.

CASH FLOW

Condensed Cash Flow in AED Million	FY 2022	FY 2023
Cash generated from operating activities	4,186	2,531
Cash generated from / (used in) investing activities	3,679	(2,482)
Free Cash Flow	7,865	49
Cash generated from / (used in) financing activities	(3,066)	3,139
Net Increase / (decrease) in cash during the year	4,799	3,188

While COVID-19 impacted EBITDA, FY23 witnessed continued positive free cash flow generation, underscoring the Group's financial resilience.

Investing activities in FY23 are primarily related to the strategic acquisition of Ardent Health Services for AED 1.84 billion in May 2023, contributing to our global expansion strategy. Furthermore, AED 332 million was invested in Property, Plant, and Equipment, with AED 252 million spent on growth-oriented capital expenditures, demonstrating our commitment towards expanding our operational capacity. Moreover, additional placements worth AED 427 million were made in fixed-term deposits with local financial institutions.

Financing Activity – Net IPO proceeds, after accounting for dividend payments, positively impacted on our financing activity, further strengthening our financial flexibility.

INITIAL PUBLIC OFFERING

On the 20th of Dec 2023, Pure Health Holding PJSC went public on the Abu Dhabi Securities Exchange. The Company raised AED 3.62 billion and strong investor demand lead to over subscription (retail tranche by 483 times and institutional offering by 54 times).

The IPO proceeds are intended to be used by the company for general corporate purposes as well as to finance new growth opportunities including potential acquisitions of hospital groups and ancillary healthcare assets in the Middle East, Americas, Europe and the Far East regions.

“

The business is in a net cash position given low levels of debt. The current net cash to EBITDA ratio is 3.0x for the Group, allowing the business to obtain leverage if required, in order to further increase its footprint both locally and internationally.”



DEVELOPMENTS POST DECEMBER 2023

Circle Health Group

In January 2024, PureHealth successfully completed the strategic acquisition of Circle Health Group, a leading UK hospital operator, for US\$1.2 billion (pre-debt). This landmark transaction marked a significant milestone in our global expansion strategy, providing us with immediate access to the UK's largest private hospital network, comprising over 50 hospitals, 2,000 beds, and 8,500 dedicated employees. With over 2 million patient visits annually and GBP 1 billion in revenue, Circle Health represents an important addition to our portfolio, expected to deliver considerable value and solidify our presence in the highly attractive UK healthcare market.

In the UK, we expect the revenues of Circle Health Group to increase over the mid-term on account of an increase in self-paying patients – given the long NHS waiting list, an aging population, awareness and appetite for private care.

Beyond establishing a substantial foothold in the UK, this acquisition presents several strategic advantages:

- **Enhanced Market Access and Growth** – Circle Health's extensive network unlocks immediate access to a significant patient base and significant growth potential within the UK market. This aligns perfectly with our long-term vision of expanding our geographical reach and serving a wider spectrum of patients globally.
- **Expertise and Knowledge Sharing** – This transaction fosters a valuable exchange of expertise and knowledge-sharing opportunities between our organizations. We are confident that integrating Circle Health's established practices and clinical care pathways will further enhance the quality of care we deliver to patients across our entire network.
- **Commitment to Innovation** – Both PureHealth and Circle Health share a strong commitment to fostering innovation and advancing scientific discovery. This combined force creates a dynamic platform for collaboration and the development of cutting-edge solutions that will undoubtedly benefit patients globally.
- **Improved Patient Care** – We are firmly committed to continuously investing in infrastructure and innovation across our entire portfolio, including Circle Health. This acquisition allows us to expand our reach and provide an even wider range of high-quality medical services to patients in both the UAE and the UK, ultimately leading to more positive healthcare experiences.
- **Financial Strength and Growth Potential** – This strategic acquisition further strengthens our financial position and unlocks exciting investment opportunities for the future. We are confident that the combined entity will generate significant value for our shareholders and stakeholders in the long term.

The acquisition of Circle Health represents a pivotal moment in our growth trajectory. We are confident that this strategic move will enable us to deliver high-quality healthcare to a broader patient population, unlock further growth opportunities, and solidify our position as a leading healthcare provider on the global stage.

Financial & Operational Highlights continued

Sheikh Shakhbout Medical City, Abu Dhabi



SHEIKH SHAKHBOUT MEDICAL CITY

To solidify its domestic footprint, Pure Health Holding PJSC, through its wholly owned subsidiary SEHA, successfully acquired 100% shareholding in Sheikh Shakhbout Medical City (SSMC) in a strategic transaction valuing the entity at US\$ 600 million.

SSMC was established as part of Abu Dhabi's Economic Vision 2030 and further positions PureHealth at the forefront of the region's healthcare industry and aligns with its goal to establish Abu Dhabi as a major destination in global healthcare.

Covering a built-up area of 312,000 square meters, SSMC features 672 licensed beds and is a center of excellence for stroke. By integrating SSMC into its operations, PureHealth will improve operational efficiency and reduce costs, benefiting patients across the UAE.

SSMC plays a pivotal role in managing a substantial annual patient volume, with over 600,000 interactions, including more than 445,000 outpatient visits, around 129,000 emergency cases and over 27,000 inpatient admissions. It operates about 162 outpatient rooms, supported by an esteemed team of 489 physicians across 46 service lines and 10 clinical departments, along with 1,500 nurses.

This acquisition signifies several key strategic benefits:

- **Market Leadership** – SSMC significantly strengthens SEHA's position as a leading healthcare provider, expanding its reach and influence.
- **Leveraging expertise** – The combined expertise of both organizations creates a powerful platform for knowledge sharing and best practice implementation, ultimately leading to enhanced patient care delivery across the SEHA network.
- **Innovation potential** – Fostering a collaborative research environment, fueled by combined expertise, unlocking exciting possibilities for the development of innovative healthcare solutions and advancements.
- **Financial Gains** – Generating significant synergies across all verticals of the Group, contributing to improved operational efficiency and unlocking potential future value.

To maximize the value of this acquisition, robust growth plans have been outlined for SSMC in FY24:

- **Integration and Operational Synergies** – Streamlining operations and combining resources to optimize efficiencies and reduce costs.
- **Expanded Service Offerings** – Leveraging SSMC's existing specialties and SEHA's established network to provide a more comprehensive and accessible range of healthcare services throughout the UAE.
- **Infrastructure and Technology Investment** – Upgrading facilities, equipment, and information technology systems to enhance patient experience and strengthen clinical capabilities.
- **Research and Innovation Focus** – Collaborating on research initiatives and leveraging combined expertise to drive the development of cutting-edge healthcare solutions.
- **Expanding Reach and Partnerships** – Exploring strategic collaborations with other healthcare providers regionally and globally.

The addition of SSMC to the PureHealth portfolio will improve healthcare, not just for the local population, but will also cater to the growing medical tourism segment. With its specialty oncology expertise, SSMC complements services already being provided by Tawam Hospital in Al Ain and Sheikh Khalifa Specialty Hospital in Ras Al Khaimah, thereby giving PureHealth the largest footprint for state-of-the-art cancer care across UAE and the region. Collectively all three hospitals cover the most specialized cancer care available across the region and having these within the same network builds the best availability of doctors, services, and clinical excellence.

SSMC has obtained multiple recognitions including:

- The prestigious Dr. Kwang Tae Kim Grand Hospital Award at the International Hospital Federation (IHF) Awards 2023, in recognition of its commitment to service excellence and patient care across five dimensions of health care delivery – health service quality, patient experience, clinical outcomes and health equity, cost efficiency and workforce well-being.
- The Gold Initiative Certificate – 'Arab Healthcare Digital Transformation Star' by the Arab Hospitals Federation in partnership with the Health care Information and Management Systems Society (HIMSS) in recognition of its commitment to effective climate action. This was attained through collective impact using innovation, investment, influence, as well as reducing carbon emissions and supporting clean and renewable energy initiatives and projects, leading the health care sector toward sustainability. By distinguishing SSMC's implementation of digital technologies across its diagnostic, treatment and administration processes, the award validates its efforts in providing excellent medical care and the highest levels of patient experience.
- In 2023, SSMC generated revenues of AED 2.15 billion with a reported EBITDA of AED 111.9 million and net profit of AED 14.7 million, underlining its financial strength and growth potential. The financial results of SSMC will be consolidated within SEHA's accounts starting within Q1 2024.

We have commenced integration of SSMC into the wider Group and are confident that this strategic acquisition will not only solidify our market leadership but also contribute significantly to overall growth and commitment to delivering high-quality healthcare services to the communities we serve.

Sustainability and Social Impact

Sustainability and Social Impact	30
Harnessing the power of partnerships and collective action	32
Sustainability and social impact pillars	34
Operating model and governance for sustainability and social impact	35
Key highlights of 2023	36
2024 Sustainability and Social Impact Strategic Outlook	41

Sustainability and Social Impact

OVERVIEW

This is a high-level summary of PureHealth's 2023 sustainability and social impact achievements. The full and detailed sustainability performance will be communicated in PureHealth's 2023 Sustainability Report, which will be launched in H1 2024.

OUR SUSTAINABILITY AND SOCIAL IMPACT AMBITION

Our vision is for a future where sustainability and longevity go hand in hand. Our mission to empower people to live longer, healthier and fuller lives is intrinsically linked with our drive to reduce our negative environmental impact and increase our positive social impact.

We aspire to engage with the global healthcare community to raise awareness, rally support, and mobilize action for a healthier, greener world. Through our 'North Star - Longevity' vision, we embed the concepts of sustainability by prioritizing actions that improve the quality of life for our communities and preserve the environment.

Environmental stewardship

We believe in delivering high-quality healthcare through the application of advanced technology, continuous training and development of our healthcare professionals, alongside the adoption of industry best practices. PureHealth remains committed to ensuring that our operations align with our environmental responsibility and contribute towards the longevity of our planet.

Fostering health equity

Our commitment to the longevity of people encompasses a dedication to health equity. We recognize that access to quality healthcare is a fundamental right, not a privilege. In 2023, we intensified our efforts to bridge healthcare disparities. We extended our reach to under served communities, invested in preventive healthcare education and collaborated with stakeholders to drive systemic change. We believe that by prioritizing health equity, we are laying the foundations upon which the well-being of people and communities rests.

COMMITMENTS AND ASPIRATIONS

PureHealth is committed to supporting the UAE's decarbonization ambition for achieving net zero by 2050, and we have implemented an ambitious strategy focused on achieving it a decade earlier. This surpasses the timelines of most major healthcare providers in the Middle East and puts us on track to compete with international leaders who have embarked upon similar journeys toward reducing emissions.

In 2023, we set a net zero target by 2040, reflecting our dedication to reducing carbon emissions and promoting sustainable healthcare practices. Our net zero target also aligns with the 1.5 degrees ambition set out in the Paris Agreement. As part of our commitment, we have implemented a comprehensive decarbonization strategy based on Science Based Targets (SBTi) – becoming the first healthcare company within the MENA region to do so. Additionally, we have developed a roadmap for transitioning to 100% renewable electricity across our operations by 2027 and halving our total greenhouse gas emissions by 2030.

Achieve Net Zero by
2040



By 2027
100%
renewable energy across all operations



By 2030
50%
reduction in total emissions



Key milestone

1st
in the region to join the Science Based Targets Initiative (SBTi), Race to Zero, Healthcare Climate Challenge



In 2023, we became the first healthcare institution in the region to join the United Nations-backed Race to Zero initiative – the global campaign to rally companies, including healthcare institutions, to take immediate action to reduce emissions. Participating in Race to Zero is a pivotal milestone for us. It sets a precedent for responsible environmental stewardship, reinforcing our pledge to significantly reduce our carbon footprint and ultimately reach net zero and keeping the world's 1.5-degree ambition alive.

As part of our sustainable strategy, we became a member of Global Green and Healthy Hospitals (GGHH) – a network of more than 14,000 hospitals and healthcare facilities across 25 countries. The network is dedicated to addressing climate change and fostering a sustainable future.

Building on this engagement, we will participate in the Healthcare Climate Challenge, an initiative facilitated by Health Care Without Harm (HCWH). The Challenge focuses on bringing global healthcare institutions together to address climate change through tangible measures encompassing three pillars: mitigation, resilience and leadership.

Our commitment to climate action is both ambitious and essential for our planet. Through our strategy, we aim to play our part in mitigating climate change and pave the way for a low-carbon and sustainable healthcare system.

“

In 2023, we became the first healthcare institution in the region to join the United Nations-backed Race to Zero initiative – the global campaign to rally companies, including healthcare institutions, to take immediate action to reduce emissions.”

Harnessing the power of partnerships and collective action

We recognize that collaboration fosters consensus-building, drives systemic change and ensures accountability. We have been actively engaging with government stakeholders, global climate action advocacy groups, healthcare peers, technology and service providers, knowledge institutions, and local communities to foster meaningful partnerships.

By sharing our innovations in digital transformation, advocating for green healthcare practices and collaborating with like-minded institutions, we can inspire a worldwide shift towards a sustainable healthcare ecosystem.

CLIMATE ACTION ADVOCACY AT COP28

PureHealth was proud to participate in COP28 UAE, which hosted the first-ever Health Day. During the global event, we strengthened our strategic partnerships with public and private entities, solidifying our role as a leading advocate for low-carbon and climate-resilient health systems in the region.

The PureHealth experience center was part of the Health Cluster at Green Zone to emphasize the intersection of healthcare, technology and sustainability. The center, which revolved around a unique and immersive visual experience, served as a powerful communication tool highlighting climate change and health linkages. Engaging with diverse stakeholders, our COP28 team facilitated open discussions and knowledge sharing with visitors. COP28's legacy lives on within PureHealth, and we remain determined to deliver on our commitments as pioneers and partners.



COLLABORATING WITH STATE ACTORS

Engaging with government stakeholders is vital to mitigating the threat of climate change. By involving governments, we can leverage their authority to implement and enforce measures necessary for mitigating climate change and fostering sustainability. During the year, we formalized MoUs with the Ministry of Climate Change and Environment (MOCCA) and the Environment Agency-Abu Dhabi (EAD) to highlight the impact of climate change on health. These strategic partnerships underscore our commitment to building a knowledge repository linking climate change and broader environmental factors with public health in a localized

context. We also continue to work closely with the DOH to provide real-world examples of progress on sustainable and transformative healthcare delivery models.

These collaborations exemplify PureHealth's commitment to a multi-stakeholder approach, where partnerships with governmental entities, thought leaders and research institutions play a pivotal role in advancing the sustainability agenda. Through these alliances, we can collectively drive positive change and contribute to the longevity of the people and the planet.



THOUGHT LEADERSHIP

At the heart of our mission lies the recognition of pressing issues: the intricate relationship between climate change and health, the profound impact of social determinants on well-being and longevity, and the transformative potential of digital advancements.

Our goal is to establish a credible repository of knowledge to inform decision-making and drive positive change in healthcare practices and policies. Subsequently, we are raising awareness through comprehensive analysis and literature on critical topics. Our publicly available thought-leadership publications aim to inspire action and support the national agenda for improved health outcomes and sustainability. In 2023, we collaborated with Economist Impact and Accenture, among others, to develop a series of whitepapers.

RESEARCH PARTNERSHIPS FOR ENVIRONMENTAL STUDIES

PureHealth is collaborating with VITO (Flemish Institute for Technological Research) and TERI, a leading Indian think tank, to conduct air quality and heat stress studies showcasing their impact on public health. These partnerships will contribute to our understanding of environmental factors and aid in the formulation of targeted strategies to address and mitigate climate-related challenges. The outcome of these studies will be available later in 2024.

THOUGHT LEADERSHIP – WHITEPAPERS AND REPORTS

Air Quality and Health Linkages in UAE

Heat Stress and Health Impacts in Abu Dhabi

Alternative Protein Cluster Study for UAE

Longevity and Healthcare Study in the region

Decarbonization through Health Tech Report

Partner	Theme	Outcomes	Read More
	This study explores the impact of the climate crisis on health in the Middle East, emphasizing the need for urgent climate action and outlining priorities for governments, health systems, and all sectors.	The study under three pillars – knowledge empowerment, climate-smart health systems, and multisector action, identifies priorities to guide regional stakeholders in addressing climate change impacts and promoting the health of the region's populations.	
	The paper highlights tech interventions and case studies in the patient journey, concluding with key considerations and a vision for a tech-driven, low-carbon, climate-resilient health system.	The paper features examples of ten Global Healthcare Companies, including the Pura App from PureHealth, highlighted under the prevention section of the patient journey.	

Sustainability and social impact pillars



PureHealth has adopted a holistic approach towards sustainability and social impact, which integrates with our business and operational strategy. We are embedding sustainability into our business by focusing on the four interconnected pillars that drive environmental stewardship and social responsibility and contribute to community development while upholding accountability and transparency.

SUSTAINABILITY AND SOCIAL IMPACT – PILLARS AND FOCUS AREAS

Aspect	Pillar	Strategic Focus Areas
Environment	Care for the planet	Act on climate change by becoming a Net-Zero business.
		Transition to climate-resilient and low-carbon healthcare operations.
Social	Togetherness	Invest in our talent and contribute to the UAE's intellectual capital.
		Foster a diverse, inclusive and safe work environment.
		Unlocking time for all
Governance	Trust and credibility	Promote health and well-being through community development programs.
		Support underprivileged sections of society to inspire and contribute to future generations' longevity.
		Foster a diverse and accountable governance.
		Maintain high ethical standards at all times for mutual growth.

Operating model and governance for sustainability and social impact

At PureHealth, sustainability and social impact aspects are embedded in our operations through a structured and federated operating model. This setup enables seamless integration of Environmental, Social, and Governance (ESG) considerations into the organization's decision-making processes.

The Group Chief Executive Officer directs ESG ambitions in line with the Group's vision and mission. Performance and Business Excellence (PBE) provides periodic reports to the leadership team, which is responsible for overseeing ESG risk management, setting targets, ensuring regulatory compliance and identifying risks.

Under Performance and Business Excellence (PBE), the Sustainability and Social Impact team defines the overall ESG strategy, oversees initiatives, and consolidates sustainability performance data for reporting. Group companies implement the ESG policy, adhere to regulations, and report progress.

Data on sustainability performance is meticulously gathered from various business entities within the Group, facilitated by dedicated ESG champions appointed at each level. These champions serve as focal points for ESG initiatives, ensuring consistent data collection and dissemination of best practices across the organization.

This hierarchical structure underscores the organization's commitment to transparency, accountability, and continuous improvement in sustainability performance.

We prioritize ongoing dialogue with our stakeholders, including investors, employees, customers, and communities, to understand their evolving ESG expectations and concerns. Feedback from stakeholders informs our ESG strategy and helps us identify areas for improvement and innovation.

Our governance model emphasizes a culture of continuous improvement and adaptation to changing ESG trends and regulatory requirements. We regularly review and refine our governance processes to ensure they remain effective in addressing emerging ESG challenges and opportunities. We recognize that sustainable business practices are essential for long-term value creation and resilience in an evolving global landscape.

We collaborate with industry peers, government agencies, and other stakeholders to advance collective action on pressing ESG issues, such as climate change, diversity and inclusion, and community care. By leveraging collective expertise and resources, we aim to accelerate progress towards our sustainability goals and create shared value for society.



Key highlights of 2023

In 2023, concrete steps were made to reduce our carbon footprint, minimize resource use and embrace circular economy practices.

From energy-efficient operations to engaging with our supply chain partners, every decision we make reflects our commitment to the planet's longevity – acknowledging that a thriving environment is indispensable to the health and well-being of generations to come.

Our initiatives are aligned with the UAE and Abu Dhabi government's strategic initiatives to enable sustainable development across the nation. We are committed to contributing significantly to achieving the ambitions under 'We the UAE 2031', embracing a vision where the health of individuals mirrors the health of our shared environment.

PROJECTS IN FOCUS Development of decarbonization roadmap

In 2023, PureHealth charted a comprehensive roadmap toward decarbonization that encompasses four key pillars: Green clinical practices, Smart facilities and operations,

Virtual care, and Value-based care. By outlining actionable steps and priorities, our roadmap guides internal stakeholders in achieving emissions reduction targets efficiently, fostering sustainability and resilience.

SUSTAINABILITY AND SOCIAL IMPACT IN NUMBERS

Scope 1 GHG Emissions
81,895 MT



Diversity – female workforce
62%



CSR Spend
AED 35 million



Scope 2 GHG Emissions
214,862 MT



Diversity – females in senior management
30%



ICV Score – SEHA
79.10%



Total Emissions (Scope 1 and 2)
296,757 MT



Emiratization
24%



Total number of significant instances of regulatory non-compliance during the reporting period
Nil



Note: Operational control approach has been applied to report on sustainability related matters. Additionally, the reporting scope excludes recently acquired assets.

Lever	Initiative	Description	Scope Applicability
Green Clinical Practices	Responsible Business	Driving policies that promote sustainable procurement, better waste management and fugitive emissions management.	Scope 1: Refrigerants, Anesthetic Gases, Stationary Combustion Scope 3: Purchased Goods, Capital Goods, Waste, Employee Commuting and Business Travel
Smart Facilities and Operations	Energy Efficiency Clean Energy	Reducing energy consumption by deploying energy efficient buildings, infrastructure and fleet. Transitioning to non-carbon emitting energy sources to meet the energy needs of the organization.	Scope 1: Stationary Combustion Scope 2: Electricity and Mobile Combustion Scope 3: Employee Commuting
Virtualization of Services	Virtual Care	Virtualizing services to deliver healthcare outside the hospital premises.	All Scopes
Integrated Care Delivery	Value-Based Care Preventive Care	Adopting outcome-oriented practices, improving quality of care, decreasing readmission rates. Reducing patient admissions through a healthier population (e.g., Digital Twins, Lifestyle Solutions).	All Scopes

First Solar Installation at SEHA Hospital (Al Ain New Hospital)

In 2023, we initiated a clean energy project to increase the use of renewable sources in meeting our current energy demand. As part of this initiative, we conducted a comprehensive inventory of assets across our Group and started the procurement process for on-site solar deployment.

Our new hospital in Al Ain now features state-of-the-art on-site solar installations to reduce our reliance on conventional grid-based electricity. Any surplus energy generated beyond the hospital's needs is redirected to the Al Ain Distribution Company (AADC) grid under the net metering policy. We forecast a more than 19% reduction in the hospital's overall energy consumption, translating to savings of 10,645,280 kWh annually. This initiative is expected to result in Scope 2 emission reduction by 6,600 MT CO₂e.

Sustainability Procurement Project of the Year Award

Rafed, the procurement arm of PureHealth, was highly commended for the Sustainable Procurement Project of the Year award from CIPS Middle East for our Green Mobility Project. The award, which recognized our commitment to sustainable procurement practices, was a significant achievement, with the competition attracting more than 180 entries, and notably, Rafed – PureHealth was one of only the top nine companies shortlisted.



Key highlights of 2023 continued

Upgrade of group fleet

A critical part of our Energy Transition program involves the emissions from our existing fleet, which contribute to our Scope 1 emissions. To address this, we implemented the Green Mobility project, wherein 350+ fleet vehicles were upgraded to hybrid and CNG-powered vehicles. Over the next five years, we expect to realize energy savings of more than 10,000 Mt CO₂e.

Gathering ESG momentum across the supply chain

Achieving our ESG goals requires engaging and managing a diverse group of stakeholders, including our supply chain partners. We engage with our vendors, partners and suppliers to ensure that we collectively act responsibly on all fronts, ensuring a sustainable and environmentally conscious business model. In 2023, we looked to strengthen this resolve with the rollout of our supplier code of conduct and screening framework. The code of conduct (see below) aims to ensure sustainable development across our supply chain.

OBJECTIVES OF THE SUPPLIERS CODE OF CONDUCT

Conflict of Interest: Gifts, Benefits and Hospitality

Aims to promote the principle of impartiality across all business transactions and demands transparent management of any conflicts of interest that may arise.



Anti-Bribery and Corruption

Aims to restrict and strictly prohibit all forms of bribery, corruption, extortion, and embezzlement.



Human Rights

Aims to promote fair and ethical treatment of employees, fostering a positive and sustainable working relationship between vendors and their workforce.



Health & Safety

Aims to promote a safe and healthy working environment for our employees and extend to contractors and subcontractors working on supplier sites.



Environment

Aims to conduct all operations responsibly and efficiently to minimize any negative environmental impact and conserve natural resources.



Management Systems

Aims to implement robust management systems that support continuous improvement and ensure business continuity in alignment with the expectations.



Emirati Development Center (EDC)

The Emirati Development Center, established by PureHealth, is dedicated to cultivating the next generation of healthcare leaders in the UAE. Aligned with the Abu Dhabi Economic Vision 2030, this initiative focuses on bolstering Emiratisation in the healthcare sector through internship and graduate trainee programs. These programs are open to both graduate and undergraduate students in various healthcare fields and aim to create a sustainable Emirati healthcare workforce.

In collaboration with esteemed institutions like Fatima College of Health Sciences, Mohamed bin Zayed University of Artificial Intelligence, and the United Arab Emirates University, the Emirati Development Center provides a diverse range of learning experiences. The 12-month graduate trainee program and flexible-term internship offer on-the-job training, fostering personal and professional development for young, local talent.

In 2023, PureHealth hosted a ceremony in Abu Dhabi to celebrate the graduation of the first cohort of our Emirati Development Center (EDC) comprising of 50 graduates. The graduation ceremony was graced by

H.E. Matar Saeed Rashed Al Nuaimi, Director General of the Abu Dhabi Public Health Center, who presented certificates to the proud graduates.

With a strong commitment to enhancing diversity and inclusivity within the Group, and solidifying our reputation as an Employer of Choice, the EDC prioritizes the up-skilling and re-skilling of UAE national employees and is a dedicated program which provides a focused learning and development curriculum tailored to every individual to ensure their growth is maximized and they reach new heights by unlocking their potential.



Great Place to Work

Great Place to Work® is the global authority on high-trust, high-performance workplace cultures. Through their rigorous assessment tools, advisory services, and certification programs, they identify and recognize the Best Workplaces™ all over the world. PureHealth now stands among an exclusive group of companies as a Best Workplace™.

To gain this accreditation, PureHealth participated in a culture audit and anonymous survey which was conducted by Great Place to Work®. The organization achieved an 81% favorable response rate, surpassing the 65% threshold which was set. This demonstrates the incredible work ethic and positive spirit

that each employee brings to PureHealth. This certification proves honesty and transparency in everything employees do at PureHealth and with agility, flexibility, and an innovative mindset.

In addition to the above, PureHealth recently made it to the list of 'Best Workplaces in the UAE' under the category of large organizations. This is the highest award bestowed from Great Place to Work®.

Emirati Women Chapter

PureHealth launched its dedicated Emirati Women Chapter in October 2023. Through this new initiative 20 Emirati females both, internal and external having

different backgrounds, management and leadership cadres have embarked on a 12-month journey with us. The chapter will encourage professional and personal development of these 20 individuals in line with their passion and career aspirations.

To enhance the learning experience, they will be assigned industry leaders as mentors who will guide and inspire them through their journey. At the end of the 12 months these females will successfully certify and graduate from the Chapter and will serve as mentors to the next cohort.

Key highlights of 2023 continued



PureHeroes

Witnessed by His Highness Sheikh Theyab bin Mohamed bin Zayed Al Nahyan, PureHealth and Emirates Foundation inked a strategic agreement to establish 'PureHeroes' in 2023. Both entities have united their expertise to focus on healthcare volunteering initiatives, aiming to make a substantial positive impact on the people of UAE.

With an emphasis on enhanced community engagement and a strengthened societal health infrastructure, PureHeroes aims to identify and fulfill specific healthcare requirements across regions and





communities. From skill-based volunteering to targeted healthcare initiatives, the program sets a new benchmark in healthcare volunteering.

It is a dedicated platform open to all healthcare professionals across the country including both the public and private sectors that focuses on building healthcare volunteering initiatives within the country. By identifying the needs and matching them with the appropriate skills, PureHeroes aims to be a valuable contributor to the community and the people of UAE.

“
PureHeroes aims to identify and fulfill specific healthcare requirements across regions and communities.”

2024 Sustainability and Social Impact Strategic Outlook

As we chart our course into 2024, we will continue to innovate and collaborate to make a tangible impact. We will build on the foundations laid in 2023 by amplifying our work across our key pillars.

-  On environmental stewardship, we will accelerate initiatives to achieve emission reductions in line with our net zero commitment and enhance resource efficiency, setting ambitious targets for renewable energy adoption and resource use.
-  On social responsibility, our focus on health equity will deepen. We will implement targeted programs addressing healthcare disparities, fostering diversity and inclusion, and strengthening community engagement.
-  On good governance, we will enhance transparency and accountability, refining governance structures to align with best practices and industry standards. Collaborating with stakeholders will remain central to our approach, ensuring that our initiatives reflect the evolving expectations of investors, employees and the communities we serve.
-  Our goals remain strategically geared to maximizing our sustainability and social impact. We will do this by not only mitigating ESG risks but also seizing opportunities that align with our purpose-driven commitment to advancing the longevity of the people and the planet.



Governance Report

Introduction	44
Group Governance	45
Role of Board	46
Delegation of Authority	48
Board of Directors	49
Board Committees	52
Executive Management Remuneration	55
Related Parties Transactions	56
Investor Relations	57
Internal Controls	58
External Audits	61
Violations	61
Additional Incidents	61
Shareholding and Share Price Information	62
Special Resolutions	63

Our alignment with the core principles of accountability, responsibility, equity, transparency, and fair disclosure fuels our continuous drive to strengthen our governance model. Our commitment ensures that our operations not only meet regulatory requirements but also operate with the highest standards of ethics and social responsibility.

Introduction

Pure Health Holding PJSC (“PureHealth”) was established in 2016 and is a Public Joint Stock Company registered on the Abu Dhabi Securities Exchange (ADX) since 2023.

PureHealth is the United Arab Emirates’ leading integrated healthcare network. The Company is committed to unlocking the potential for extended human longevity and enriching lives with health, profound meaning, and purpose.

Transparency, ethics, and sustainability are embedded in the DNA of the organization. The Board and management proactively steer the vision of the Company while vigilantly monitoring all performance areas.

Our comprehensive ecosystem seamlessly bridges hospitals, clinics, diagnostics, insurance, pharmacies, health technology, and procurement, fostering a holistic approach to health and well-being. Establishing itself as a pioneer of groundbreaking innovations, PureHealth positions itself at the forefront of longevity research, propelling humanity towards a healthier and more fulfilling future.

Through targeted acquisitions and strategic consolidations, PureHealth has established a diversified and resilient platform for growth underpinned by operational efficiency and a commitment to excellence.

This section of the Integrated Management Report provides an overview of PureHealth’s corporate governance framework, systems, and procedures as of December 2023 and has been posted on the ADX website.

PureHealth demonstrated consistently strong performance and growth in 2023, driven by Leadership vision and strategy, resulting in excellent performance of its operational assets. PureHealth’s journey as an Investment Holding Company has reflected remarkable and sustained growth while upholding robust governance.

The report is developed in alignment with applicable regulations and formats as prescribed by SCA.

1 Leadership and Strategy

- Strategic Governance
- Board Stewardship
- Subsidiary Governance
- Delegation of Authority

2 Shareholder and Stakeholder Management

- Shareholder Rights
- Stakeholder Management
- Investor Relations and Engagement

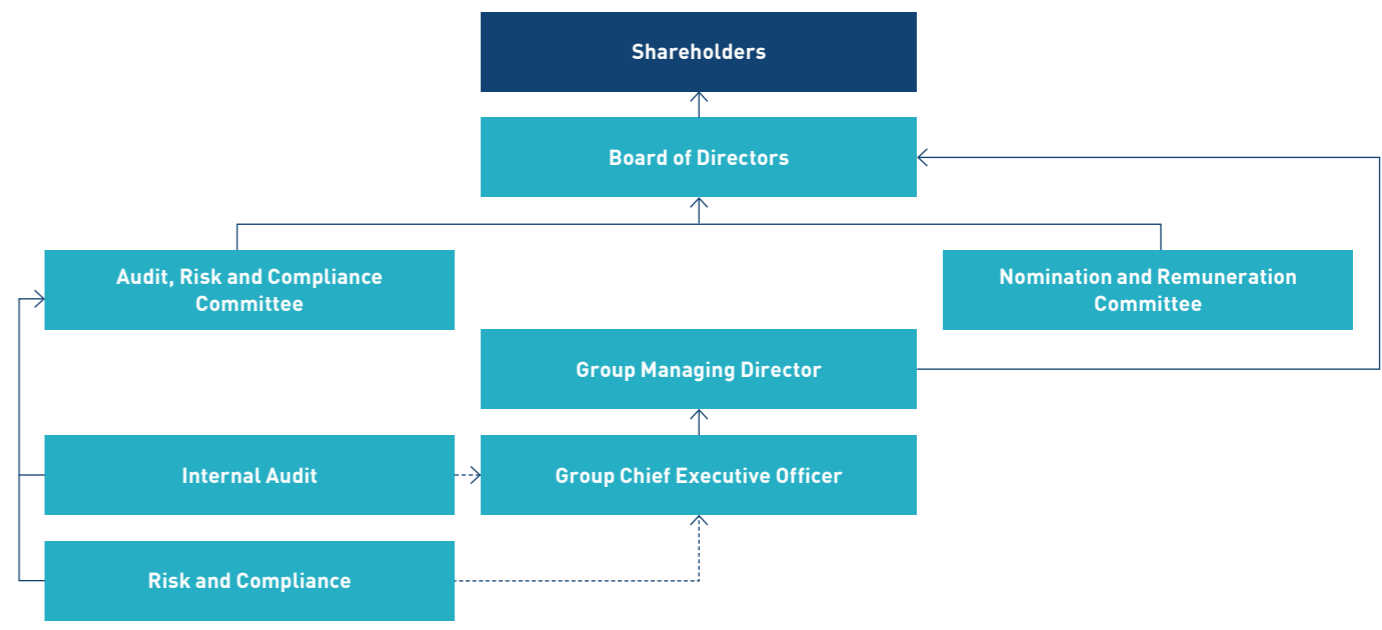
3 Internal Control

- Governance Risk and Compliance
- Financial Reporting
- Internal Audit and External Audit

4 Communication and Reporting

- Transparency
- Accuracy
- Corporate Social Responsibility
- Integrated Reporting

Group Governance



Pure Health Holding PJSC is the largest vertically integrated healthcare group in the United Arab Emirates, with a cross-category ecosystem covering hospitals, clinics, diagnostics, insurance, pharmacies, research, health-tech, and procurement. It also has a growing international footprint in the United States and the United Kingdom.

In addition to providing strategic direction, Management ensures that there is a clear focus on unlocking synergies and value creation between the various subsidiaries while building a healthtech platform focused on research and innovation as well as collaborations with the right global partners.

The ultimate decision-making authority within PureHealth resides with its shareholders, whose collective voice shapes the Company’s trajectory. The General Assembly Meeting serves as the paramount forum for shareholder expression, providing the platform for the exercise of their voting rights on matters critically impacting the Company’s future course.

With a mission to unlock time for humankind, PureHealth is pioneering groundbreaking innovations toward advancing the science of longevity. It is a brand that is synonymous with scientific innovation by combining imagination and advances in technology, along with its dedication to extending human life.

The Company ensures strict adherence to local, regional, and international standards for quality management. Some of the Company’s facilities are accredited by international bodies such as the Joint Commission International (JCI) and the International Standards Organization (ISO).

Overseeing the Company’s governance is a Board of Directors comprised of five individuals selected by the Ordinary General Assembly through a confidential ballot process. Each Board member serves a term of three years, and from within their ranks, they elect a Chairperson and Vice-Chairperson to guide the Board’s direction.

The strategic goals of the Company include:

- Transforming the current UAE healthcare system from an episodic / reactive health management system to a continuous / proactive ecosystem that is powered by advanced digital infrastructure.
- Increasing market share and profitability across all verticals.
- Develop the UAE as a life sciences hub that cultivates and commercializes innovation.
- Increasing the life span and the health span of citizens and residents of the UAE.
- Decarbonization – reducing carbon footprint.

To promote operational efficiencies and leverage synergies for streamlined operations, Pure Health Holding PJSC’s diverse portfolio encompasses five distinct verticals for all its subsidiaries, joint ventures, and affiliates within corresponding vertical categories, detailed below.

Empowerment of the Board is fundamental to upholding the principles of robust corporate governance, to which PureHealth is firmly committed. Recognizing the critical role the Board plays in maintaining the integrity of business operations and fostering investor confidence, the Board itself adheres to the highest standards. This commitment extends to all directors and employees, who are expected to uphold the values of honesty, integrity, and fairness in all their endeavors.

- Wholly owned operating subsidiaries include:**
1. Abu Dhabi Stem Cells Center – Sole Proprietorship LLC
 2. PureHealth Medical Supplies LLC
 3. Tamouh Healthcare LLC
 4. Yas Clinic Group – Sole Proprietorship LLC
 5. National Health Insurance Company (Daman)
 6. Abu Dhabi Health Services Company PSC (SEHA)
 7. The Life Corner LLC
 8. Pure Capital Investments LLC (Pure Capital Investments LLC became a subsidiary of the Group on 01 October 2023).

The focus of the Company is to build the largest tech-enabled integrated healthcare platform in the region along with establishing ‘centers of excellence’ across its healthcare assets, which orchestrate a proactive and personalized patient experience. The management of the Company (“Management”) is responsible for providing strategic direction, oversight, and governance to all its subsidiaries.

Beyond internal conduct, PureHealth places significant emphasis on responsible compliance. The Group diligently strives to adhere to the legal and regulatory frameworks of all countries in which it operates while simultaneously embracing high standards of ethical business practices and demonstrating sensitivity to local cultural norms.



Role of Board

LEADERSHIP AND OVERSIGHT

The Board of Directors shall have the utmost authority to perform all activities necessary for providing the control and effective strategic guidance in relation to the Company and its Executive Management.

It is responsible for the management of the Company, including approving and overseeing the implementation of the Company's strategic objectives, governance framework and corporate culture. Moreover, the Board of Directors shall ensure to safeguard Shareholder's rights, justice, equality and the rights of other stakeholders.

1. A Board Member shall have full and free access to any employee and shall have access to the advice and services of the Board of Directors Secretary.
2. The Board of Director 's overall responsibilities, in alignment with the Governance Rules, AoA and applicable laws and regulations, include but are not limited to the following:

I. Strategy

- a. The setting, overseeing, and approving of the corporate strategy and performance objectives of PureHealth and ensuring these are aligned with the expectations and risks identified by the Board of Directors.
- b. Making decisions governing PureHealth's capital structure and dividend policy to the extent authorized by the Shareholders of the Company.
- c. Reviewing, approving and monitoring major investments, divestments, strategic commitments, operational initiatives (such as changes in systems) and PureHealth's annual budget.
- d. Reviewing the assumptions and rationale underlying the Pure Health HG's strategic plans and ensuring that clearly defined and measurable performance metrics are developed and embedded across PHG.

II. Risk Management

- a. Overseeing implementation of effective enterprise risk management processes and culture across PHG at the recommendation of the Audit Committee.
- b. Determining the nature and extent of the significant risks the Company is willing to undertake to achieve the strategic objectives of PureHealth.
- c. Monitoring and managing potential conflicts of interest of Board Members, Group Chief Executive Officer, Executives, and other relevant stakeholders, including misuse of the Company's assets and abuse in related party transactions.

III. Integrity of Financial Reporting

- a. Reviewing and monitoring the processes, controls and procedures in place to maintain the integrity of PureHealth's accounting and financial records and statements with the support of the Audit Committee.
- b. Approving all financial information in material public disclosure documents and other public offering documents.
- c. Approving the annual and interim financial statements, recognizing that the final responsibility for preparing proper accounts cannot be delegated and lies with the Board of Directors, not the External Auditors.
- d. Approving and overseeing (as the case may be) the implementation of the PureHealth's capital adequacy assessment process, credit, capital and liquidity plans, and relevant policies and obligations per the Delegation of Authority.

IV. Governance, Internal Controls and Compliance

- a. Establishing PHG's corporate governance framework per applicable regulatory requirements and best practices.
- b. Ensuring the efficiency of internal controls across PureHealth, including managing finances and operations.
- c. Ensuring effective control over PureHealth's entire business while respecting the independent legal and governance responsibilities that apply to the individual entities within PHG.

“The Pure Health Holding Board serves as the central pillar of Group governance, providing both strategic direction and independent judgment on critical matters.”

- d. Establishing and monitoring corporate culture and values through measures including, but not limited to, a written code of conduct, a conflict-of-interest policy, a whistleblowing policy mechanism, and an insider trading policy.
- e. Setting the "tone from the top" by playing a lead role in establishing, promoting, adhering to, and monitoring PHG's adherence to corporate culture and values that create expectations that all business must be conducted legally and ethically.
- f. Periodically reviewing the PHG's corporate governance framework to ensure it remains appropriate to PHG's operational structure and the risk it faces, as well as its size, complexity, business strategy, markets & regulatory requirements, risk profile and systemic importance.
- g. Approving the Delegation of Authority, including review and endorsement of matters mentioned in the Delegation of Authority and within the ambit of the Board of Directors.
- h. Establishing an internal audit department to carry out activities as set in the internal audit charter approved by the Audit Committee.

V. Board of Directors Governance

- a. Monitoring the Board of Directors composition and ensure a transparent Board of Directors Member nomination, selection and election process is established and practiced.
- b. Participating in meetings of the Board of Directors and provide opinions on performance, strategic matters, and resources.
- c. Reviewing the Board of Directors Charter and Committee charters to ensure adequacy.
- d. Evaluating the performance of the Board, Committee, and individual Board Members annually and review processes to assist Board Members in having sufficient time to devote to matters to ensure the Board of Directors obligations and duties are effectively discharged.

VI. Executive review, remuneration and succession planning

- a. Approving appointments of the Chief Executive Officer and the Executives, as well as monitoring and reviewing succession planning in relation thereto, in line with the Delegation of Authority as per the applicable regulations.
- b. Setting appropriate performance and compensation standards for the Chief Executive Officer and the Executives that are consistent with the long-term strategic objectives and the financial soundness of PHG.
- c. Overseeing the design and operation of PHG's compensation policy and monitor and periodically review the policy to ensure that it is aligned with PHG's desired culture, risk appetite and long-term objectives.
- d. Ensuring the necessary human resources, at the level and expertise required to promote the Company's long-term objectives, are in place.
- e. Adopting criteria for granting incentives, bonuses, and privileges to Board Members and Employees in a manner that serves the Company's interest and realizes its objectives.

VII. PHG Governance

The Board of Directors shall ensure that where applicable, PureHealth shall adopt effective governance programs, which reflect, as closely as possible, the values, ethics, controls and processes of the Company.

Supporting Committees:

The Board leverages committees, such as the Audit Committee and the Nomination and Remuneration Committee, to delve deeper into specific responsibilities and considerations.

Internal Control and Regulatory Compliance:

Ultimately, the Board ensures that management maintains a robust system of internal control, guaranteeing effective operations, financial controls, and legal compliance. Oversight of this system is delegated to the Audit Committee.

Decision-Making:

The Board serves as the final decision-making body for all matters with significant strategic, financial, operational or reputational implications for the Group. To ensure well-informed decisions, the Board dedicates sufficient time to the process, considering input from Board committees, management, key stakeholders, and experts as needed.

Delegation of Authority

Pure Health Holding PJSC operates within a clearly defined structure governing decision-making authority. A formal schedule outlined in the Delegation of Authority specifies matters exclusively reserved for the Board's direct decision.

To streamline operations and leverage leadership expertise, the Board has granted the Chairman and Vice-Chairman broad authority through a notarized Power of Attorney. This empowers them to represent, attend, act, and sign on behalf of the Company, its subsidiaries, and its affiliates across various matters, transactions, and activities. This delegation is valid for three years.

Further delegation occurs at the operational level. The CEO possesses the delegated authority to empower Business Unit management teams with specific operational decision-making capabilities essential for day-to-day business functions. This delegation is also formalized through a notarized Power of Attorney. To foster alignment and collaboration, Pure Health Holding PJSC's Senior Management conducts regular meetings with business units to review performance, discuss strategic initiatives, and develop action plans.

CORPORATE GOVERNANCE POLICIES

To ensure a strong and effective Governance control, the following policies and guidelines have been established, which promote and enhance higher compliance to Corporate Governance standards.

Corporate Governance Policy

The Corporate Governance Policy covers the roles and responsibilities of all stakeholders involved in governance processes, including the General Assembly of Shareholders, the Board of Directors, the Chairman of the Board and Board Committees, the Managing Director and CEO, Senior Executive Management, Internal and External Audit, Board and Committees Secretary, and other stakeholders.

Conflict of Interest

The policy sets forth requirements for the avoidance and management of potential and actual conflicts of interest involving the Group. It also establishes principles for declaring and disclosing conflicts of interest.

Related Party Transactions

The Policy regulates practices of Related Party Transactions between PureHealth and any of its Related Parties.

Insider Trading

The Policy aims to prevent insider trading and the unauthorized use of inside information by employees (including their relatives) and other stakeholders with access to insider information. It ensures compliance with legal and regulatory requirements and protects the Company and its stakeholders from illicit trading practices.

Whistleblower

Offering a secure channel, the whistleblower policy encourages employees to report in confidence on matters where they feel malpractice is taking place or if ethical/integrity standards are being compromised.

Anti-Bribery and Corruption

The policy sets forth the principles and practices of the Group towards ensuring the highest standards of legal and ethical conduct in all its business dealings, aligning with the SCA guidelines, the Commercial Companies Law, and other relevant anti-bribery and corruption laws applicable within the United Arab Emirates.

SUBSIDIARY GOVERNANCE

The Board of Directors further recognizes that all subsidiaries contribute to and are responsible in their respective areas for implementing good corporate governance practices. To effectively implement the PHG's corporate governance framework, the Board of Directors expects subsidiaries to establish their own governance framework and policies in line with the Group's corporate governance framework.

Each subsidiary is required to ensure that its corporate governance policies and procedures are based on the operating model of the relevant business line and are aligned to specific jurisdictional and regulatory requirements, delegated authorities, Shareholder's agreement (if any) and other constitutional documents applicable to the subsidiary. In alignment with Pure Health Holding PJSC's AOA and applicable laws and regulations, the Board of Directors is responsible for but is not limited to the following:

- Ensuring Governance at all levels of the Group.
- Approving the Group governance framework that sets the powers within the Group.
- Ensuring that the subsidiary Board (if any) has set the subsidiary framework and
- Ensuring that the Group governance does not contradict the power authorization, Shareholder agreements, Board regulations, Board Committee competencies, and related policies within the Group.

Board of Directors

The Board comprises five members, including an Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, one (1) Non-Independent Executive Director and one (1) Non-Independent Non-Executive Director.

The Board of Directors (the "Board") is committed to standards of corporate governance that are in line with international best practices and applicable regulatory requirements. PureHealth is committed to building a skilled Board by prioritizing expertise and diversity that empowers the Board to drive success and achieve the Company's Vision and strategic goals.

PROFILE OF BOARD MEMBERS

The Board of Directors of the Company consists of five (5) Directors. A list of the current Directors of the Company is provided below.

Board of Directors	Category	Year of Appointment
Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi	Chairman (Non-Executive / Independent)	2023
Eng. Hamad Salem Mohamed Binlouteya Alameri	Board Member (Non-Executive / Non-Independent)	2023
Mr. Farhan Malik	Board Member and Managing Director (Executive / Non-independent)	2023
Mr. Semih Sen	Board Member (Non-Executive / Independent)	2023
Ms. Mouza Saeed Khalfan Matar Alromaiti	Board Member (Non-Executive / Independent)	2023

HAMAD AL HAMMADI

Mr. Hamad Abdulla Al Hammadi is the Chief Executive Officer of Energy and Utilities and Sustainable Manufacturing at ADQ. He oversees the development and growth of all portfolio companies within the cluster while identifying and driving new investment opportunities.

He serves as the Chairman of the Board of Directors at Emirates Steel Arkan (ESA) and Emirates Water and Electricity Company (EWEC). He is also a Board member of the Abu Dhabi National Energy Company (TAQA) and TA'ZIZ. Prior to his role at ADQ, Hamad served as the Head of Greenfield Investments in the utilities vertical at Mubadala Investment Company and created high-profile projects across three sectors, including utilities, industry, and financial services.

ENG. HAMAD AL AMERI

Eng. Hamad Al Ameri is the Managing Director and Group CEO of Alpha Dhabi Holding PJSC, one of the fastest-growing Abu Dhabi-based investment holding companies, with more than 100 businesses spread across healthcare, renewable energy, petrochemical, and other industries, as well as real estate, construction, and hospitality.

Since being appointed Group CEO of Alpha Dhabi in 2021, Eng Al Ameri has spearheaded a rapid and comprehensive transformation of the group as a strategic contributor to the UAE economy and is committed to driving continuous growth for its stakeholders through investments in emerging businesses, supporting innovation and diversity.

He has guided Alpha Dhabi through several strategic firsts, including the group's IPO on the Abu Dhabi Stock Exchange in June 2021. Since its IPO, he has continued to transform the group by leading a multi-billion-dollar M&A and Investment strategy, which saw the group enter new sectors, including renewable energy, petrochemicals, and fintech.

Eng. Al Ameri also holds key positions in other prominent listed and private companies in the UAE, including but not limited to vice chairman of National Marine Dredging Company, board member of Aldar Properties, Chairman of Sandstorm Motor Vehicles Manufacturing LLC, board member of Mawarid Holding and board member at ADC Acquisition Corporation PJSC Shares.

FARHAN MALIK

Farhan founded PureHealth in 2006. Since then, he has grown the business from a start-up to becoming the largest healthcare company in the region and a multinational business. With over 125 facilities, 52 million clinical encounters last year and 21,000+ employees in the UAE alone, the business also operates internationally in the USA across six states and the entire United Kingdom. Farhan has been an early adopter of digital technologies and has been advocating the digitization of healthcare since 2015. Under his leadership, PureHealth has built the largest health-related big data projects in the UAE, unifying all the country's health records, creating data lakes of healthcare interactions, and last year had 52 million clinical encounters.

With a focus on moving from sick care to preventive care, Farhan's north star is the pursuit of longevity. That is, increasing people's healthy life span, so they have more years to live fuller, for longer. He believes the healthcare system needs disruption through the democratization of healthcare.

Board of Directors continued

By adopting Industry 4.0, he is building a tech-enabled preventive care system by creating healthcare in the Cloud and taking healthcare to the edge as its enabler. He passionately believes in the concept of technological singularity, which will see the synergy between humans and machines incrementally becoming indivisible as computing power brings them ever closer together.

With a firm conviction that future generations will not access healthcare as we do today, he is laying the foundations for a comprehensive healthcare ecosystem that will be leveraged for generations to come.

SEMIH SEN

Semih Sen has over 25 years of experience in leading healthcare organizations, business project development, building start-ups and creating financial solutions for medical and digital technologies on an international scale. He has built and led many healthcare assets as an investor, financier, asset manager, and advisor across Europe, the Middle East, and the USA.

Mr. Sen has served UAE's Healthcare Sector in multiple roles over the last two decades. He was part of the leadership team of Mubadala's Healthcare Unit from its early days in 2008 until the end of 2017 and was also a Board Director of Medical Holding Company. As an Asset Manager, he was responsible for the development and management of Cleveland Clinic Abu Dhabi, National Reference Lab (in partnership with LabCorp), Tawam Molecular Imaging Center (in partnership with Johns Hopkins Medicine), Capital Health Visa Screening Center and Abu Dhabi Telemedicine Center assets, as well as strategy formation, implementation, acquisitions, and the development of new projects.

Mr. Sen participated in the formation of Mubadala Ventures and its early investments in the global healthcare and pharmaceutical industry. Mr. Sen served as Chairman of Abu Dhabi Telemedicine Center, the first telehealth Company in the region. He was also a Member of the Policy Advisory Committee at Health Authority Abu Dhabi and a Member of the Executive Committee and Board Committees of Cleveland Clinic Abu Dhabi.

Mr. Sen founded Casta Consultancy, a boutique advisory services firm for the healthcare industry, 25 years ago. Since then, the Company has grown to become a leading advisory firm serving top-tier government and private sector clients in Europe, Turkey, and the Middle East.

Mr. Sen holds a BA degree from Bouazizi University in Business Administration and has attended the International Business Strategy Program of the London School of Economics, Entrepreneurial Healthcare Management at Harvard University School of Public Health, Private Equity Masterclass at the London Business School and leading high-performance Healthcare Organizations at the Harvard Business School.

MS. MOUZA ALROMAITHI

Ms. Mouza Alromaiithi currently serves as the Director of information and Cybersecurity at ADQ. She has over 14 years of experience in leading and strategizing information and security transformation projects. She currently holds the following positions:

- Non-Executive Director – Global Aerospace Logistics – Advanced Military Maintenance, Repair, and Overhaul Center (GAL-AMMROC)
- Non-Executive Director – Q Market Makers LLC (QMM)
- Non-Executive Director – Abu Dhabi National Energy Company (TAQA)

Prior to her role at ADQ, Ms. Mouza held various senior leadership positions at Abu Dhabi Systems and Information Center and Emirates Identity Authority.

Ms. Alromaiithi holds a Master of Science in information technology (specialization in cyber security) and a Bachelor of Science degree in information technology (networking systems) from Zayed University, Abu Dhabi.

THE BOARD SECRETARY

The Board Secretary is the point of communication with the Board of Directors and Senior Management and plays a key role in the administration of important corporate governance matters.

Mr. Waleed Darwish has been the Board Secretary since 2022. Waleed reports to the Board in relation to all secretarial responsibilities.

The Board Secretary has the following key responsibilities:

- Collaborate with the Board and executives to plan meetings, determine format (in-person, virtual, etc.), and manage attendance.
- Prepare and distribute meeting agendas (Board and general meetings) in a timely manner.
- Accurately record and distribute minutes for Board and committee meetings.
- Maintain a comprehensive Board contact list with details like appointment dates, terms, and biographies.
- Securely store meeting minutes and other legal documents.
- Possess a deep understanding of meeting procedures, decision-making rules, and governance policies.

Communication and Reporting:

- Regularly communicate Board meeting outcomes and financial decisions through appropriate channels.
- Manage external correspondence, ensuring timely responses to Board-related inquiries and governance matters.
- Prepare presentations and communication materials for meetings.
- Maintain accurate and updated information for regulators, markets, and the public, including the Company website.
- Manage all formal correspondence.

Documentation and Compliance:

- Assist in preparing and reviewing key regulatory filings, annual reports, and other reports.
- Contribute to announcements regarding material events.

DIVERSITY – WOMEN'S REPRESENTATION ON THE BOARD OF DIRECTORS IN 2023

In keeping with the Company's commitment to gender diversity, PureHealth is proud to have one female representation on the Board and PureHealth actively seeks to recruit more female employees across all areas of the Company's operations.

KEY FOCUS AREAS FOR THE BOARD DURING 2023

During 2023, the Board of Directors had one (1) meeting which focused and made decisions on various areas as below:

- Appointing the Chairman and Vice-Chairman
- Appointing the Managing Director and Group Chief Executive Officer
- Formation of the Board sub-committees.
- Appointing the Board Secretary

BOARD INDUCTION, DEVELOPMENT AND EFFECTIVENESS EVALUATION

The Chairman, supported by the Board Secretary, actively leads the onboarding and ongoing development of new directors. This ensures they possess the necessary knowledge and skills to effectively contribute to the Board's roles and responsibilities.

Furthermore, the Board and its committees undergo a rigorous annual performance assessment. This comprehensive evaluation aims to identify areas for improvement and maximize the positive impact of the Board and its committees on the Company and its shareholders.

BOARD REMUNERATION

Due to the recent formation of the Board of Directors, the Directors did not receive any remuneration from the Company for the period ended 31st December 2023.

The General Assembly will approve any future remuneration of the Board of Directors in accordance with the Articles of Association of the Company and the applicable law.

BOARD MEETINGS AND ATTENDANCE OF BOARD MEMBERS

Statement of the number of meetings held by the Board of Directors during the fiscal year. The Board of Directors had convened four meetings during 2022 as follows:

No.	Meeting Date	Attendance	Proxy	Absent	Names of Absent Members
1.	15th December 2023	5 members	-	-	-

Below are details of Board meetings attendance during the year 2023 as follows:

Board of Directors	No. of Absences	First Meeting 15/12/2023
Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi	-	✓
Eng. Hamad Salem Mohamed Binlouteya Alameri	-	✓
Mr. Farhan Malik	-	✓
Mr. Semih Sen	-	✓
Ms. Mouza Saeed Khalfan Matar Alromaiithi	-	✓

SUMMARY OF BOARD RESOLUTIONS PASSED DURING 2022

No Board Resolutions were passed during 2022.

Board Committees

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to the effectiveness of systems of internal controls for management and assessment of financial and operational risks, to help ensure the integrity of consolidated financial statements and compliance with legal and regulatory requirements. The Audit Committee also provides oversight of the Risk Management function, Internal Audit department, the Ethics and Compliance Office, and activities of the external auditor.

Audit Committee Chairman's Acknowledgment

The Chairperson of the Audit Committee acknowledges responsibility for discharging the Audit Committee's mandate across the Group, including reviews of its work mechanisms and ensuring its effectiveness in line with the approved charter of the Audit Committee.

Members of the Audit Committee as of 31/12/2023:

Name of the Member	Title	Category
Mr. Semih Sen	Chairperson	Non-Executive/Independent
Eng. Hamad Salem Mohamed Binlouteya Alameri	Member	Non-Executive/Non-Independent
Ms. Mouza Saeed Khalfan Matar Alromaithi	Member	Non-Executive/Independent

Internal Audit

The Group Internal Audit Department (IAD) provides risk-based, independent, and objective assurance over the company's internal controls system, in addition to advisory and special reviews aiming at improving processes and adding value to operations.

The IAD maintains its independence from the company's management through functional reporting to the Audit Committee*. This reporting structure is established as per the Internal Audit Charter and Audit Committee Charter.

The Group IAD is led by Mr. Nauman Hassan, who has approximately 20 years of audit and finance experience with leading companies. He holds a Master's degree in Accounting and Finance, along with certifications including CFE, CRMA, and CICA.

The IAD primarily operates based on an annual risk-based audit plan which focuses on financial, operational and technology strategic-risk areas. During 2023, the IAD successfully performed and reported a number of internal audit engagements, whereby management action plans to address the results are systematically tracked on a regular basis for timely closure.

In addition, the IAD also accomplished the following remarkable milestones:

1. Implemented a centralized internal audit operating model, serving the various assurance objectives of the company.
2. Developed and rolled out a new risk-based audit methodology in line with the Institute of Internal Audit (IIA) standards and relevant regulations.
3. Rolled-out an Internal Audit Management System utilized by audit teams and auditees across the company, driving a digitally enabled internal audit process.

Audit Committee Functions

The Audit Committee shall use appropriate fiduciary standards of care, skill, prudence, and diligence in its actions. All actions taken by the Audit Committee must be in the sole interest of the Company and in accordance with the powers granted to it by the Board.

The Committee's responsibilities are further detailed in the Audit Committee Charter and supported by the Delegation of Authority, which remains subject to annual review and approval by the Board.

Quarterly Report

At quarterly intervals, the Audit Committee Chairman shall present a comprehensive report to the Board detailing the Audit Committee's activities, significant internal audit outcomes, risk management developments, compliance issues, and any other pertinent topics. Furthermore, the report shall encapsulate the discussions, endorsements, and approvals from Audit Committee meetings held subsequent to the preceding Board meeting.

Audit Committee Report

The Audit Committee shall:

- Update the Board of Directors about Committee activities after each Committee meeting, identifying matters where action or improvement is needed, including where the Committee is not satisfied with any aspect of risk management and internal control, financial reporting or audit related activities; including the independence and performance of the External Auditor, the performance of the internal audit function and any other matters the Committee deems appropriate; and making recommendations as to the steps to be taken.
- Bring to the attention of the Board of Directors material issues, as well as complaints or concerns regarding accounting, internal controls, procurement, auditing or other matters, and, at least annually, share with the Board of Directors the report it receives from the Company on compliance with internal controls (including with respect to insider trading compliance).
- The Audit Committee shall review, at least annually, the committee's charter and recommend any proposed changes to the Board of Directors for approval. The Audit Committee shall conduct, and report to the Board of Directors, the summary of its annual activities and the results of the internal annual performance evaluation (comparing the performance of the Audit Committee with the requirements of this charter).
- Describe to Shareholders in the annual report how it has discharged its responsibilities and how auditor objectivity and independence has been safeguarded.

No Audit Committee Meetings were held during the Year 2023.

*A separate Board's Audit Committee is also established for The National Health Insurance Company – Daman, to which its respective IA function reports to, in accordance with governance requirements stipulated in the Central Bank Regulations.

Board Committees continued

NOMINATION AND REMUNERATION COMMITTEE Nomination and Remuneration Committee Chairman's Acknowledgment

The Chairman of the Nomination and Remuneration Committee acknowledges responsibility for discharging the Nomination and Remuneration Committee's mandate across the Group, reviewing its work mechanism, and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee.

Members of Nomination and Remuneration Committee as of 31/12/2023:

Name of the Member	Title	Category
Mr. Semih Sen	Chairperson	Non-Executive / Independent
Ms. Mouza Saeed Khalfan Matar Alromaihi	Member	Non-Executive / Independent
Eng. Hamad Salem Mohamed Binlouteya Alameri	Member	Non-Executive / Non-Independent

Nomination and Remuneration Committee Functions

The Nomination and Remuneration Committee assists the Board in fulfilling its oversight responsibilities with respect to the following matters ascertaining the appropriate composition of the Board and endorsing the nomination of suitable Board members to the Board and its committees, assessing performance of the Board, Board Committees, each Board Member and the executives, endorsing the remuneration policy, strategy and guidelines of the Group and such other duties as mentioned in the Nomination and Remuneration Committee Charter and the Delegation of Authority, which remains subject to annual review and approval by the Board.

Executive Management Remuneration

The following table lists Senior Executives in the Group, their designations, appointment dates and total salaries, allowances and bonuses paid to them during the year 2023:

Position	Total salaries and allowances during the year 2022	Total bonuses paid during the year 2022
Managing Director and CEOs Pure Health Group	AED 126 million	-

Position	Total salaries and allowances during the year 2023	Total bonuses paid during the year 2023
Managing Director and CEOs Pure Health Group	AED 62 million	-

Related Parties Transactions

The Company has entered into transactions with related parties in accordance with the definitions provided for these terms in the Governance Guide.

The key related party transactions as such term is defined in the International Financial Reporting Standards (IFRS) and which are already reflected in Note 26 of the consolidated financial statements for the year 2023 and carried out during the year in the normal course of business on the terms agreed between the parties.

Investor Relations

Demonstrating a commitment to corporate governance best practices, Pure Health Holding PJSC has established a dedicated Investor Relations Department to ensure consistent compliance with regulatory and internal requirements.

Furthermore, to optimize communication and engagement with shareholders, the Company has appointed a highly qualified Investor Relations Officer. The Officer possesses:

- A degree relevant to the role.
- Extensive experience managing shareholder affairs and legal matters within the UAE, including companies and banks.

- Deep understanding of applicable legal and regulatory frameworks.
- Comprehensive knowledge of the Company's activities and opportunities.
- Effective communication skills across various channels, tailored to engaging with investors.

Furthermore, the Investor Relations Department shall maintain the Company's technical and financial information that is intended to be shared with investors and public stakeholders. Investor Relations also utilizes adequate communication channels to deliver Pure Health Holding PJSC's corporate shareholders' information efficiently.

This includes corporate details and executive summaries to enable current and potential investors with a balanced corporate view as well as Company performance.

The investor relations function maintains and updates corporate information via the Pure Health Holding PJSC's webpage and provides timely updates in accordance with applicable Abu Dhabi Exchange (ADX) regulations to the Abu Dhabi Exchange (ADX) website.

A special Investor Relations page is on the Company's website. It is to be constantly updated and maintained in line with international standards, including Investor Relations contact information, such as a dedicated phone number and e-mail address.

Information and data disclosed to regulators, markets or the public are posted on the Company's website:

Investor Relations (PureHealth.ae)

Contact details for Investors

Relations Officer:

Investor Relations Officer:

Mossadiq Ali Ghanghro
Aldar Headquarters building, Al Raha Street,
Abu Dhabi, UAE
Tel: +971.2.2018200/ +971.2.2018201
Email: ir@PureHealth.ae
Company website: <https://PureHealth.ae>

Available to respond to shareholder inquiries from Monday to Friday, 10am to 3pm.



Internal Controls

INTRODUCTION

Pure Health Holding PJSC and its subsidiaries operate in a complex business environment, which requires navigating the ever-evolving risk landscape while ensuring compliance with internal governance and regulatory frameworks to sustain long-term success and safeguard stakeholder interests.

The Board of Directors acknowledges and assumes the responsibility of ensuring the effective development and implementation of a robust Risk and Compliance Management system within the organization.

OPERATING MODEL – THREE LINES OF DEFENSE

PureHealth has adopted a 'Three Lines of Defense' model, which is a widely recognized framework for effective risk management and governance. It serves as a conceptual structure to explain how various functions contribute to risk management and compliance efforts. The model delineates responsibilities among three lines, each playing a distinct role in mitigating risks and ensuring adherence to governance and regulatory requirements.

First Line of Defense (Operational Management) Responsibility

The first line comprises the operational functions directly involved in daily activities and processes. This includes business units, operations, and front-line employees.

Role

Operational management is responsible for identifying, assessing, and managing risks inherent in their day-to-day operations. They implement controls and preventive measures to mitigate risks at the source.

Second Line of Defense (Risk and Compliance Management) Responsibility:

The second line is composed of specialized risk management and compliance functions that support the first line in implementing the required controls.

Role:

The second line provides guidance, monitoring, and independent oversight. They work to ensure that the first line is effectively managing risks and complying with relevant

governance and regulatory requirements. This includes establishing policies, conducting risk assessments, and validating the adequacy of controls.

Third Line of Defense (Internal Audit) Responsibility

The third line consists of the internal audit function, which operates independently of operational and management functions.

Role

Internal audit plays a critical role in providing independent assurance and evaluation of the effectiveness of key control and governance processes. It enhances the overall transparency, accountability, and governance structure of the organization through its findings and recommendations.

RISK MANAGEMENT PROGRAM

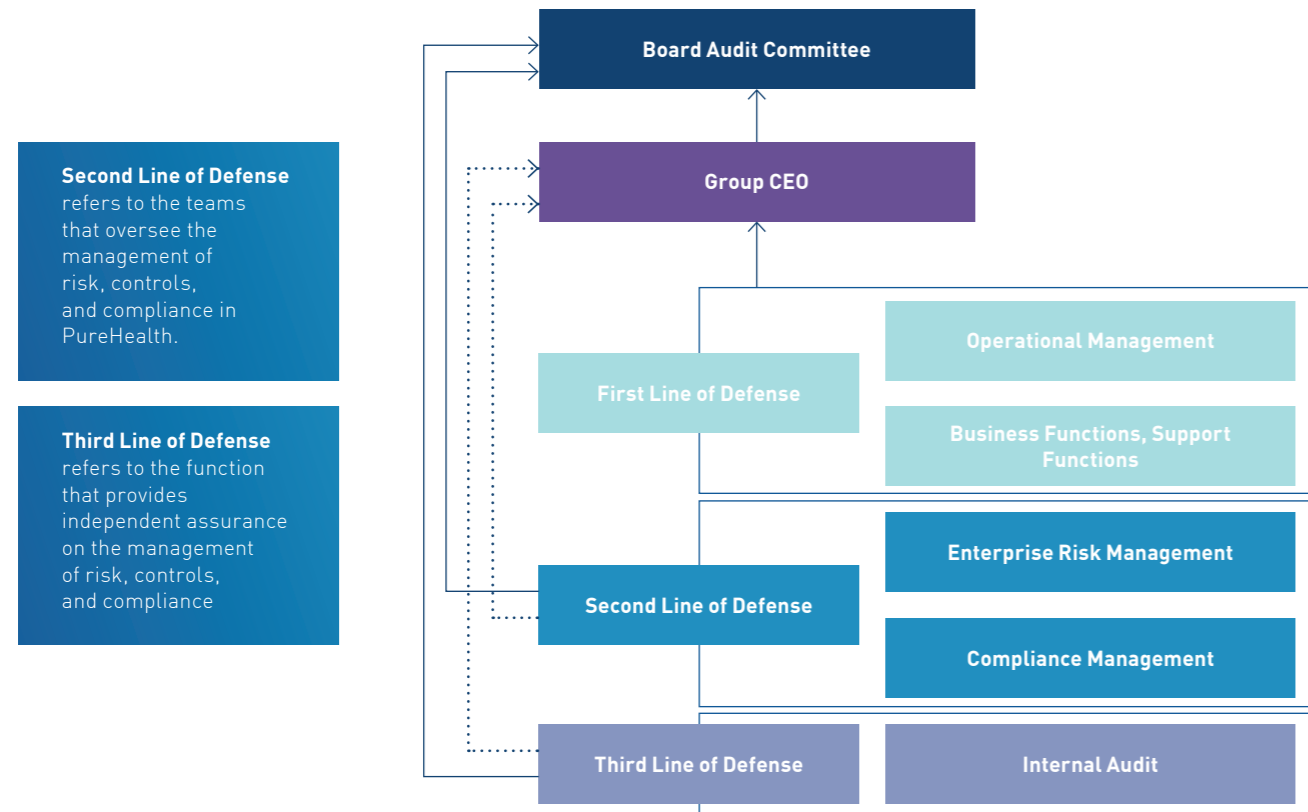
PureHealth's Risk Management program is aligned with global standards (such as ISO 31000 and ISO 22301) and industry best practices. The risk management process is designed to dynamically update the risk profile in line with the changes in the business and the wider, rapidly changing operating environment. Strong collaboration amongst business, support, and control layers – the '3 Lines of Defense' – ensures the risks are managed effectively through the implementation of a strong internal control environment.

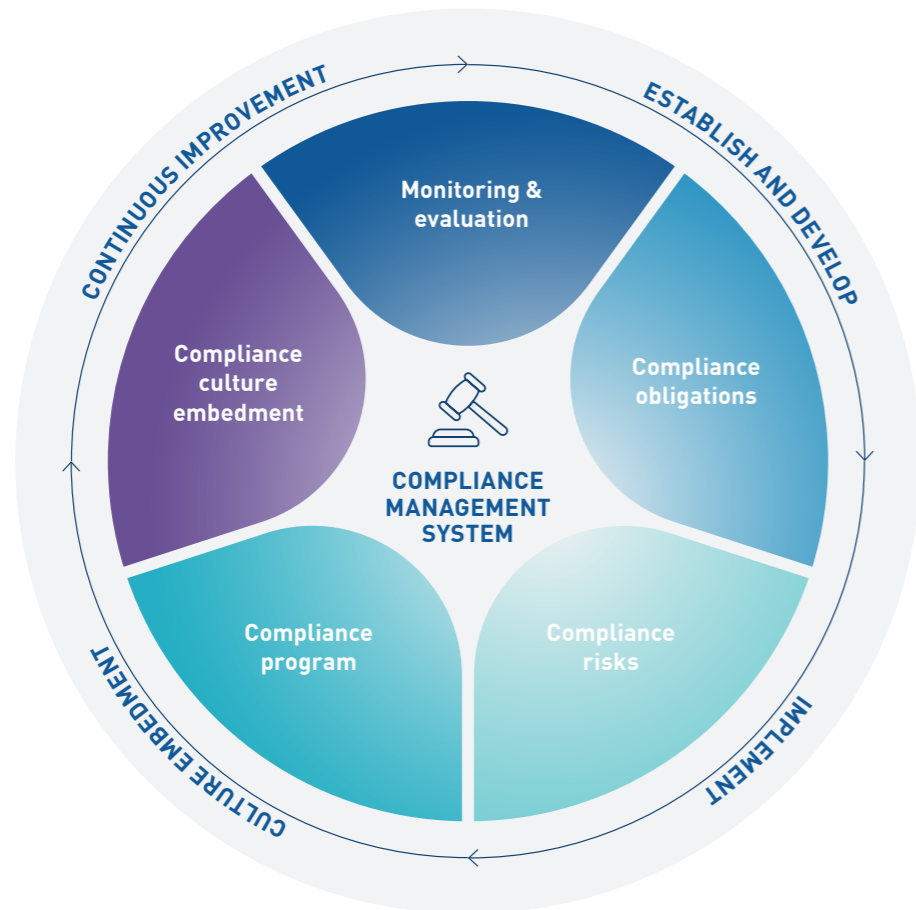
The development of the consolidated Pure Health Holding PJSC's risk profile for onward continuous monitoring allows Senior Management and the Board to exercise transparent and effective oversight of the key risks, supporting informed decision-making.

Risk Management Framework

The Risk Management Framework at Pure Health Holding PJSC is defined to cultivate a proactive and collaborative risk culture that encourages the timely and systematic oversight and governance of risk. In addition, this Framework is in place to promote risk-based decision-making within strategies and opportunities. The key components of the Risk Management framework are:

- Strategy
- Governance
- Processes
- Integration
- Communication
- Continuous Improvement





COMPLIANCE MANAGEMENT

Pure Health Holding PJSC is committed to maintaining the highest ethical conduct and regulatory compliance standards, which is fundamental to its success. We are confident that our comprehensive approach to compliance management ensures integrity in our operations and builds trust with all stakeholders.

Our leadership team is firmly committed to compliance and sets the tone for ethical conduct throughout the organization. Our Board of Directors oversees the compliance program and provides guidance and direction. The Head of Compliance leads a dedicated team of compliance professionals responsible for implementing and monitoring the program.

We have established a robust governance mechanism to ensure the effectiveness and accountability of our compliance program. This includes regular reporting and monitoring, independent audits and reviews, and continuous improvement. We are committed to continuous improvement of our compliance program. We regularly review and update our policies and procedures, and we actively seek feedback from employees and stakeholders to identify opportunities for enhancement.

Compliance Management Framework

The Compliance Management Framework (CMF) is our organization's blueprint for ensuring adherence to laws, regulations, and ethical standards. It represents a cyclical, systematic approach to embedding a culture of compliance throughout all facets of our operations. Our progress in each of the key components of our CMF is as follows:

1. Organizational Context

Our CMF is built upon a deep understanding of the legal and regulatory environments in which we operate. It ensures that all our business activities are aligned with relevant laws, regulations, and industry standards. Our internal governance structures and cultural ethos reinforce our commitment to compliance through clear responsibilities, ethical behavior, and a zero-tolerance policy towards non-compliance. We have implemented cybersecurity measures and data protection protocols in line with all applicable laws, standards, and frameworks to ensure compliance.

2. Compliance Management System

The CMS serves as the database of compliance policies, procedures, and documentation and has helped to instill a culture of compliance at all levels of the organization. Our team has been able to implement a comprehensive compliance program based on ISO 37301, which includes risk assessments, control activities, and performance monitoring, thanks to continuous education, communication, and leadership engagement.

3. Training and Awareness

The CMF includes a comprehensive training program that ensures all employees, contractors, and business partners are aware of their compliance obligations and understand the importance of ethical conduct.

Our training program covers a range of topics, including anti-bribery and corruption, code of business and ethics, data privacy and protection, and fraud prevention. We also provide regular updates to ensure that our team is up to date with the latest compliance requirements and best practices.

4. Continuous Improvement

Through the CMF, we have been able to continually monitor and assess our compliance processes, resulting in valuable insights that have informed ongoing enhancements to our compliance programs and training. As a result, we have been able to instill a culture of active compliance within our day-to-day operations, leading to increased efficiency and effectiveness.

Compliance Mandate

In 2024, we will continue to build upon our strong foundation of compliance management. Our key priorities will include enhancing our compliance program to ensure continued adherence to laws, regulations, and ethical standards, further strengthening the CMS to maintain a culture of active compliance, and conducting regular assessments and reviews to ensure the effectiveness of our compliance program and identify areas for improvement.

External Audits

BRIEF ABOUT THE COMPANY'S EXTERNAL AUDITOR

For the 2023 fiscal year, the Company entrusted Ernst and Young (EY), a globally recognized leader in professional services, to serve as its external auditor. EY boasts a vast footprint spanning over 150 countries. Demonstrating a deep understanding of the local market, EY has maintained a presence in the MENA region for over 90 years and within the UAE, specifically since 1966. Skilled professionals collaborate within dedicated teams across Assurance, Advisory, Tax, Transaction Advisory Services (TAS), and Core Business Services (CBS).

Mr. Raed Ahmad is the Engagement Partner for Pure Health Holding PJSC.

The scope of the audit for the financial year 2023 was as follows:

1. Assure the yearly combined financial statements of the entire Company, following International Financial Reporting Standards (IFRS).
2. Evaluate the financial health of all Company subsidiaries against International Financial Reporting Standards (IFRS).
3. Analyze the condensed financial reports issued quarterly, based on the guidelines of International Accounting Standard (IAS) 34 on interim reporting.

EXTERNAL AUDIT FEES, SERVICES AND COSTS

Below are the details and breakdowns of the external audit costs paid during 2023:

- The External Audit Services fees of EY for 2023 amounted to AED 7,180 thousands. These fees are against the annual audit and interim review of the financial statements of Pure Health Holding PJSC and its subsidiaries.
- The fees for services, which were delivered to the Company in 2023 by other audit firms (other than the Company's auditors), amounted to AED 40,200 thousands.

These fees were against advisory services, namely Outsourced Internal Audit Services, Outsourced Corporate Governance Services, Outsource Taxation Services, Purchase Price Allocation and Due Diligence Services (financial and legal) for various acquisitions by Pure Health Holding PJSC. The firms that delivered these services were as follows:

1. KPMG Middle East
2. Bofa Securities
3. Ashurst
4. Deloitte Middle East
5. WTS Dhurva Consultants
6. Hadeef and Partners
7. FAB Bank.

Violations

NO VIOLATIONS WERE COMMITTED BY THE GROUP DURING THE YEAR 2023

Throughout 2023, the Group maintained exemplary compliance, demonstrating a commitment to ethical and transparent business practices.

This is evidenced by the absence of any material fines or penalties imposed by the Securities and Commodities Authority (SCA) or other statutory authorities for matters related to capital markets.

Additionally, no instances of material non-compliance with applicable rules and regulations were identified.

Additional Incidents

ARDENT HEALTH SERVICES CYBERSECURITY INCIDENT REPORT

In November 2023, Ardent Health Services* experienced a significant company-wide cybersecurity incident, identified as a ransomware attack. This event prompted Ardent to take immediate actions to safeguard data and restore operations. Despite the disruption, Ardent's contingency plans ensured the continuity of critical services throughout the incident.

The response included shutting down the entire IT network, reducing non-emergency procedures depending on each facilities capacity and capability during the ongoing event, diverting emergency ambulance transports, and adopting manual processes for patient care due to the loss of access to electronic medical records. This significantly impacted administrative functions, financial operations, and communication.

Ardent is working with its various insurance providers to finalize its claims and expects to have all its claims filed in 2024 and then processed and paid in the ordinary course. This anticipated financial recovery will be recorded on the income statement, offsetting some of the financial impacts of the cybersecurity incident when the claims are actually paid.

* Ardent is a minority equity investment for PureHealth.

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 during 2023 and share performance against the market index and sector index as of 31st December 2023:

Month	Share Price (AED)			Market Index	Health Care Index	Share Performance		
	High	Low	Closing Price			Absolute	VS Market	VS Sector
December	5.97	5.7	5.7	9,577.85	3,721.03	-0.70%	-1.71%	4.50%

1. The above table captures the share performance against the closing price on December 20, 2023 (being the closing price on the first day of listing on ADX)
2. Share performance against the movement in the index between December 20 and 31, 2023.

COMPANY SHARE PRICE PERFORMANCE DURING THE YEAR 2023

In the absence of monthly closing data, we have shown the stock performance between the listing date and year-end.

DISTRIBUTION OF SHAREHOLDERS' OWNERSHIP

Ownership of Shares	Number of Shareholders	Number of Owned Shares	Ownership %
Less than 50,000	12,073	22,063,431	0.20%
From 50,001 to 500,000	513	88,354,992	0.80%
From 500,001 to 5,000,000	155	187,941,335	1.69%
More than 5,000,000	44	10,812,751,353	97.31%
Total	12,785	11,111,111,111	100%

Description	Individuals	Companies	Total
Local	228,007,612	10,685,370,265	10,913,377,877
GCC	1,275,056	51,517	1,326,573
Arabs	20,607,865	-	20,607,865
Foreigners	98,381,893	77,416,903	175,798,796
Total	348,272,426	10,762,838,685	11,111,111,111
Percentage	3.13%	96.87%	100%

STATEMENT OF SHAREHOLDER OWNERSHIP REACHING 5% OR MORE

Name of Shareholders	Shareholders Share %
Q Health LLC	40.51%
Alpha Dhabi Health Holding LLC	24.93%
IHC Healthcare Holding LLC	6.45%
AH Capital (FZE)	5.56%
Total	77.45%

Special Resolutions

No Special Resolutions were presented to General Assembly meetings held during 2023.

Financial Statements

Director's Report	66
Independent Auditor's Report	67
Consolidated Statement of Financial Position	70
Consolidated Statement of Profit and Loss	72
Consolidated Statement of Other Comprehensive Income	73
Consolidated Statement of Changes in Equity	74
Consolidated Statement of Cash Flows	75
Notes to the Consolidated Financial Statements	77
Appendix: Glossary	138

Our alignment with the core principles of accountability, responsibility, equity, transparency, and fair disclosure fuels our continuous drive to strengthen our governance model. Our commitment ensures that our operations not only meet regulatory requirements but also operate with the highest standards of ethics and social responsibility.

Director's Report

At 31 December 2023

Dear Shareholders,

It is our pleasure to present the Directors' report along with the audited consolidated financial statements of Pure Health Holding PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The main activities of the Group is to provide hospital management services, laboratory management services, hospitalization services, clinical services, health insurance, procurement and supply of medical related products, other healthcare related operations and information technology related services & healthcare solutions.

RESULTS FOR THE YEAR

During the year ended 31 December 2023, the Group reported profit of AED 964,951 thousand and revenue of AED 16,398,920 thousand.

BOARD OF DIRECTORS

The Directors of the Company are:

Chairman

Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi

Vice Chairman

Eng. Hamad Salem Mohamed Binlouteya Alameri

Members

Mr. Farhan Malik

Mr. Semih Sen

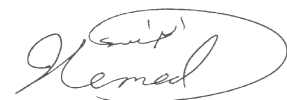
Ms. Mouza Saeed Khalfan Matar Alromaithi

To the best of our knowledge, the financial information included in these consolidated financial statements fairly reflects in all material respects the financial condition, results of operation and cash flows of the Group as of and for, the years presented therein. The consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 February 2024.

AUDITORS

A resolution for the appointment of Ernst & Young as external auditors of the Group for the year ending 31 December 2024 was approved by the Shareholders at General Assembly Meeting held on 15 December 2023.

On behalf of Board of Directors



MR. HAMAD ABDULLA MOHAMED ALSHORAF ALHAMMADI
Chairman

Independent Auditor's Report

To the Shareholders of Pure Health Holding PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (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) (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. 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 year. 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 there are multiple revenue streams associated with the Group which come from various decentralised operational locations. In addition, there are a number of different IT systems and applications in place for the recording of revenue transactions. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2023, total revenue of the Group amounted to AED 16,398,920 thousand (note 27).

We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS requirements. For each material operational location with significant revenue streams, we performed, or involved component auditors to perform substantive audit procedures which included substantive analytical procedures at the Group and subsidiary level and testing on transactions around the year end, to assess whether revenues were recognised in the correct accounting period and throughout the year, to assess whether revenues were properly recognised.

Adoption of IFRS 17 Insurance Contracts

During the year the Group adopted IFRS 17 Insurance Contracts (IFRS 17) which replaces IFRS 4 Insurance contracts (IFRS 4) with effect from 1 of January 2023, which resulted in changes to the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The adoption of IFRS 17 resulted in a transitional adjustment which was posted as a restatement to the Group's previously reported figures for the year ended 31 December 2022 as further explained in Note 2.3.

Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Group along with significant changes to presentation and disclosures that were required in the consolidated financial statements for the year ended 31 December 2023, we have considered this as a key audit matter.

Independent Auditor's Report *continued*

To the Shareholders of Pure Health Holding PJSC

Adoption of IFRS 17 Insurance Contracts *continued*

In relation to the implementation and impact of adoption of IFRS 17, with the assistance of IFRS 17 and actuarial specialists, we performed the following procedures:

- Obtained an understanding of the Group's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Group's accounting policies, systems, processes and controls;
- Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate;
- Evaluated the appropriateness of key assumptions including risk adjustment, discount rates and expenses included within the fulfilment cashflows;
- On a sample basis, we have tested the accuracy of the data used to determine the impact of IFRS 17 adoption and measurement;
- Assessed the adequacy of the transition adjustments impact for IFRS 17; and
- Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 made in the consolidated financial statements.

Valuation of insurance contract liabilities and reinsurance contract assets

As at 31 December 2023, insurance contract liabilities and reinsurance contract assets amounted to AED 2,563,899 thousand and AED 1,330,898 thousand respectively, as detailed in note 25 to the consolidated financial statements. A key element of the valuation of insurance contract liabilities and reinsurance contract assets is the present value of future cash flows ("PVFCFs") included in the liability for incurred claims for contracts measured under the Premium Allocation Approach and risk adjustment for non-financial risks. Management uses an internal and external actuary specialists to assist in the calculation of the liability for incurred claims.

Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.

We performed the following procedures with the involvement of our IFRS 17 actuarial specialists:

- Obtained an understanding and tested key controls for claims handling process;
- Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence;
- Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records;
- Obtained and reviewed the Group's process for determining the key actuarial assumptions including claims ratios and tested these by comparing them with our expectations based on the Group's historical experience, current trends and our own industry knowledge;
- Assessed the appropriateness of the calculation methods and approach along with the assumptions used; and
- We assessed the adequacy of disclosures in the financial statements related to reinsurance contract assets and insurance contract liabilities as per IFRS 17

Other information

Other information consists of the information included in the Directors' report other than the consolidated financial statements and our auditor's report thereon. We obtained the 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 those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves 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 the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 year 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

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, the Articles of Association of the Company;
- iii) the Group has maintained proper books of account;
- iv) the consolidated financial information included in the Directors' report is consistent with the books of account and records of the Group;
- v) investments in shares and stocks are included in note 11 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2023;
- vi) note 26 reflects the disclosures relating to material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023; and

viii) during the year, the Group made no social contributions.



Signed by
RAED AHMAD
Partner
Ernst & Young
Registration No. 811

12 February 2024
Abu Dhabi

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
Assets			
Non-current assets			
Property and equipment	6	1,662,166	1,829,556
Investment property	7	2,696	3,294
Right-of-use assets	8	1,407,721	1,534,306
Intangible assets	9	4,382,911	4,521,055
Sub-lease receivables		1,260	2,724
Investments in associate and joint venture	10	1,865,185	45,871
Investments at fair value through other comprehensive income	11.2	266,305	226,474
Long term deposits		2,000	2,000
		9,590,244	8,165,280
Current assets			
Inventories	12	741,322	600,365
Due from related parties	26	262,219	299,687
Trade and other receivables	13	4,680,975	5,946,706
Derivative financial instrument	14	24,511	-
Investments at fair value through profit or loss	11.1	351,369	359,701
Reinsurance contract assets	25	1,330,898	1,273,614
Contract assets	27	633,462	456,668
Cash and bank balances	15	10,559,509	7,003,456
		18,584,265	15,940,197
Total Assets		28,174,509	24,105,477
Equity and Liabilities			
Equity			
Share capital	16	11,111,111	500,000
Share premium	16	2,507,749	11,214,927
Statutory reserve	17	202,596	109,242
Fair value reserve		49,997	16,186
Cashflow hedge reserve	14	24,511	-
Currency translation reserve		21	17
Merger and other reserves		6,437	(1,896,193)
Retained earnings		2,150,373	1,383,117
Equity attributable to owners of the Company		16,052,795	11,327,296
Non-controlling interests		4,172	3,835
Total equity		16,056,967	11,331,131
Non-current liabilities			
Borrowings	18	284,628	289,543
Lease liabilities	19	1,620,448	1,459,891
Deferred tax liabilities	20	418,698	-
Employees' end of service benefits	21	1,413,143	1,542,089
Deferred government grant	22	93,478	42,143
Other liabilities	23	61,110	78,668
		3,891,505	3,412,334

The attached notes 1 to 39 form part of these consolidated financial statements.

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
Current liabilities			
Borrowings	18	4,962	4,773
Trade and other payables	24	4,964,116	5,840,681
Contract liabilities		39,244	-
Insurance contract liabilities	25	2,563,899	2,319,016
Lease liabilities	19	45,841	148,501
Due to related parties	26	607,975	1,049,041
		8,226,037	9,362,012
Total liabilities		12,117,542	12,774,346
Total Equity and Liabilities		28,174,509	24,105,477

Chairman

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 39 form part of these consolidated financial statements.

Consolidated Statement of Profit and Loss

For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
Revenue	27	16,398,920	12,486,016
Cost of sales	28	(13,840,050)	(7,656,270)
Gross profit		2,558,870	4,829,746
General and administrative expenses	29	(3,731,784)	(2,300,117)
Selling and distribution expenses		(43,944)	(27,103)
Finance costs		(117,472)	(44,555)
Share of profit of an associate and a joint venture	10	25,153	322
Gain on bargain purchase	5.2	-	475,457
Government grant income	30	2,296,172	1,214,916
Other income, net	31	396,654	137,249
Profit Before Tax		1,383,649	4,285,915
Income tax expense	20	(418,698)	-
Profit for the year		964,951	4,285,915
Attributable to:			
Owners of the Company		964,657	3,718,464
Non-controlling interests		294	567,451
Profit for the year		964,951	4,285,915
Basic and diluted earnings per share (AED)	32	0.10	0.38

The attached notes 1 to 39 form part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
Profit for the year		964,951	4,285,915
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Change in fair value of cash flow hedge	14	24,511	-
Foreign exchange difference on translation of foreign operations		4	17
		24,515	17
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Remeasurement gain/(loss) on defined benefits plans	21	77,220	(35,748)
Share of other comprehensive loss of associate and joint venture	10	(2,800)	-
Change in fair value of financial assets carried at fair value through other comprehensive income		36,611	15,329
		111,031	(20,419)
Total other comprehensive income/(loss)		135,546	(20,402)
Total Comprehensive Income for the year		1,100,497	4,265,513
Attributable to:			
Owners of the Company		1,100,203	3,698,062
Non-controlling interests		294	567,451
		1,100,497	4,265,513

The attached notes 1 to 39 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital		Share premium	Statutory reserve	Retained earnings	Merger and other reserves	Cashflow hedge reserve	Fair value reserve	Foreign currency translation reserve		Non-controlling interest	Total equity
	AED '000	AED '000							AED '000	AED '000		
Balance at 1 January 2022	300	-	-	-	-	-	-	-	-	-	-	300
Profit for the year (Restated)	-	-	-	3,718,464	-	-	-	-	-	-	567,451	4,285,915
Other comprehensive income/(loss) for the year	-	-	-	(35,748)	-	-	-	15,329	17	(20,402)	-	(20,402)
Total comprehensive income for the year	-	-	-	3,682,716	-	-	-	15,329	17	3,698,062	567,451	4,265,513
Disposal of investments carried at fair value through other comprehensive income	-	-	-	(857)	-	-	-	857	-	-	-	-
Share capital issued (note 16)	499,700	11,214,927	-	-	(273,961)	-	-	-	-	11,440,666	-	11,440,666
Dividend declared (note 38)	-	-	-	(2,189,500)	-	-	-	-	-	(2,189,500)	(412,500)	(2,602,000)
Transfer to statutory reserve (note 17)	-	-	-	109,242	(109,242)	-	-	-	-	-	-	-
Business combination of entities under common control (note 5.1)	-	-	-	-	-	2,504,203	-	-	-	2,504,203	926,096	3,430,299
Acquisition of non-controlling interest (note 5.3)	-	-	-	-	-	(4,126,435)	-	-	-	(4,126,435)	(1,077,183)	(5,203,618)
Acquisition of subsidiary (note 5.2)	-	-	-	-	-	-	-	-	-	-	(29)	(29)
Balance at 31 December 2022 (Restated)	500,000	11,214,927	109,242	1,383,117	(1,896,193)	-	16,186	17	11,327,296	3,835	3,835	11,331,131
Balance at 1 January 2023	500,000	11,214,927	109,242	1,383,117	(1,896,193)	-	16,186	17	11,327,296	3,835	3,835	11,331,131
Profit for the year	-	-	-	964,657	-	-	-	-	-	964,657	294	964,951
Other comprehensive income for the year	-	-	-	77,220	-	-	24,511	4	135,546	-	-	135,546
Total comprehensive income for the year	-	-	-	1,041,877	-	-	24,511	4	1,100,203	294	294	1,100,497
Share capital issued (note 16)	10,611,111	(6,810,985)	-	(181,267)	-	-	-	-	-	3,618,859	-	3,618,859
Transfer from share premium to merger and other reserves (note 16)	-	(1,896,193)	-	-	1,896,193	-	-	-	-	-	-	-
Transfer to statutory reserve (note 17)	-	-	-	93,354	(93,354)	-	-	-	-	-	-	-
Business combination of entities under common control (note 5.1)	-	-	-	-	-	6,437	-	-	6,437	-	-	6,437
Other movement	-	-	-	-	-	-	-	-	-	-	43	43
Balance at 31 December 2023	11,111,111	2,507,749	202,596	2,150,373	6,437	6,437	24,511	21	16,052,795	4,172	4,172	16,056,967

The attached notes 1 to 39 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated 2022 AED '000)
Operating Activities			
Profit before tax		1,383,649	4,285,915
Adjustments for:			
Depreciation of property and equipment	6	564,061	191,242
Depreciation of investment property	7	598	150
Depreciation of right-of-use assets	8	196,095	73,636
Amortisation of intangible assets	9	203,831	115,100
Impairment of intangible assets	9	-	834
Allowance for slow moving inventories	12	4,968	2,932
Allowance for expected credit loss of trade receivables	13	99,559	10,184
(Reversal)/allowance for expected credit loss of other receivables	13	(91,384)	171,251
Allowance for expected credit losses of bank balances	15	5,762	4,630
Allowance for expected credit losses of government funded programs receivables		14,306	-
Allowance for expected credit loss of contract assets		55,472	-
Share of profit of equity accounted investees	10	(25,153)	(322)
Loss on disposal of property and equipment	6	1,569	19,106
Loss on write-off of intangible assets	9	163	6,443
Gain on bargain purchase	5.2	-	(475,457)
Gain on disposal of subsidiary		(955)	-
Grant income	22	(4,147)	(8,068)
Provision for employees' end of service benefits, net	21	153,168	69,442
Fair value loss/(gain) on investment carried at fair value through profit or loss	11	8,713	(5,439)
Dividend income		(19,372)	-
Finance income	31	(130,155)	(17,317)
Finance costs		117,472	44,555
Operating cash flows before changes in working capital		2,538,220	4,488,817
Working capital changes:			
Inventories		(146,762)	65,471
Due from related parties		54,522	397,358
Trade and other receivables		1,346,097	2,301,348
Reinsurance contract assets		(57,285)	(74,671)
Contract assets		(209,811)	(412,096)
Other liabilities		(17,551)	51,227
Restricted cash		52,826	(572,453)
Due to related parties		(148,553)	(1,130,435)
Insurance contract liabilities		284,127	343,910
Trade and other payables		(956,061)	(1,211,533)
Cash generated from operations		2,739,769	4,246,942
Employees' end of service benefit paid	21	(208,787)	(60,860)
Cash generated from operating activities		2,530,982	4,186,082

Consolidated Statement of Cash Flows *continued*

For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated 2022 AED '000
Investing Activities			
Proceeds from disposal of property and equipment		104	32
Purchase of property and equipment	6	(332,026)	(231,075)
Purchase of property and equipment – grant related		(58,441)	–
Purchase of intangible assets	9	(58,547)	(27,446)
Purchase of investments	11	(30,395)	(19,163)
Proceeds from sale of investments	11	26,989	6,496
Investment in associate	10	(1,843,925)	–
Disposal of joint venture	10	46,964	–
Sub-lease receivables		1,463	2,724
Movement in term deposits with original maturities greater than 3 months	15	(427,004)	(1,625,437)
Dividends income	31	19,372	–
Interest income	31	130,155	17,317
Disposal of subsidiary, net of cash		(1,493)	–
Acquisition of subsidiary – net of cash acquired	5	44,755	5,555,770
Cash (used in)/generated from investing activities		(2,482,029)	3,679,218
Financing Activities			
Issue of share capital		3,618,860	–
Repayment of borrowings	18	(4,726)	(5,684)
Repayment of related party loan		(110,359)	–
Grant funding from the government	22	58,441	50,211
Lease liabilities payments	19	(85,283)	(33,969)
Finance cost paid		(38,248)	(18,837)
Dividends paid	26	(300,000)	(3,058,000)
Cash generated from/(used in) financing activities		3,138,685	(3,066,279)
Increase in cash and cash equivalents during the year		3,187,638	4,799,021
Cash and cash equivalents at beginning of the year		4,799,021	–
Cash and cash equivalents at the end of the year	15	7,986,659	4,799,021

The attached notes 1 to 39 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2023

1 GENERAL INFORMATION

Pure Health Holding PJSC (the "Company") is a public joint-stock company, registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE) on 26 July 2021. The Company's registered address is P.O. Box 144443, Abu Dhabi, United Arab Emirates.

On 1 January 2022, the shareholders resolved to change the legal name of the Company from "Blink Biz Holding LLC" to "Pure Health Holding LLC". The share capital of the Company was increased during the years 2022 and 2023 as further disclosed in note 16. Additionally, the shareholders approved changing the Company's legal status of the Company from a limited liability company to a public joint-stock company in October 2023.

The Company's ordinary shares were listed on the Abu Dhabi Securities Exchange ("ADX") on 20 December 2023.

These consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the "Group"). The main activities of the Group are to provide hospital management services, laboratory management services, hospitalisation services, clinical services, health insurance, procurement and supply of medical related products, information technology and other healthcare related operations.

The consolidated financial statements of the Group were approved by the Shareholders and authorised for issue on 12 February 2024.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable provisions of the Company's Memorandum of Association and UAE Federal Law No. (32) of 2021.

These consolidated financial statements have been prepared on the historical cost basis, except for investments in financial assets carried at fair value through profit or loss, derivative financial instrument and investments in financial assets carried at fair value through other comprehensive income (OCI) which are measured at fair value.

The consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Company and presentation currency of the Group. All the values are rounded to the nearest thousand (AED '000'), except when otherwise indicated.

2.2 Basis for Consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

2 BASIS OF PREPARATION CONTINUED

2.2 Basis for Consolidation *continued*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners 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 in line with the Group's accounting policies.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). 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, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of the Company's subsidiaries as at 31 December 2023 were as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2023	2022
Abu Dhabi Stem Cells Center – Sole Proprietorship LLC	United Arab Emirates	Healthcare and research centers operation and management	100%	100%
Pure Health Medical Supplies LLC	United Arab Emirates	Health care technology and management services	100%	100%
Tamouh Healthcare LLC	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management	100%	100%
National Health Insurance Company – PJSC (Daman)	United Arab Emirates	Health insurance services.	100%	100%
Abu Dhabi Health Services Company – PSC (SEHA)	United Arab Emirates	Management of healthcare and medical facilities.	100%	100%
Yas Clinic Group – Sole Proprietorship LLC	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management	100%	100%
The Life Corner LLC	United Arab Emirates	Pharmacy management services	100%	100%
Pure Capital Investments LLC (iii)	United Arab Emirates	Investment in commercial enterprises & management	100%	–
Pure CS Investments LLC (iii)	United Arab Emirates	Investment in commercial enterprises & management	100%	–
Talent One Employment Services LLC (ii)	United Arab Emirates	Human service delivery of medical cadres and upon request employees provision services	100%	–
SEHA Care LLC (formerly Pure Care Facilities Management LLC) (i)	United Arab Emirates	Commercial enterprises investment, institution, and management company. management and operation of public utilities company.	100%	100%
Below is the subsidiary of Abu Dhabi Stem Cells Center – Sole Proprietorship LLC:				
ADSCC Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical and related items	100%	100%

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2023	2022
Below are the subsidiaries of Pure Health Medical Supplies LLC:				
Dawak Healthcare Supplies LLC (i)	United Arab Emirates	Commercial enterprises investment, institution and management company.	100%	100%
Medclaim Billing Services LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management company.	100%	100%
One Health LLC	United Arab Emirates	Health services and commercial enterprises investment, institution and management company. Health treatment undertaking services company.	100%	100%
Pure Lab LLC	United Arab Emirates	Health services enterprises investment, institution and management company.	100%	100%
Pure Health Capital LLC	United Arab Emirates	Commercial enterprises investment, institution and management company.	100%	100%
Pure Health Facilities Management LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management company.	100%	100%
Pure Health Investment – Sole Proprietorship LLC (i)	United Arab Emirates	Investment, institution and management company.	100%	100%
Pure Investment LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management company.	100%	100%
Rafed Healthcare Supplies LLC	United Arab Emirates	Healthcare group procurement company. Wholesale trading of medical related items and medical storehouse.	100%	100%
Telldoc Technology LLC (i)	United Arab Emirates	Investment, establishment and management of technology projects company.	100%	100%
The Medical Office Facilities Management LLC	United Arab Emirates	Health services enterprises investment, institution and management company and health treatment undertaking services company.	100%	100%
Union Health Facilities Management LLC (i)	United Arab Emirates	Commercial enterprises investment, institution and management company.	100%	100%
Below are the subsidiaries of Pure Lab LLC:				
Pure Lab North LLC SO (i) (ii)	United Arab Emirates	Investment in healthcare enterprises and development	100%	–
Pure Lab South L.L.C (formerly Union 71 Medical Facilities Management LLC)	United Arab Emirates	Management of medical facilities	100%	100%
Below are the subsidiary of Pure Health Capital LLC:				
Pure Health Capital Americas 1 SPV RSC LTD	United Arab Emirates	Holding ownership of equity, non-equity assets, real property, intellectual property, other tangible and intangible assets.	100%	100%
Pure Health Capital UK 1 RSC LTD (i) (ii)	United Arab Emirates	Holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets.	100%	100%
Pure Health UK Topco LTD (i) (ii)	England & Wales, UK	Holding ownership of equity.	100%	–
Below is the subsidiary of Pure Health UK Topco LTD:				
Pure Health UK Bidco LTD (i) (ii)	England & Wales, UK	Holding ownership of equity.	100%	–

Notes to the Consolidated Financial Statements *continued*

31 December 2023

2 BASIS OF PREPARATION CONTINUED

2.2 Basis for Consolidation *continued*

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2023	2022
Below are the subsidiaries of Tamouh Healthcare LLC:				
Protect 7 Healthcare – Sole Proprietorship LLC	United Arab Emirates	Retail sale of medical equipment and apparatuses	100%	100%
Society Travel LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management.	99.99%	99.99%
INOCHI Healthcare – Sole Proprietorship LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management.	100%	100%
Medi Q Healthcare LLC (i)	United Arab Emirates	Investment, incorporation and management of healthcare service projects.	51%	51%
Somerian Health LLC	United Arab Emirates	Health services and commercial enterprises investment, institution and management	80%	80%
Below are the subsidiaries of Somerian Health LLC:				
American Crescent Health Care Center – Sole Proprietorship LLC	United Arab Emirates	Medical complex, onshore and offshore oil and gas fields and facilities services	100%	100%
GenQore Drug Store LLC	United Arab Emirates	Para pharmaceutical products trading, beauty and personal care requisites trading, baby care requisites trading, soap & hair care products trading, medical, surgical equipment trading, laboratories tools & requisites trading.	–	90%
Below are the subsidiaries of National Health Insurance Company – PJSC (Daman):				
Daman Healthcare Solutions GmbH	Germany	Provision of services in international healthcare management.	100%	100%
Independent Health Information Technology Services – Sole Proprietorship L.L.C	United Arab Emirates	Software designing and IT related services.	100%	100%
Below are the subsidiaries of Abu Dhabi Health Services Company – PJSC (SEHA):				
Plus International Medical Center – Sole Proprietorship L.L.C	United Arab Emirates	Natural and rehabilitation medical center related services	100%	100%
Gemmat Al Shumookh Properties – Sole Proprietorship L.L.C	United Arab Emirates	Purchase and sale land and real estate and to provide real estate lease and management services.	100%	100%
Below are the subsidiaries of Yas Clinic Group Sole Proprietorship LLC:				
Yas Clinic Al Mushrif – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex	100%	100%
Yas Clinic Center Al Ain – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex and performing medical analysis	100%	100%
Yas Clinic Khalifa City – Sole Proprietorship LLC	United Arab Emirates	General hospital, management of medical facilities, pharmacy and ambulance services.	100%	100%
Yas Clinic One Day Surgery – Sole Proprietorship LLC	United Arab Emirates	Performance of day surgery cases	100%	100%

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2023	2022
Below are the subsidiaries of Yas Clinic Group Sole Proprietorship LLC: continued				
Yas Clinic Saadiyat– Sole Proprietorship LLC (i)	United Arab Emirates	Operation and management of medical complex	100%	100%
Yas Clinic Emirates – Sole Proprietorship LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management	100%	100%
Yas Clinic Hospital – Sole Proprietorship LLC	United Arab Emirates	Health services	100%	100%
Yas Clinic Emirates Palace – Sole Proprietorship LLC	United Arab Emirates	General medicine	100%	100%
YAS Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	100%	100%
YAS City Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	100%	100%
Medlife – Sole Proprietorship LLC	United Arab Emirates	Management of medical facilities and onshore and offshore oil and gas fields facilities services	100%	100%
Below are the subsidiaries of Medlife – Sole Proprietorship LLC:				
AIC Medical Center – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex	100%	100%
Al Haneen Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	100%	100%
ALD Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	100%	100%
AMH Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine and onshore and offshore oil and gas fields facilities services	100%	100%
CHC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	100%	100%
HHC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	100%	100%
ILLC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine and onshore and offshore oil and gas fields facilities services	100%	100%
AMC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	100%	100%
Sehaty Medical Center – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex	100%	100%
Golden Health Mobile Medical – Sole Proprietorship LLC	United Arab Emirates	Mobile medical services and onshore and offshore oil and gas fields facilities services	100%	100%
Good Care Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	100%	100%
Healing Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products and offshore and onshore oil and gas fields facilities services	100%	100%
Med Care Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	100%	100%

Notes to the Consolidated Financial Statements *continued*

31 December 2023

2 BASIS OF PREPARATION CONTINUED

2.2 Basis for Consolidation *continued*

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2023	2022
Below is the subsidiary of YAS Pharmacy – Sole Proprietorship LLC:				
YAS Pharmacy Ladies Club – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	100%	100%
Below is the subsidiary of Pure Capital Investments LLC:				
Pure CS IT Infrastructure LLC	United Arab Emirates	Computer systems & communication equipment software trading	99%	–
Pure Health Medical Billing Services LLC (i)	United Arab Emirates	Medical billing services	99%	–
Two Five 55 Healthcare Investment LLC (i)	United Arab Emirates	Investment in industrial enterprises & management	99%	–
Union Health Facilities Management LLC (i)	United Arab Emirates	Facilities management services	99%	–
Pure Health FZE (i)	United Arab Emirates	Trading in pharmaceuticals and related products	99%	–
Below is the subsidiary of Pure Health FZE:				
Pure Health Medical Supplies FZE (i)	United Arab Emirates	General trading and trading in pharmaceuticals & related products	100%	–

(i) Dormant subsidiaries with no operations during the year.

(ii) Subsidiaries established during the year.

(iii) Subsidiaries acquired during the year.

2.3 Changes in Accounting Policies

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new standards and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- 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
- International Tax Reforms – Pillar Two Model Rules – Amendments to IAS 12

The Group has applied, IFRS 17 Insurance Contracts for the first time. The nature and effect of these changes are described below. The other amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements.

Impact on the adoption of IFRS 17

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Group has restated comparative information for 2022.

The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA (Premium allocation approach). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Group does not immediately expense out the insurance acquisition cashflows, it allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows. The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, estimates and assumptions and changes therein, when applying the standard

Transition

On transition date, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in the Group's consolidated financial statements for the year 2022.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

2 BASIS OF PREPARATION CONTINUED

2.3 Changes in Accounting Policies *continued*

Impact on the adoption of IFRS 17 *continued*

Changes to presentation and disclosure

The Group's IFRS 17 adoption relates to its subsidiary, National Health Insurance Company – PJSC (Daman), which applied IFRS 17 on 1 January 2022 in its financial statements for the period ended 31 December 2023. The Group acquired Daman on 1 October 2022, and accordingly the Group adjusted the fair value of the identifiable assets and liabilities acquired by AED 68,817 thousand to reflect the impact of the adoption of IFRS 17 as of the acquisition date of 1 October 2022.

The adjustment to the purchase price allocation as at 1 October 2022 increased the previously recorded bargain gain by AED 68,817 thousand. The impact of the IFRS 17 adoption for the period from 2 October 2022 to 31 December 2022 amounted to a reduction in the previously reported profit of AED 25,662 thousand. The net impact on the Group's profit for the year ended 31 December 2022 as a result of the adoption of IFRS 17 was AED 43,154 thousand. The restatement was accounted for in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, as follows:

Restatement of previously issued consolidated financial statements For the year ended 31 December 2022

	As previously reported AED '000	Restatement adjustments AED '000	Reclassification AED '000	As restated AED '000
Consolidated Statement of Profit and Loss				
Revenue	12,295,061	190,955	–	12,486,016
Cost of sales	(7,578,912)	(77,358)	–	(7,656,270)
General and administrative expenses	(2,365,237)	65,120	–	(2,300,117)
Selling and distribution expenses	(29,645)	2,542	–	(27,103)
Finance costs	(45,994)	1,439	–	(44,555)
Government grant income	1,423,331	(208,415)	–	1,214,916
Other income	137,517	54	(322)	137,249
Share result of an associate and a joint venture	–	–	322	322
Gain on bargain purchase	406,640	68,817	–	475,457
Impact on the profit for 2022	4,242,761	43,154	–	4,285,915
Consolidated Statement of Financial Position				
Trade and other receivables	7,992,405	(2,045,699)	–	5,946,706
Reinsurance contract assets	394,129	879,485	–	1,273,614
Cash and bank balances	7,008,086	(4,630)	–	7,003,456
Trade and other payables	(6,760,990)	920,309	–	(5,840,681)
Due to related parties	(1,049,363)	322	–	(1,049,041)
Insurance contract liabilities	(2,612,383)	293,367	–	(2,319,016)
Impact on total equity as of 31 December 2022	4,971,884	43,154	–	5,015,038

Reclassification

Certain amounts in the 2022 consolidated financial statements have been classified to conform with the current year presentation. These changes in classification had no significant impact to the consolidated financial statements.

Making Materiality Judgments – Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

UAE corporate income tax

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 is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered as at 31 December 2023. Following an assessment of the potential impact of the UAE CT Law on the consolidated statement of financial position, deferred tax liability of AED 418,698 thousand has been recorded as at 31 December 2023.

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

2.4 Standards issued but not 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.

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Amendments to IFRS 16 – Lease Liability in a Sale Lease Back
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 17
- Lack of Exchangeability – Amendments to IAS 21

The Group does not expect impact, that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income or in the consolidated statement of changes in equity, as considered appropriate.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Changes in Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity under merger and other reserves and attributed to the Owner of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

Disposals of interest in a subsidiary to an equity accounted investee

Gain or loss on the disposal of interest in a subsidiary to an equity accounted investee is eliminated to the extent of the retained indirect interest in that disposed entity by the Group.

Acquisition of entities under common control

Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to merger and other reserves within equity. Any transaction costs paid for the acquisition are recognised directly in equity.

Investments in joint venture and associate

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture and associate are accounted for using the equity method. Under the equity method, the investment in a joint venture or 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 joint venture or associate since the acquisition date. Goodwill relating to the joint venture or associate is included in the consolidated carrying amount of the investment and goodwill is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint ventures and associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.

The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the consolidated statement of profit or loss outside operating profit. The financial statements of the joint venture and associate are 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.

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

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Investments in joint venture and associate *continued*

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

If the ownership interest in a joint venture or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply the five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from contracts with customers based on the five-step model set out in IFRS 15:

- Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 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 goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group allocates the transaction price to the performance obligations in a contract based on the input method, which requires revenue recognition based on the Group's efforts or inputs to the satisfaction of the performance obligations.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is recognised to the extent that it is probable that the economics benefits will flow to the Group and the revenue and cost, if applicable can be measured reliably.

Laboratory management services

The Group provides laboratory management services to certain customers for a certain service fee as well as a percentage share in certain laboratory revenues. The Group has one performance obligation and revenue is recognised at a point in time when the service is performed, and results are delivered to the customers.

Hospitals management services

The Group provides hospitals' management services against a service fee and percentage share in hospitals' revenue. The Group has one performance obligation (i.e. to manage the operations of the hospitals) and revenue is recognised at a point in time when the services are rendered and simultaneously consumed by the customer.

Hospitalisation and other related services

The Group provides hospitalisation, quarantine, clinical and other related hospital services to its customers. For hospitalisation and quarantine services, revenue is recognised over the period as services are performed. For clinical and other related hospital services, revenue is recognised at a point in time when the services are rendered and simultaneously consumed by the customers.

Procurement and supply of medical related products

The Group procures, manages and supplies medicines, diagnostic and other medical equipment to its customers. The Group has two performance obligations (i.e. to deliver goods to the customers and to render inventory management services). The revenue for delivery of goods is recognised at a point in time when control is transferred to the customers and revenue for inventory management services is recognised over time.

Insurance contracts revenue and insurance commission income

The Group provides health insurance services to its customers. Premiums are recognised as revenue (earned premium) on time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability. Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.

Government Grant income including government funded program income

Government grant income includes fees arising from different contracts with various clients for government funded programs. Income is recognized when the Group satisfies a performance obligation by transferring a service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts related to government funded programs are summarized as follows:

- Government grant is recognized when there is a reasonable assurance that the grant will be received.
- Government grant is recognized when the group will comply with all the attached conditions.
- Government grant is recognized when the group fulfills the performance obligations.

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the years that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When grant relates to administrative services is recognised over time as the services are provided and if it relates to significant act (e.g. medical saving) is recognised when the act is completed.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of Income can be measured reliably).

Interest income and expense

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument and are recognised within 'finance income' in the consolidated statement of profit or loss. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group has recognised contract asset related to hospitals management services.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on property and equipment is calculated using the straight-line basis over their useful economic lives as follows:

Freehold property	10-30 years
Leasehold improvements	5-15 years
Medical equipment	4-10 years
Furniture and fixtures	3-7 years
Office equipment	3-8 years
Computer and IT equipment	3-8 years
Motor vehicles	4-10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

When parts of an item of property and equipment are significant and have different useful lives, they are accounted for as separate items of property and equipment. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of comprehensive income.

Capital work in progress

Assets under construction ('capital work in progress') are stated at cost, net of accumulated impairment losses, and are not depreciated. All costs directly attribute to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost, including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or investment properties category and is depreciated in accordance with the Group's policies.

Derecognition

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated statement profit or loss.

Pure Health Holding PJSC

Investment property

Investment property principally comprises of offices that are held to earn lease rentals. Investment property is measured at cost less accumulated depreciation and impairment losses, if any. The historical cost of investment property represents the purchase cost together with any incidental expenses of acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write off the cost of the investment property over its estimated useful life of 20 years.

Transfers to and from investment properties are made when and only when there is change in use, evidenced by either starting or ending of owner-occupation, commencement or cessation of an operating lease to another party or commencement or cessation of construction or a development plan. Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into account in determining non-operating income. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period.

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income.

The estimated useful lives are:

Trade licenses	Indefinite
Customer relationships and contracts	5-20 years
Computer softwares	3-10 years
Trademarks	3-8 years
Favourable lease contract	10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Customer relationships and contracts

Customer contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long-term contracts with customers for the supply of services which were acquired through business combinations. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives as stated above.

Brand

Brand is a unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Brand names represent future economic benefits in the form of future business linked with the brand names of subsidiaries acquired in business combination. Brand names identified as part of acquisitions have finite and indefinite useful lives. Brand names with indefinite useful lives are carried at cost less accumulated impairment. Brand names with finite useful lives are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 10 years.

Trademarks

Trademarks are words, names, symbols or other devices used in trade to indicate the source of a product and to distinguish it from the products of others. Trademarks represent future economic benefits in the form of future business linked with the trademarks of subsidiaries acquired in business combinations. The trademarks identified as part of acquisitions have finite useful lives. Trademarks with a finite useful life are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 to 8 years.

Trade license

During the year, as part of business combinations, a health insurance license has been identified with an indefinite useful life.

Lease benefit

Lease benefits represents the future economic benefits in the form of a favorable lease arrangement the Group acquired in a business combination. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 10 years.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

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.

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.

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 premeasurement 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 estimated useful life of the assets, as follows:

Premises	2-10 years
Vehicles	3-5 years
Equipment	3-5 years

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.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

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 a lease, if the lease term reflects the Group exercising the option to terminate.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the year in which the event or condition that triggers those payments occurs and are included in the line 'other expenses' in the consolidated statement of comprehensive income.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

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

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (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 of office equipment that are considered of 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.

iv) Variable lease payments

If lease arrangements contain variable payments that are linked to the usage/performance of the leased asset, such lease payments are recognised in the consolidated statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value after recognising a provision for slow moving and obsolete inventory. Cost is determined on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and necessary to make the sale.

Goods in transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

Foreign currencies

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items (if any) denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the consolidated statement of comprehensive income in the year in which they arise.

Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated exchange differences are recognised in the consolidated statement of profit or loss in the year in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur which form part of the net investment in a foreign operation, and which are recognised initially in the foreign currency translation reserve and recognised in the consolidated statement of profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United Arab Emirates Dirhams ("AED"), using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve. Such exchange differences are recognised in the consolidated statement of profit or loss in the year in which the foreign operation is disposed.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that does not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each period. Exchange differences arising are recognised in equity.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Financial assets

Initial recognition and measurement

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

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. 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.

In order for a financial asset to be classified and measured at amortised 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.

Subsequent measurement

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

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss.

The Group has the following financial assets:

Financial assets at amortised cost

The Group measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables, contract assets, due from related parties and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to consolidated profit or loss.

The Group does not have any debt instruments under this category.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of comprehensive income when the right of payment has been established.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments 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, due from related parties and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers 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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

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 trade and other payables, due to related parties, lease liabilities and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Equity instruments and financial liabilities *continued*

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire.

Offsetting of financial instruments

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

Value added tax ("VAT")

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority; in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- 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.

Fair value measurement

The Group measures financial instruments such as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at each consolidated statement of financial position date.

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.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an 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 CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a reasonable period to project future cash flows.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU'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 periods. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period and is classified as current liability.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Employee benefits *continued*

ii) Defined contribution plan

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Pension contributions are made in respect of other GCC National employees, who are covered by the Circular no. 3 of 2007 issued by the General Authority of Pension and Social Security. The contribution made by the Group is charged to consolidated statement of profit or loss. The pension contribution is made according to the laws of the respective GCC nation.

iii) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' basic salaries at the end of their employment contract. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognized past service costs are deducted.

The calculation of defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the consolidated profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans within profit or loss.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Investment income

Investment income mainly comprises interest income/profit and realised gains and losses on sale of investments classified as available for sale.

Dividend distribution

Dividend distribution to the Shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are declared and approved by the Shareholders.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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 the 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Insurance contracts

Definition and classification

The Group issues contracts with insurance risk. The Group does not issue contracts that transfer only financial risks.

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Group does not have any self-insurance policies that need to be excluded from the scope of IFRS 17. The Group does not write any investment contracts with discretionary participation features or insurance contracts with direct participation features. The Group does not have any contracts that contain embedded derivatives, distinct investments, or service components that need to be unbundled and accounted for under other IFRSs.

Unit of account

The Group manages insurance contracts issued by product type. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) starting 1 January and ending 31 December of the respective year.

Each cohort is classified under one of the following groups of contracts:

- Contracts that are onerous at initial recognition.
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently.
- A group of remaining contracts.

This level of granularity determines sets of contracts.

The Group uses underwriting/pricing review exercise and combined/loss ratio analysis in order to define onerosity. Significant judgement is used to assess the onerosity of the set of contracts.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group has split reinsurance contracts into portfolio based on the product types which are covered by reinsurance contracts. For the Enhanced product, the Group has a quota share treaty while for the Basic product, the Group has an arrangement with the Department of Health.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers.

Applying the grouping requirements to reinsurance contracts held, the Group classifies reinsurance contracts held and concluded within a calendar year (annual cohorts) into:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

This level of granularity determines sets of contracts for reinsurance contracts.

For all reinsurance contracts net gain or net loss is assessed at the same level as direct insurance contracts using underwriting/pricing review exercise and combined/loss ratio analysis.

Recognition and derecognition

Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Insurance contracts *continued*

Recognition and derecognition *continued*

Reinsurance contracts held are recognized as follows:

- A group of reinsurance contracts held that provide proportionate coverage is recognized at the later of the beginning of the coverage period of the group and the initial recognition of any underlying insurance contract, unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognized, in which case the reinsurance contract held is recognized at the date the entity recognizes an onerous group of underlying insurance contracts.
- All other groups of reinsurance contracts held are recognized from the beginning of the coverage period of the group of reinsurance contracts held; unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognized prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognized at the same time as the group of underlying insurance contracts is recognized.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria. The composition of the groups is not reassessed in subsequent periods.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the Free Cash Flows (FCFs), unless the conditions for the de-recognition of the original contract are met.

The Group de-recognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

- If the modified terms had been included at contract inception and the Group would have concluded that the modified contract is not within the scope of IFRS 17, results in different separable components, results in a different contract boundary or belongs to a different group of contracts.
- The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.
- The original contract was measured under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.
- When an insurance contract accounted for under the PAA is derecognized, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss.
- If the contract is extinguished, any net difference between the derecognized part of the Liabilities for Remaining Coverage (LRC) of the original contract and any other cash flows arising from extinguishment.
- If the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party.

If the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Measurement approach

The Group elects to measure all insurance contracts under the PAA where eligible to do so. Contracts written by the Group that have a coverage period of one year or less are automatically eligible for the PAA. Currently, all insurance contracts are eligible and thus measured under the PAA.

The Group elects to measure all reinsurance contracts under the PAA where eligible to do so. For all the groups of contracts within the portfolio, the LRC measured under the PAA and the General Measurement Approach (GMA) were projected over the lifetime of the contracts, considering different reasonable scenarios, to determine if the differences were significant. The Group has found that for all these contracts the PAA provided a reasonable approximation of the GMA and were thus eligible for measurement under the PAA.

Contract boundaries

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- The Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
 1. The Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 2. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary of the treaty business of the Group which is written on a risk attaching basis includes the reinsurer's share of all the cash flows of all contracts that attach during the term of the treaty.

Measurement of expenses

The Group has defined acquisition expenses as the costs of selling, underwriting and starting/issuing a group of insurance contracts as per the Standard requirements. The Group had defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or portfolio of contracts (as opposed to new business in general).

The Group had defined all other expenses as maintenance expenses. The Group had defined maintenance costs as attributable if they could not have been avoided if the contract had not been entered into.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognized in other operating expenses as incurred.

The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance and reinsurance contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Group allocates these using relevant proxies. Similar methods are consistently applied to allocate expenses of a similar nature.

The Group does not pay (or recognize a liability, applying a standard other than IFRS 17) directly attributable acquisition costs before a group of insurance contracts is recognized. As such, no pre-recognition acquisition costs assets have been established.

Initial and subsequent measurement – group of contracts measured under the PAA

For insurance contracts issued measured under the PAA, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid. Insurance acquisition cash flows allocated to a group are deferred and recognized over the coverage period of contracts in a group.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- Increased for premiums received in the period
- Decreased for insurance acquisition cash flows paid in the period
- Decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the period
- Increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

The Group does not adjust the remaining coverage for reinsurance contracts held for the effect of the time value of money, because reinsurance premiums are due and expected to be paid within a year of the coverage provided associated with each premium.

For groups of reinsurance contracts, the Group recognizes reinsurance expenses related to the premium ceded based on the same earning pattern as the underlying contract. This is because where reinsurance is on risk attaching basis, risk pattern would be based on the individual contracts earning (actual risk) pattern.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Insurance contracts *continued*

Initial and subsequent measurement – group of contracts measured under the PAA continued

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMA with the amount of such an increase recognized in insurance service expenses, and a loss component is established for the amount of the loss recognized. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMA relating to the future service and the carrying amount of the LRC without the loss component.

When a loss is recognized on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognized in profit or loss and a loss recovery component is established or adjusted for the amount of income recognized. The referred income is calculated by multiplying the loss recognized on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts.

Changes in the loss recovery component are not disaggregated between income and expenses from reinsurance contracts held and reinsurance finance income or expenses for the effect of the time value of money and financial risk as the underlying loss components, which are all measured under the PAA, are not adjusted for the effect of the time value of money and financial risk.

Reinsurance contracts held – loss recovery component

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognized when a loss component is set up for the group of onerous underlying insurance contracts.

This amount is calculated by multiplying the loss recognized on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts. When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

Estimates and assumptions

Best estimate cash flows

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfillment of the contracts. At gross level, the main cash flows include:

- Cash Inflows (premiums, recoveries on past and future claims)
- Cash Outflows (claims, commission, expenses)

Future cash flows within the contract boundary which are to be included in the IFRS 17 valuation are those that relate directly to the fulfilment of the existing insurance contract. In short, these cash flows comprise premiums and premium receivables, claims acquisition, claims handling and administrative costs, transaction based taxes or tax payments on behalf of the client (where the Group does not act as an agent), potential recoveries and attributable overhead costs, and other expenses, all within the boundary of the corresponding contract.

All the cash flows as described above must be best estimate cash flows after removing any margin for prudence or management margins.

The cash flows as described are not adjusted for present value using discount rates as these are expected to be paid/received within 12 months from the date of incurrence.

The claims and Unallocated Loss Adjustment Expenses (ULAE) cash flows need to be adjusted and multiplied with risk adjustment percentage and the corresponding amount shall be added while computing FCFs.

The reinsurance cash flows will be calculated in a similar way like insurance cash flows with the following additional considerations to be taken:

- Reinsurance Level of Aggregation may not be aligned completely with the gross level.
- The Group does not have cashflows contingent to claims.
- The Group does not expect any probability of default of reinsurer.

Other cash flows, which need to be considered, are:

- Costs of providing benefits in kind
- Potential cash inflows from claim recoveries, as long as they have not been recognized as a separate asset
- Transaction-based taxes and levies that arise directly from existing insurance contracts or are attributable to them
- Payments to (or on behalf of) a policyholder resulting from derivatives that are not separated from the contracts (if applicable).

Discount rates

The bottom-up approach is used to derive the discount rate for all contracts within the scope of IFRS 17, where applicable. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium').

The three-step approach to derive discount rates has been highlighted below:

- Credit risk premium component is removed from the asset yields of the reference portfolio
- The illiquidity risk premium is then derived using the risk-free rates and the rates computed in above step
- Subsequently, the bottom-up approach is used by adding this illiquidity premium to the risk-free base curve in order to arrive at the "point-in-time" locked-in interest rate curve.

Currently, all the premiums written by the Group are received within 12 months from the policy start date, so there are no contracts with significant financing component or credit facilities. Hence, there is no requirement of discounting the LRC under PAA.

Similarly, most of the claims are settled within 12 months from the date of incurrence. Hence, there is no requirement of discounting the Liability for Incurred Claims (LIC) under PAA.

In the future, if the Group has policies with claims pattern exceeding one year then the Group shall use the discount rate computed under the bottom-up approach to determine the impact of discounting.

Risk Adjustment (RA) for non-financial risk

The RA for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For LIC, the Group measures volatility of reserves using a combination of the Mack Method for most periods and the volatility of past expectations vs. actuals for recent periods and reconciliations. The current calculations would be aggregated from the current reserving segmentation to derive the RA at the portfolio level decided under level of aggregation.

For LRC, the Group has decided to use volatility in past ultimate loss ratio expectations vs. actuals to estimate the RA on unexpired business.

The profitable groups which are either automatically eligible for PAA or decided to be run using PAA based on the results of PAA eligibility run at the portfolio level will not require an explicit RA on LRC. Currently, all groups are PAA eligible. The RA for all groups of contracts is 65% confidence level.

The Group does not disaggregate changes in the RA between insurance service result and insurance finance income or expenses.

For reinsurance contracts the Group uses the same approach to calculate the RA as for the insurance contracts.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION CONTINUED

Taxation

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

4 KEY SOURCES OF ESTIMATION OF UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

While applying the accounting policies as stated in note 3, the management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year of the revision in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

4 KEY SOURCES OF ESTIMATION OF UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS CONTINUED

Key sources of estimation of uncertainty *continued*

Useful lives of property, right of use assets and equipment and intangible assets

The Group's management determines the estimated useful lives of its property and equipment, right of use assets, and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses (ECL) of trade and other receivables (including government receivables), due from related parties and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, other receivables, government receivables, due from related parties and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, time value of money, and rating etc.).

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. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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.

At the reporting date 31 December 2023, gross trade receivables and other receivables (including government receivables), due from related parties, and contract assets were AED 5,543,851 thousand with provision for expected credit losses of AED 305,671 thousand (31 December 2022 (Restated): AED 5,793,072 thousand with provision for expected credit losses of AED 301,479 thousand). Any difference between the amounts collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of comprehensive income.

Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence, or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration, and quality issues. Based on these factors, management has identified inventory items as slow and non-moving to calculate the allowance for slow moving and obsolete inventories. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

At the reporting date 31 December 2023, inventories amounted to AED 1,023,820 thousand and allowance for slow moving inventories were AED 282,498 thousand (31 December 2022: AED 994,143 thousand and allowance for slow moving inventories were AED 393,778 thousand).

Impairment assessment of non-financial assets

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 of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) 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 performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Assets classified under property and equipment, intangible assets and right-of-use assets are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss.

An impairment loss of AED nil thousand was recorded on non-financial assets for the year ended 31 December 2023 (31 December 2022: AED 834 thousand).

Employees' end of service benefits

The cost and the present value of the defined benefit plans obligation are generally determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and voluntary termination rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All significant assumptions and assets are reviewed at each reporting date.

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).

Determining the lease term of contracts with renewal options

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 several 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.

5 BUSINESS COMBINATIONS

5.1 Business combinations under common control

a) Acquired during the year:

During the year, the Group acquired the following entities under common control. These acquisitions are excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as the business combinations of entities under common control, given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

Pure Capital Investment LLC

Effective 1 October 2023, the Company acquired 100% equity interest in Pure Capital Investment LLC, for no consideration. Pure Capital Investment LLC is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in technology and related services. From the date of acquisition, Pure Capital Investment LLC contributed revenue and net profit to the Group amounting to AED 76,288 thousand and AED 6,453 thousand respectively. If the acquisition had taken place at the beginning of the year 2023, Pure Capital Investment LLC would have contributed revenue and profit to the Group amounting to AED 266,257 thousand and AED 28,863 thousand respectively.

Pure CS Investment LLC

Effective 1 October 2023, the Company acquired 100% equity interest in Pure CS Investment LLC, for no consideration. Pure CS Investment LLC is a limited liability company, registered and incorporated in the Emirate of Dubai. The acquired Company does not meet the definition of a business as it did not have any operations at the acquisition date.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

5 BUSINESS COMBINATIONS CONTINUED

5.1 Business combinations under common control *continued*

b). Acquired during the previous year *continued*

Pure CS Investment LLC continued

Summary of business combination of above stated entities under common control is as follows:

	Pure capital investment AED '000	Pure CS investment AED '000	Total AED '000
Assets			
Property and equipment	17,914	–	17,914
Intangible assets	4,790	–	4,790
Right-of-use assets	3,802	–	3,802
Due from related parties	17,218	100	17,318
Contract assets	22,456	–	22,456
Trade and other receivables	110,253	–	110,253
Cash and bank balances	44,755	–	44,755
Total assets	221,188	100	221,288
Liabilities			
Loan from related party	109,351	–	109,351
Lease liabilities	3,995	–	3,995
Employees' end of service benefits	4,095	–	4,095
Trade and other payables	82,362	–	82,362
Due to related parties	14,992	56	15,048
Total liabilities	214,795	56	214,851
Net assets	6,393	44	6,437
Less: non-controlling interests	–	–	–
Proportionate share of identifiable net assets acquired	6,393	44	6,437
Consideration paid	–	–	–
Merger and other reserves	6,393	44	6,437

b). Acquired during the previous year

Pure Health Medical Supplies LLC

Effective 1 January 2022, the Company acquired 63% equity interest in Pure Health Medical Supplies LLC ("PHMS"), for no consideration. PHMS is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in Health care technology and management services. From the date of acquisition, PHMS contributed revenue and net profit to the Group for the year ended 31 December 2022, amounting to AED 6,344,786 thousand and AED 2,167,525 thousand respectively.

Abu Dhabi Stem Cells Center – Sole Proprietorship LLC

Effective 1 January 2022, the Company acquired 100% equity interest in Abu Dhabi Stem Cells Center – Sole Proprietorship LLC ("ADSCC"), for no consideration. ADSCC is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in healthcare and research centres operation and management. From the date of acquisition, ADSCC contributed revenue and net loss to the Group for the year ended 31 December 2022, amounting to AED 27,656 thousand and AED 1,087 thousand respectively.

Tamouh Healthcare LLC

Effective 1 January 2022, the Company acquired 100% equity interest in Tamouh Healthcare LLC ("Tamouh"), for no consideration. Tamouh is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in health services enterprises and tourist services investment, institution and management. From the date of acquisition, Tamouh contributed revenue and net profit to the Group for the year ended 31 December 2022, amounting to AED 1,401,241 thousand and AED 736,621 thousand respectively.

Yas Clinic Group – Sole Proprietorship LLC

Effective 1 January 2022, the Company acquired 100% equity interest in Yas Clinic Group – Sole Proprietorship LLC ("YAS") for no consideration. YAS is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in health services enterprises and tourist services investment, institution and management. From the date of acquisition, YAS contributed revenue and profit to the Group for the year ended 31 December 2022, amounting to AED 1,545,277 thousand and AED 413,232 thousand respectively.

Summary of business combination of above stated entities under common control is as follows:

	ADSCC AED'000	TAS AED'000	Tamouh AED'000	PHMS* AED'000	Total AED'000
Assets					
Property and equipment	60,306	380,985	468	121,477	563,236
Intangible assets and goodwill	873	5,749	–	1,145,587	1,152,209
Right-of-use assets	1,438	17,889	–	122,023	141,350
Due from related parties	36,988	859	29,258	826,000	893,105
Inventories	1,280	7,432	–	103,409	112,121
Contract assets	–	–	–	44,572	44,572
Trade and other receivables	45,806	1,008,882	647,785	1,148,423	2,850,896
Cash and bank balances	5,079	20,804	89,821	2,130,134	2,245,838
Total assets	151,770	1,442,600	767,332	5,641,625	8,003,327
Liabilities					
Borrowings	–	300,000	–	–	300,000
Lease liabilities	1,437	18,900	–	123,434	143,771
Employees' end of service benefits	693	828	7,386	15,098	24,005
Other liabilities	–	–	–	27,442	27,442
Trade and other payables	42,616	387,540	243,328	1,915,580	2,589,064
Due to related parties	1,224	36,624	203,630	1,247,268	1,488,746
Total liabilities	45,970	743,892	454,344	3,328,822	4,573,028
Net assets	105,800	698,708	312,988	2,312,803	3,430,299
Less: non-controlling interests	–	–	(70,360)	(855,736)	(926,096)
Proportionate share of identifiable net assets acquired	105,800	698,708	242,628	1,457,067	2,504,203
Consideration paid	–	–	–	–	–
Merger and other reserves	105,800	698,708	242,628	1,457,067	2,504,203

* During the fourth quarter of 2022, PHMS completed the purchase price allocations (PPAs) for the acquisitions of Rafed and Union71, which resulted in the following adjustments compared to the assets and liabilities acquired as of 1 January 2022:

- Decrease in the fair value of identifiable assets and liabilities by AED 10,602 thousand (includes reduction of intangible assets amounting to AED 44,602 thousand);
- Increase in goodwill by AED 40,195 thousand;
- Increase in merger and other reserve by AED 18,451 thousand; and
- Increase in non-controlling interest by AED 10,834 thousand.

PHMS's assets and liabilities shown in the table above reflect the completed PPAs for Rafed and Union71.

5.2 Acquisition under IFRS 3 Business Combination

During the previous year, the Group acquired the following entities, which were accounted for using the acquisition method under IFRS 3 Business Combination:

GenQore Drug Store LLC

Effective 1 February 2022, Somerian Health LLC, a subsidiary, acquired a 90% equity interest in GenQore Drug Store LLC ("GenQore"), for a consideration of AED 2. GenQore is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in trading of cosmetic and medical related items. From the date of acquisition, GenQore contributed revenue and net loss to the Group for the year ended 31 December 2022, amounting to AED 22,092 thousand and AED 1,067 thousand respectively.

Abu Dhabi Health Services Company PJSC ("SEHA"), The Life Corner LLC ("TLC") and Daman Health Insurance Company PJSC ("Daman")

Effective 1 October 2022, The Company entered into an agreement with a third party to acquire 100% ownership interest in SEHA, TLC and Daman in addition to a 27% non-controlling interest in PHMS, for a total consideration of AED 9,827,347 thousand, being the fair value of the 225,038,001 newly issued shares of the Company to the third party.

Consideration has been allocated to the acquired businesses as follows:

SEHA and TLC	AED 4,584,958 thousand
Daman	AED 1,651,389 thousand

Notes to the Consolidated Financial Statements *continued*

31 December 2023

5 BUSINESS COMBINATIONS CONTINUED

5.2 Acquisition under IFRS 3 Business Combination *continued*

Abu Dhabi Health Services Company PJSC ("SEHA"), The Life Corner LLC ("TLC") and Daman Health Insurance Company PJSC ("Daman") *continued*

The consideration of AED 3,591,000 thousand, allocated to the acquisition of 27% non-controlling interest in PHMS, has been accounted for as an increase in shareholding (acquisition of NCI), as disclosed in note 5.3(b).

SEHA (including TLC)

SEHA is a public joint stock company registered in Abu Dhabi, United Arab Emirates and is involved in managing healthcare establishments, implementing healthcare policies, projects and strategies, providing and purchasing supplies and medicines needed for healthcare purposes to the general public and collecting prescribed fees for health, curative and preventive services. From the date of acquisition, SEHA contributed revenue and profit to the Group amounting to AED 1,866,676 thousand and AED 547,984 thousand respectively for the year ended 31 December 2022. If the acquisition had taken place at the beginning of the year 2022, SEHA would have contributed revenue and profit to the Group amounting to AED 7,052,000 thousand and AED 902,854 thousand respectively.

TLC is a limited liability company registered in Abu Dhabi, United Arab Emirates and is involved in pharmacy management services. From the date of acquisition, TLC did not contribute revenue and profit to the Group.

Daman

Daman was established in 2005 and is currently the market leader in health insurance in the UAE and provides comprehensive health insurance solutions to its members in the UAE. Daman's key portfolio includes enhanced plan, basic plan, Thiqa and other Government health insurance programs including activity-based mandate ("ABM"), IPC and UAE Army. From the date of acquisition, Daman contributed revenue and net profit to the Group amounting to AED 1,109,495 thousand and AED 83,609 thousand respectively for the year ended 31 December 2022. If the acquisition had taken place at the beginning of the year 2022, Daman would have contributed revenue and profit to the Group amounting to AED 3,966,002 thousand and AED 303,236 thousand respectively.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	GenQore AED'000	SEHA (including TLC) AED'000	Daman* AED'000	Total AED'000
Assets				
Property and equipment	19	1,236,501	9,105	1,245,625
Investment property	-	-	3,444	3,444
Intangible assets	570	2,756,354	445,115	3,202,039
Right-of-use assets	-	1,381,742	69,502	1,451,244
Sub-lease receivables	-	-	1,448	1,448
Investment in joint venture	-	-	45,549	45,549
Investments	-	-	552,390	552,390
Inventories	-	556,647	-	556,647
Trade and other receivables	6,120	2,788,922	3,461,683	6,256,725
Cash and bank balances	261	654,381	2,651,891	3,306,533
Total assets	6,970	9,374,547	7,240,127	16,621,644
Liabilities				
Lease liabilities	-	1,385,218	69,409	1,454,627
Employees' end of service benefits	418	1,408,882	64,454	1,473,754
Insurance contract liabilities	-	-	2,271,803	2,271,803
Trade and other payables	6,430	1,073,728	2,522,111	3,602,269
Due to related parties	416	1,183,234	185,504	1,369,154
Total liabilities	7,264	5,051,062	5,113,281	10,171,607
Total identifiable net assets at fair value	(294)	4,323,485	2,126,846	6,450,037
Share of identifiable net (liabilities)/assets acquired	(294)	4,323,485	2,126,846	6,450,037
Non-controlling interest	(29)	-	-	(29)
Goodwill arising on acquisition	265	261,473	-	261,738
Bargain purchase gain arising on acquisition	-	-	(475,457)	(475,457)
Purchase consideration	-	4,584,958	1,651,389	6,236,347

* During the year 2023, the Group completed the purchase price allocations (PPAs) for aforementioned acquisitions. The fair values of certain identifiable assets and liabilities of Daman acquired as of 1 October 2022, were adjusted to reflect the adoption of IFRS 17 as follows:

- Decrease in "Trade and other receivables" by AED 1,717,684 thousand;
- Decrease in "Cash and bank balances" by AED 4,301 thousand;
- Decrease in "Insurance contract liabilities" by AED 637,276 thousand;
- Decrease in "Trade and other payables" by AED 1,339,030 thousand;
- Increase in "Due to related parties" by AED 185,504 thousand;
- Increase in the fair value of identifiable assets and liabilities by AED 68,817 thousand;
- Increase in bargain purchase gain on acquisition by AED 68,817 thousand;

Daman's assets and liabilities shown in the table above reflect the completed PPA. No other changes resulted from the completion of the PPAs.

The Group has recognised intangible assets of AED 3,109,055 thousand as a result of the aforementioned acquisitions, which comprise mainly of brand, contract relationships, licenses and favourable lease contract. Further, the Group has also recognised an uplift in the fair value of property and equipment amounting to AED 376,563 thousand.

Goodwill of AED 261,738 thousand arising from the acquisitions comprises largely the value of expected synergies arising from the acquisitions, which are not separately recognised.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- Assumed discount rates of 5.8% to 14.7%; and
- A terminal value calculated based on long-term sustainable growth rates for the industry ranging from 1% to 2%, which has been used to determine income for the future years.

The goodwill and intangibles arising from the acquisition of GenQore and amounting to AED 834 thousand (note 9) were impaired during the year ended 31 December 2022.

Analysis of cash flows on acquisitions is as follows:

	GenQore AED'000	SEHA (including TLC) AED'000	Daman AED'000	Total AED'000
Net cash acquired on business combination	261	654,381	2,656,192	3,310,834
Cash paid for the acquisition	-	-	-	-
Acquisition of operating business – net of cash acquired (included in cash flows from investing activities)	261	654,381	2,656,192	3,310,834
Transaction costs of the acquisition (included in cash flows from operating activities)	(30)	(537)	(335)	(902)
Net cash acquired on acquisition	231	653,844	2,655,857	3,309,932

Acquisition related costs amounted to AED 902 thousand were expensed during the year and are included in general and administrative expenses.

5.3 Acquisition of non-controlling interest

- (a) On 1 January 2022, the shareholders of AH Capital FZE transferred their 10% equity interest in a subsidiary, Pure Health Medical Supplies LLC, to the Company in return for 112,428 shares of the Company, which were issued to the shareholders of AH Capital FZE.

The shares acquired in Pure Health Medical Supplies LLC represents an acquisition of a non-controlling interest which was accounted for as follows:

	AED '000
Fair value of the consideration given, shares issued	1,612,618
Less: Carrying value of the 10% shareholding acquired	(231,281)
Difference recognized in merger and other reserves	1,381,337

- (b) Effective 1 October 2022, the Company entered into an agreement with a third party to acquire multiple businesses (note 5.2), which also included the acquisition of 27% ownership interest in PHMS, for a consideration of AED 3,591,000 thousand. The transaction resulted in an increase in the Group's effective shareholding in PHMS by 27%. Following is the summary of increase in shareholding:

Notes to the Consolidated Financial Statements *continued*

31 December 2023

5 BUSINESS COMBINATIONS CONTINUED

5.3 Acquisition of non-controlling interest *continued*

	AED '000
Fair value of the consideration given, shares issued	3,591,000
Less: Carrying value of the 27% shareholding acquired	(845,902)
Difference recognized in merger and other reserves	2,745,098

The above resulted in a decrease of non-controlling interest by AED 1,077,183 thousand for the year ended 31 December 2022.

5.4 Disposal of subsidiary

GenQore Drug Store LLC

Effective 01 October 2023, Somerian Health LLC, a subsidiary, disposed of its entire ownership interest in GenQore Drug Store LLC ("GenQore") for nil consideration. This resulted in a gain on disposal of subsidiary, amounting to AED 955 thousand, during the year, which is recognized as other income (note 31) in the consolidated statement of profit and loss.

6 PROPERTY AND EQUIPMENT

	Freehold property AED '000	Leasehold improvements AED '000	Medical equipments AED '000	Furniture & fixtures AED '000	Office equipments AED '000	Motor vehicles AED '000	Computer & IT equipment AED '000	Capital work in progress AED '000	Total AED '000
Cost:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Acquired through business combinations (note 5.1 & 5.2)	818,654	130,228	3,084,465	534,520	197,537	56,130	945,534	12,825	5,779,893
Additions	9	14,386	52,706	7,210	17,073	780	23,280	115,631	231,075
Write-off	(4,438)	(943)	(22,755)	(56)	-	-	(32)	(1,281)	(29,505)
Disposal	-	-	(276,633)	(8,486)	(20,441)	(98)	(56,592)	(1,464)	(363,714)
At 31 December 2022	814,225	143,671	2,837,783	533,188	194,169	56,812	912,190	125,711	5,617,749
Acquired through business combinations (note 5.1)	-	281	-	755	19	-	16,753	1,346	19,154
Additions	275	21,287	76,256	8,848	12,158	5,276	36,432	171,494	332,026
Transfer	(76,611)	181,205	17,387	1,893	6,183	14,778	54,941	(202,666)	(2,890)
Write-off	-	-	(59)	(15)	(466)	(36)	-	(3,520)	(4,096)
Government grant additions	-	18,269	12,765	-	-	-	-	27,407	58,441
Government grant disposals	-	-	-	-	-	-	-	(2,959)	(2,959)
Disposal of subsidiary	-	-	-	(72)	(171)	-	(6)	-	(249)
Disposals	(2,615)	(763)	(176,099)	(50,741)	(5,336)	(11,373)	(68,657)	-	(315,584)
At 31 December 2023	735,274	363,950	2,768,033	493,856	206,556	65,457	951,653	116,813	5,701,592
Accumulated depreciation:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Acquired through business combinations (note 5.1 & 5.2)	382,705	47,554	2,264,590	397,229	98,020	43,733	737,201	-	3,971,032
Charge for the year	17,068	13,037	89,234	30,633	8,168	7,274	25,828	-	191,242
Written-off	-	(393)	(13,850)	-	-	-	-	-	(14,243)
Disposals	-	-	(274,647)	(8,158)	(20,434)	(98)	(56,501)	-	(359,838)
At 31 December 2022	399,773	60,198	2,065,327	419,704	85,754	50,909	706,528	-	3,788,193
Acquired through business combinations (note 5.1)	-	89	-	701	13	-	437	-	1,240
Charge for the year	24,825	32,673	261,053	102,674	45,745	5,224	91,867	-	564,061
Reclassifications	(1,970)	805	608	302	716	860	(1,321)	-	-
Written-off	-	(3)	(59)	-	-	-	-	-	(62)
Disposal of subsidiary	-	-	-	(12)	(77)	-	(5)	-	(94)
Disposals	(2,591)	(159)	(175,187)	(50,644)	(5,316)	(11,366)	(68,649)	-	(313,912)
At 31 December 2023	420,037	93,603	2,151,742	472,725	126,835	45,627	728,857	-	4,039,426
Carrying amount:									
At 31 December 2023	315,237	270,347	616,291	21,131	79,721	19,830	222,796	116,813	1,662,166
At 31 December 2022	414,452	83,473	772,456	113,484	108,415	5,903	205,662	125,711	1,829,556

Included in the property and equipment is a freehold property building with a carrying value of AED 262,909 thousand as at 31 December 2023 (31 December 2022: AED 271,254 thousand), which is mortgaged against a borrowing by a subsidiary. During the year, Group disposed property and equipment with a net carrying amount of AED 1,673 thousand against proceeds of AED 104 thousand accordingly, a loss of AED 1,569 thousand was recognized (note 31).

Depreciation charge for the year has been allocated and disclosed in the consolidated financial statements as follows:

	2023 AED '000	2022 AED '000
Cost of sales (note 28)	263,462	90,326
General and administrative expenses (note 29)	300,599	100,916
	564,061	191,242

7 INVESTMENT PROPERTY

	2023 AED '000	2022 AED '000
Cost:		
At 1 January	6,239	-
Acquired through business combination (note 5.2)	-	6,239
At 31 December	6,239	6,239
Accumulated depreciation:		
At 1 January	2,945	-
Additions due to acquisition (note 5.2)	-	2,795
Charge for the year (note 28 & 29)	598	150
At 31 December	3,543	2,945
Net book value:		
At 31 December	2,696	3,294

The investment property represents leasehold property situated at Jumeirah Lake Tower, Dubai. The Group's investment property comprises of offices, which are leased out during the current year. The Group earned rental income of AED 287 thousand (31 December 2022: AED 71 thousand) from the investment property. The Group did not incur any material operating expenses during the year.

The fair value of the investment property as at 31 December 2023 is AED 9,050 thousand (31 December 2022: AED 5,910 thousand). The Group's investment property was valued by independent external valuer having recognised professional qualification and recent experience in the locations and segments of the investment property valued. The valuation of the Group's investment property was determined using the investment (income capitalization) method whereby the rental income is capitalized at an appropriate yield reflecting current market conditions. The fair value measurement falls under level 3 in the fair value measurement hierarchy.

8 RIGHT-OF-USE ASSETS

	2023 Right-of-use assets AED '000'	2022 Right-of-use assets AED '000'
Cost:		
At 1 January	1,837,446	-
Acquired through business combinations (note 5.1 & 5.2)	5,142	468,039
Additions during the year	26,696	1,384,357
Modifications	4,849	(14,950)
Cancellations	(88,268)	-
At 31 December	1,785,865	1,837,446
Accumulated depreciation:		
At 1 January	303,140	-
Acquired through business combinations (note 5.1 & 5.2)	1,340	247,545
Modifications	(101,940)	(18,041)
Cancellations	(20,491)	-
Charge for the year	196,095	73,636
At 31 December	378,144	303,140
Net book value:		
At 31 December	1,407,721	1,534,306

The Group entered into 10-year lease agreements for land and buildings which are discounted using an incremental borrowing rate of 5%.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

8 RIGHT-OF-USE ASSETS CONTINUED

The following are the amounts recognised in the consolidated statement of profit and loss:

	2023 AED '000	2022 AED '000
Cost of sales (note 28)	15,604	4,078
General and administrative expenses (note 29)	180,491	69,558
	196,095	73,636

9 INTANGIBLE ASSETS

	Computer software AED '000	Trademarks AED '000	Customer relationships and contracts AED '000	Brand AED '000	Goodwill AED '000	Favorable lease contract AED '000	Trade license AED '000	Capital work in progress AED '000	Total AED '000'
Cost:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Relating to business combinations (notes 5.2)	1,004,368	1,533	1,959,935	1,358,157	301,933	877,308	11,000	23,318	5,537,552
Additions during the year	18,657	384	-	-	-	-	-	8,405	27,446
Impairment (note 29)	-	(569)	-	-	(265)	-	-	-	(834)
Transfers during the year	16,482	-	-	-	-	-	-	(16,482)	-
Write off during the year	(13,106)	-	-	-	-	-	-	-	(13,106)
Settlement of pre-existing rights	-	-	(1,040,438)	-	1,040,438	-	-	-	-
At 31 December 2022	1,026,401	1,348	919,497	1,358,157	1,342,106	877,308	11,000	15,241	5,551,058
At 1 January 2023	1,026,401	1,348	919,497	1,358,157	1,342,106	877,308	11,000	15,241	5,551,058
Relating to business combinations (notes 5.1)	5,236	-	-	-	-	-	-	-	5,236
Additions during the year	20,563	-	-	-	-	-	-	37,984	58,547
Transfers during the year	21,741	-	-	-	-	-	-	(18,853)	2,888
Write off during the year	(4)	(9)	-	-	-	-	-	(157)	(170)
Disposal of subsidiary	-	(375)	-	-	-	-	-	-	(375)
At 31 December 2023	1,073,937	964	919,497	1,358,157	1,342,106	877,308	11,000	34,215	5,617,184
Accumulated amortisation:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Relating to business combinations (notes 5.2)	921,342	210	14	-	-	-	-	-	921,566
Write off during the year	(6,663)	-	-	-	-	-	-	-	(6,663)
Charge for the year (note 28 & 29)	21,562	138	70,218	1,249	-	21,933	-	-	115,100
At 31 December 2022	936,241	348	70,232	1,249	-	21,933	-	-	1,030,003
At 1 January 2023	936,241	348	70,232	1,249	-	21,933	-	-	1,030,003
Relating to business combinations (notes 5.1)	446	-	-	-	-	-	-	-	446
Charge for the year (note 28 & 29)	49,303	138	61,661	4,998	-	87,731	-	-	203,831
Write off during the year	(7)	-	-	-	-	-	-	-	(7)
At 31 December 2023	985,983	486	131,893	6,247	-	109,664	-	-	1,234,273
Carrying amount:									
At 31 December 2023	87,954	478	787,604	1,351,910	1,342,106	767,644	11,000	34,215	4,382,911
At 31 December 2022	90,160	1,000	849,265	1,356,908	1,342,106	855,375	11,000	15,241	4,521,055

During the previous year, Group wrote off certain ERP systems which resulted in a loss of AED 6,443 thousand (note 31).

During the previous year, the acquisition of SEHA resulted in settlement of pre-existing rights relating to customer contracts recognised during 2021 by PHMS from the acquisitions of Rafed and Union71. On the acquisition date of SEHA, management carried out an assessment of the contracts and determined that the contracts have no favorable or unfavorable components and that the pricing of the contracts are comparable to current market transactions. Accordingly, no gain or loss was recognised in the consolidated statement of profit and loss. The amount recognised as customer contracts as of the acquisition date of SEHA of AED 1,040,438 thousand was adjusted against goodwill.

Brand

Brand represents future economic benefits in the form of future business linked with the brand names of subsidiaries acquired in various business combinations and meet the criteria for recognition as intangible assets under IAS 38.

Customer relationships and contracts

These represent long term non-cancellable contracts with customers and non-contractual relationships which were acquired in various business combinations and meet the criteria for recognition as intangible assets under IAS 38.

Trademarks

Trademarks represent future economic benefits in the form of future business linked with the trademarks which were acquired in various business combinations and meet the criteria for recognition as intangible assets under IAS 38.

Trade license

Trade license includes license of an acquired subsidiary, National Health Insurance Company PJSC ("Daman"), that allows them to carry out insurance related activities. The license has an indefinite useful life.

Lease benefits

Lease benefits represents the future economic benefits in the form of favorable lease arrangements the Group acquired in business combinations. These represent leases of hospitals, medical centers and retail shops having a useful life of 10 years.

Goodwill

Goodwill primarily comprises sales growth, new customers and expected synergies arising from the acquisitions. Goodwill is allocated to respective cash generating units.

During the year ended 31 December 2023, management performed its annual impairment assessments of goodwill, using the discounted cashflow model approach to calculate the value in use for the respective cash generating units. For the purpose of the impairment testing, goodwill was allocated to the respective cash generating units based on the respective enterprise values. Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date. Following key assumptions were used in the discounted cashflow review:

- Terminal growth rate: 3%-4%
- Inflation rate: 4%
- Discount rate: 8.5%-12.5%

10 INVESTMENT IN ASSOCIATE AND JOINT VENTURE

Details of Group's investment in associates and joint venture are as follows:

Name of entities	Country of incorporation	Principal activities	Ownership interest		Carrying value	
			2023	2022	2023 AED '000	2022 AED '000
Joint venture:						
Munich Health Daman Holding Limited (i)	UAE	Investing and consulting	-	49%	-	45,871
Associate:						
Ardent Health Partners LLC (ii)	USA	Healthcare	26.05%	-	1,865,185	-

(i) During the year, investment in Munich Health Daman Holding Limited ("MHDH") was liquidated. Munich Health Daman Holding Limited ("MHDH") was incorporated in Abu Dhabi, UAE as a limited liability company and was 51% owned by Munich Health Holding AG and 49% owned by the Group. This investment was liquidated at net book value, resulting no gain or loss on disposal.

(ii) During the year, the Group acquired a 26.05% shareholding in Ardent Health Partners LLC ("AHP") for a consideration of USD 500 million (equivalent to AED 1,837,500 thousand) and a direct attributable cost of AED 6,425 thousand. The investment in Ardent Health Partners LLC is accounted for based on provisional fair values / net asset values, which will be finalised within 12 months of the date of acquisition.

The reporting date for the associate and joint venture is same as for the Group.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

10 INVESTMENT IN ASSOCIATE AND JOINT VENTURE CONTINUED

Movement in investment in associate and joint venture is as follows:

	2023 AED'000	2022 AED'000
At 1 January	45,871	–
Acquired through business combinations (note 5.2)	–	45,549
Additions during the year	1,843,925	–
Share of net profit for the year (note 31)	25,153	322
Disposals	(46,964)	–
Share of other comprehensive income for the year	(2,800)	–
At 31 December	1,865,185	45,871

Summarized financial information of the assets, liabilities and profit of the associate and joint venture as at 31 December is as follows:

	2023 AED'000	2022 AED'000
Assets and liabilities:		
Assets	17,189,560	93,745
Liabilities	(13,212,026)	(131)
Non controlling interest	(1,511,961)	–
Net assets	2,465,573	93,614
Group's share of net assets	642,282	45,871
Goodwill implied	1,222,903	–
Carrying amount	1,865,185	45,871
Revenues and profit for the year:		
Revenue for the year	13,408,182	–
Net profit for the year	94,593	657
Group's share of net profit for the year	25,153	322

11 INVESTMENTS

	2023 AED'000	2022 AED'000
Investments at fair value through profit or loss (note 11.1)	351,369	359,701
Investments at fair value through other comprehensive income (note 11.2)	266,305	226,474
	617,674	586,175

Geographic concentration of investments is as follows:

	2023 AED'000	2022 AED'000
Inside UAE	262,365	280,544
Outside UAE	355,309	305,631
	617,674	586,175

11.1 Investments carried at fair value through profit or loss

	2023 AED'000	2022 AED'000
Quoted equity securities	348,432	357,567
Unquoted equity securities	2,937	2,134
	351,369	359,701

Movement in investments carried at fair value through profit or loss during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	359,701	–
Acquired through business combinations (note 5.2)	–	343,699
Purchased during the year	185	10,273
Changes in fair value (note 31)	(8,713)	5,439
Foreign exchange differences	196	290
At 31 December	351,369	359,701

11.2 Investments carried at fair value through other comprehensive income

	2023 AED'000	2022 AED'000
Quoted securities – equities	253,995	217,041
Unquoted securities – managed funds	12,310	9,433
	266,305	226,474

Management of the Group has elected to designate these investments in financial instruments as fair value through other comprehensive income, as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Movement in at fair value through other comprehensive income financial assets during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	226,474	–
Acquired through business combinations (note 5.2)	–	208,691
Purchased during the year	30,210	8,890
Changes in fair value during the year	36,611	15,329
Disposals during the year	(26,989)	(6,496)
Foreign exchange differences	(1)	60
At 31 December	266,305	226,474

12 INVENTORIES

	2023 AED'000	2022 AED'000
Medical supplies and spare parts	1,023,820	994,143
Less: allowance for slow moving inventories	(282,498)	(393,778)
	741,322	600,365

Movement in allowance for slow moving inventories during the year was as follows:

	2023 AED'000	2022 AED'000
At 1 January	393,778	–
Acquired through business combinations (note 5.2)	–	405,693
Charge for the year, net (note 29)	4,968	2,932
Write off for the year	(116,248)	(14,847)
At 31 December	282,498	393,778

Notes to the Consolidated Financial Statements *continued*

31 December 2023

13 TRADE AND OTHER RECEIVABLES

	2023 AED'000	Restated 2022 AED'000
Trade receivables	2,151,412	2,553,822
Less: allowance for expected credit losses	(83,565)	(75,378)
Net trade receivables	2,067,847	2,478,444
Other receivables	1,941,487	739,819
Provision for expected credit losses for other receivables	(152,274)	(226,101)
Government funded programs receivables	499,799	1,743,076
Provision for Government funded programs receivables	(14,306)	-
Advances to suppliers	44,806	545,323
Advances against investment (note 13.1)	-	370,861
Prepayments	250,044	265,524
Margin and other deposits	43,572	29,760
	4,680,975	5,946,706

13.1 In the prior year, the Group entered into an agreement to acquire 26.05% equity stake in Ardent Health Partners LLC ("AHP") for a total consideration of USD 500 million (equivalent to AED 1,837,500 thousand) excluding direct attributable cost of AED 6,424 thousand.

Under the terms of the agreement, the Group deposited AED 367,500 thousand in an escrow account which had accumulated an interest of AED 7,958 thousand from 1 January 2023 till acquisition date (31 December 2022: AED 3,361 thousand). The Group obtained regulatory approvals during the year ended 31 December 2023. Accordingly, the amount deposited in the escrow was released and the Group settled the remaining consideration to acquire the investment in AHP (note 10).

Movement in the allowance for expected credit losses against trade receivables during the year is as follows:

	2023 AED'000	Restated 2022 AED'000
At 1 January	75,378	-
Acquired through business combinations (note 5.2)	-	139,377
Charge for the year (note 29)	99,559	10,184
Transfer to other receivables	(17,613)	-
Write off for the year	(73,655)	(74,183)
Disposal of subsidiary	(104)	-
At 31 December	83,565	75,378

Movement in the allowance for expected credit losses against other receivables during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	226,101	-
Acquired through business combinations (note 5.2)	-	57,117
(Reversal) / charge for the year (note 29)	(91,384)	171,251
Transfer from trade receivables	17,613	-
Write off for the year	-	(2,267)
Disposal of subsidiary	(56)	-
At 31 December	152,274	226,101

Movement in the allowance for expected credit losses against Government funded programs receivables:

	2023 AED'000	2022 AED'000
At 1 January	-	-
Charge for the year (note 29)	14,306	-
At 31 December	14,306	-

The Group measures the loss allowance for trade receivables and other receivable at an amount equal to lifetime ECL. The expected credit losses on financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

	Total AED'000	Not past due AED'000	<30 days AED'000	31-60 days AED'000	61-120 days AED'000	121-360 days AED'000	> 360 Days AED'000
31 December 2023							
Expected credit loss rate		0.18%	0.50%	0.98%	0.95%	1.03%	16.41%
Estimated total gross carrying amount at default	2,151,412	251,482	179,697	163,065	415,316	719,738	422,114
Life time ECL	83,565	446	903	1,596	3,930	7,411	69,279
	Total AED'000	Not past due AED'000	<30 days AED'000	31-60 days AED'000	61-120 days AED'000	121-360 days AED'000	> 360 Days AED'000
(Restated)							
31 December 2022							
Expected credit loss rate		0.22%	0.25%	0.59%	0.50%	1.09%	22.99%
Estimated total gross carrying amount at default	2,553,822	155,185	414,366	312,389	522,025	889,717	260,140
Life time ECL	75,378	336	1,028	1,844	2,622	9,731	59,817

14 DERIVATIVE FINANCIAL INSTRUMENT

Hedging activities and derivative

Cash flow hedge – Foreign exchange forward contract

During the year, the Group entered into a sale and purchase agreement to acquire 100% of the voting shares of Circle Health Holdings Limited ("Circle Health"). In addition, the Group will settle the bank loans of Circle Health upon acquisition. The completion of the transaction was subject to obtaining approvals from the regulatory authorities, at which time the agreed consideration and the bank loans will be settled by the Group. As mentioned in note 33, the transaction was completed subsequent to year end.

In order to manage its exposure to the fluctuations in the exchange rate of the GBP, the Group has entered into a foreign exchange forward contract with a counter-party bank to fix the exchange rate of the GBP in future dates. The derivative financial instrument was designated as cash flow hedge at inception and had a positive fair value of AED 24,511 thousand as at 31 December 2023.

Derivative designated as hedging instrument:

	Notional amount AED'000	Current Assets AED'000	Liabilities AED'000
31 December 2023:			
Foreign exchange forward contract	4,545,000	24,511	-

15 CASH AND CASH EQUIVALENTS

	2023 AED'000	Restated 2022 AED'000
Cash on hand	2,903	3,129
Bank balances	7,994,148	4,800,523
Fixed term deposits	2,052,441	1,625,437
Restricted cash *	518,407	567,823
Margins against bank guarantees	2,002	11,174
Provision for ECL on cash and bank balances	(10,392)	(4,630)
Cash and bank balances	10,559,509	7,003,456
Less: fixed term deposits (original maturity of more than 3 months)	(2,052,441)	(1,625,437)
Less: margins against bank guarantee	(2,002)	(11,174)
Less: restricted cash *	(518,407)	(567,824)
Less: Deposits and other balances	(2,572,850)	(2,204,435)
Cash and cash equivalents	7,986,659	4,799,021

Notes to the Consolidated Financial Statements *continued*

31 December 2023

15 CASH AND CASH EQUIVALENTS CONTINUED

Movement in the allowance for expected credit loss against cash and bank balances:

	2023 AED'000	2022 AED'000
At 1 January	4,630	–
Charge for the year (note 29)	5,762	4,630
At 31 December	10,392	4,630

* Restricted cash mainly comprises of:

- bank balances representing fines collected on behalf of the Department of Health – Abu Dhabi amounting to AED 6,759 thousand as at 31 December 2023 (7,236 thousand 31 December 2022);
- funds received from the Department of Health amounting to AED 443,413 thousand pertaining to medical claims of governmental health fund management programs not yet paid to medical providers as at 31 December 2023 (AED 471,358 thousand 31 December 2022);
- funds received from the Department of Health amounting to AED 67,952 thousand for strategic procurement as at 31 December 2023 (AED 62,199 thousand 31 December 2022).

Fixed term deposits are placed with local financial institutions, denominated in UAE Dirham and carry interest at an effective rate ranging from 4% to 7% per annum (31 December 2022: 3% to 7% per annum).

16 SHARE CAPITAL

	31 December 2023 AED'000	31 December 2022 AED'000
Authorised and issued		
11,111,111,111 shares with par value of AED 1 each (31 December 2022: 500,000,000 shares with par value of AED 1 each)	11,111,111	500,000

On 1 January 2022, the Shareholders approved to increase the share capital of the Company from AED 300 thousand to AED 1,000 thousand, with a reduction of the par value from AED 1,000 to AED 1 per share and to increase the number of shares from 300 to 300 thousand, and the issuance of 700,000 new shares. Further, the Shareholders approved the distribution of the increased share capital amongst the existing Shareholders at that time in line with the Memorandum of Association of the Company.

On 25 July 2023, the Shareholders approved to transfer AED 1,896,193 thousand from share premium to merger reserve.

On 1 October 2022, the Shareholders approved to increase the share capital of the Company from AED 1,000 thousand to AED 500,000 thousand, with a par value of AED 1 per share, through the issuance of 499,000 thousand new shares. Out of the new shares issued, 225,038 thousand shares were issued at their fair value of AED 9,827,347 thousand to acquire SEHA, Daman and TLC, and 27% non-controlling interest in PHMS (note 5.2), resulting in a share premium of AED 9,602,309 thousand. Further, the Shareholders approved the distribution of the increased share capital amongst the existing Shareholders at that time in line with the Memorandum of Association of the Company.

On 22 September 2023, the Shareholders approved to increase the share capital of the Company from AED 500,000 thousand to AED 10,000,000 thousand, through the issuance of 9,500,000 thousand new shares with a par value of AED 1 per share. Further, the Shareholders approved the distribution of the increased share capital pro-rate to the shares they hold as documented in the amendment to the addendum of the Memorandum of Association. The increase in share capital was completed by capitalizing retained earnings by an amount of AED 181,266 thousand and share premium of AED 9,318,734 thousand

On 20 October 2023, the Shareholders approved to increase the share capital of the Company from AED 10,000,000 thousand to AED 11,111,111 thousand, through the issuance of 1,111,111 thousand new shares with a par value of AED 1 per share. Further, the new shares of 1,111,111 thousand were sold through a public offering, which took place in December 2023, at a price of AED 3.26 per share. The proceeds from the offering amounted to AED 3,618,859 thousand (net of IPO related cost AED 3,362 thousand) and resulted in share premium of AED 2,507,749 thousand.

17 STATUTORY RESERVE

In accordance with UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 5% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law.

18 BORROWINGS

Movement in bank borrowings during the year was as follows:

	2023 AED'000	2022 AED'000
At 1 January	294,316	–
Acquired through business combinations (note 5.1)	–	300,000
Repayments during the year	(4,726)	(5,684)
At 31 December	289,590	294,316

Annual interest rate	Maturity	AED'000	Instalments	Purpose	Limit Security
3m EIBOR+3.5% p.a.	Nov-36	300,000	Quarterly	To finance the purchase of a hospital building	Secured against properties (note 6)

Borrowings are presented in the consolidated statements of financial position as follows:

	2023 AED'000	2022 AED'000
Non-current portion	284,628	289,543
Current portion	4,962	4,773
	289,590	294,316

19 LEASE LIABILITIES

	2023 Lease Liabilities AED'000	2022 Lease Liabilities AED'000
At 1 January	1,608,392	–
Acquired through business combinations (note 5.1 & 5.2)	3,995	1,598,398
Addition during the year	26,696	12,257
Lease modification	34,366	5,292
Interest expense	78,216	26,459
Cancellation	(93)	(45)
Payments	(85,283)	(33,969)
At 31 December	1,666,289	1,608,392

Lease liabilities are presented in the consolidated statements of financial position as follows:

	2023 AED'000	2022 AED'000
Non-current	1,620,448	1,459,891
Current	45,841	148,501
	1,666,289	1,608,392

Notes to the Consolidated Financial Statements *continued*

31 December 2023

20 INCOME TAX EXPENSE

	2023 AED'000	2022 AED'000
Consolidated statement of profit or loss		
Income tax expense – deferred		
Relating to enactment of UAE corporate income tax	418,698	–
	2023 AED'000	2022 AED'000
Consolidated statement of financial position – deferred tax liability		
Relating to enactment of UAE corporate income tax	418,698	–

Deferred tax liability relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Goodwill acquired through business				
Combination – prior to enactment of UAE CT Law*	120,789	–	120,789	–
Intangible assets acquired through business				
Combination – prior to enactment of UAE CT Law*	297,909	–	297,909	–
Deferred tax expense	–	–	418,698	–
Deferred tax liabilities	418,698	–	–	–

* These items mainly relate to the initial recognition of deferred tax liability in respect of the goodwill and intangible assets arising from business combination of certain UAE based entities prior to the enactment of UAE CT law.

21 EMPLOYEES' END OF SERVICE BENEFITS

The movement in employees' end of service benefits during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	1,542,089	–
Acquired through business combinations (note 5.1 & 5.2)	4,095	1,497,759
Charge during the year	153,168	69,442
Actuarial (gain)/loss recognised in other comprehensive income (i)	(77,220)	35,748
Paid during the year	(208,787)	(60,860)
Disposal of subsidiary	(202)	–
At 31 December	1,413,143	1,542,089

(i) The actuarial valuation of the present value of the defined benefit obligations was carried out at 31 December 2023 and 2022 by an actuary registered in the UAE. The present value of defined benefit obligations and the related current and past service cost were measured using the projected unit credit method.

The provision is recognised based on the following significant assumptions:

	2023	2022
Average period of employment (years)	3.4-10.3	10.6
Average annual rate of salary increase (percentage)	2.0%	3.0%
Average annual voluntary termination rate (percentage)	8.0%	8.0%
Discount rate (percentage)	4.8%	5.0%

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single rate has been used.

Charge for the year ended 31 December 2023 includes current service cost of AED 87,222 thousand and net interest cost of AED 65,946 thousand [31 December 2022: AED 56,103 thousand and AED 13,339 thousand].

Actuarial losses recognised in other comprehensive income includes the following:

	2023 AED'000	2022 AED'000
Actuarial (gain)/loss arising from experience adjustments	(22,174)	11,821
Actuarial (gain)/loss arising from changes in financial assumptions	(55,046)	23,927
	(77,220)	35,748

The weighted average duration of the defined benefit obligation is 5 years. The mortality rates for ages 18 to 59 range between 0.24 to 3.2 deaths per thousand of population (31 December 2022: 0.16 to 4.20).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Actuarial assumption	2023 Increase AED'000	2023 Decrease AED'000	2022 Increase AED'000	2022 Decrease AED'000
	Discount rate (0.5%)	(33,423)	35,266	(33,326)
Annual rate of salary increase (0.5%)	36,042	(34,440)	35,743	(34,137)
Voluntary termination rate (2%)	18,596	(22,387)	13,008	(15,749)

This end of service benefit schemes are governed by the employment laws of United Arab Emirates. The management ensure compliance with the requirements of the employment law on an on-going basis.

22 DEFERRED GOVERNMENT GRANT

	2023 AED'000	2022 AED'000
At 1 January	42,143	–
Grant received during the year	58,441	50,211
Derecognised	(2,959)	–
Grant recognized as income during the year (note 30)	(4,147)	(8,068)
At 31 December	93,478	42,143

23 OTHER LIABILITIES

Other liabilities comprise of end of service benefits of hospitals' employees payable in accordance with the hospitals' management agreement entered into by the Group (note 27).

24 TRADE AND OTHER PAYABLES

	2023 AED'000	(Restated) 2022 AED'000
Trade payables	1,369,289	965,199
Unearned income	284,706	172,076
Advances from customers and policy holders (24.1)	392,441	576,218
Accrued expenses (note 24.2)	2,086,845	1,975,082
Government funded programs payables	794,423	1,934,256
VAT payable, net	–	98,527
Other payables	29,653	112,087
Fines collected on behalf of Department of Health – Abu Dhabi (note 24.3)	6,759	7,236
	4,964,116	5,840,681

24.1 Advances from customers and policy holders includes an amount of AED 322,243 thousand (31 December 2022: AED 467,721 thousand) received from a customer in relation to the purchase and supply of medical supplies.

24.2 Included in accrued expenses is a net amount of AED 252,215 thousand (31 December 2022: AED 194,164 thousand) against management of hospitals in the Northern Emirates. In addition, an amount of AED 1,157,023 thousand (31 December 2022: 1,149,575 thousand) relates to accruals against inventories and services received but not invoiced by the suppliers.

24.3 In accordance with Circular no. (35) issued by Department of Health – Abu Dhabi (DOH) in 2010, all insurance companies licensed in health insurance field in the Emirate of Abu Dhabi, should collect fines from the violators of health insurance system on behalf of DOH, upon issuance and renewal of their insurance policies.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

25 REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

	Amounts recoverable on incurred claims			
	Assets for remaining coverage AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment (RA) AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2023 (Restated)	(76,612)	1,326,207	24,019	1,273,614
Allocation of reinsurance premiums (i)	(1,987,981)	-	-	(1,987,981)
Amounts recoverable from reinsurers for incurred claims (i) and (ii)	-	2,999,413	16,615	3,016,028
Net (expense)/income from reinsurance contracts held	(1,987,981)	2,999,413	16,615	1,028,047
Reinsurance commission expense (i)	5,098	-	-	5,098
Total changes in the consolidated statement of profit or loss	(1,982,883)	2,999,413	16,615	1,033,145
Cash flows:				
Premiums paid	1,846,618	-	-	1,846,618
Amounts received (iii)	-	(2,822,479)	-	(2,822,479)
Total cash flows	1,846,618	(2,822,479)	-	(975,861)
Reinsurance contract assets as at 31 December 2023	(212,877)	1,503,141	40,634	1,330,898
Reinsurance contract assets as at 31 December 2022 (Restated)	(76,612)	1,326,207	24,019	1,273,614

(i) Allocation of reinsurance premiums, amounts recoverable from reinsurers for incurred claims and reinsurance commission expense have been presented under cost of revenue in the consolidated statement of profit or loss.

(ii) Subsidy receivable from the Government of Abu Dhabi in respect of insurance policies issued under the Basic product, includes an amount of AED 241,024 thousand (31 Dec 2022: AED 221,158 thousand) paid by the Group to health care providers.

	Liabilities for incurred claims			
	Liabilities for remaining coverage AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment (RA) AED'000	Total AED'000
Insurance contract liabilities as at 1 January 2023 (Restated)	672,672	1,602,379	43,965	2,319,016
Insurance revenue*	(5,248,338)	-	-	(5,248,338)
Insurance service expenses**	147,465	5,565,652	30,381	5,743,498
Insurance service result	(5,100,873)	5,565,652	30,381	495,160
Total changes in the consolidated statement of profit or loss	(5,100,873)	5,565,652	30,381	495,160
Cash flows:				
Premiums received	5,000,812	-	-	5,000,812
Premiums written	338,482	-	-	338,482
Claims and other expenses paid	-	(5,442,815)	-	(5,442,815)
Insurance acquisition cash flows	(146,756)	-	-	(146,756)
Total cash flows	5,192,538	(5,442,815)	-	(250,277)
Insurance contract liabilities as at 31 December 2023	764,337	1,725,216	74,346	2,563,899
Insurance contract liabilities as at 31 December 2022 (Restated)	672,672	1,602,379	43,965	2,319,016

* Insurance revenue has been presented under health insurance revenue in the consolidated statement of profit or loss.

** Insurance service expenses have been presented under cost of revenue in the consolidated statement of profit or loss.

26 RELATED PARTIES

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of "related parties" as defined in IAS 24 Related Party Disclosures. Related parties comprise the shareholders, key management staff and business entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group's management and the transactions with the related parties are based on agreements.

For the year ended 31 December 2023, the Group has not recorded any impairment of receivables relating to amounts due from related parties.

The following are the balances arising on transactions with related parties:

	2023 AED'000	(Restated) 2022 AED'000
Due from related parties:		
Shareholders	-	869
Other related parties	262,219	29,014
Entities under common control	-	269,804
	262,219	299,687
Due to related parties:		
Entities under common control	-	212,637
Dividend to shareholders	-	300,000
Other related parties	72,303	13,286
Key management personnel	535,672	523,118
	607,975	1,049,041
Balances with financial institutions	5,473,330	1,358,332

Balances related to government funded program receivables, deferred government grant, government funded programs payables, and fines collected on behalf of Department of Health - Abu Dhabi are disclosed in notes 13,22, and 24 respectively.

Below is the movement of the loan due to a related party:

	2023 AED'000	2022 AED'000
At 1 January	-	-
Acquired through business combination (note 5.1)	109,351	-
Settled during the year	(109,351)	-
At 31 December	-	-

Transactions with related parties during the year were as follows:

	2023 AED'000	2022 AED'000
Entities under common control:		
Expenses incurred by the Group on behalf of related parties	7,613	3,421
Expenses incurred by related parties on behalf of the Group	(10,425)	(1,481)
Goods sold and services rendered to related parties	490,196	1,452,358
Goods purchased and services received from related parties	(245,458)	(897,612)
Other related parties:		
Bank charges	14,243	4,018
Shareholders:		
Dividend declared	-	2,602,000
Dividend paid	(300,000)	(3,058,000)

Notes to the Consolidated Financial Statements *continued*

31 December 2023

26 RELATED PARTIES CONTINUED

	2023 AED'000	2022 AED'000
Short-term benefits (note 26.1)	61,260	122,899
End of service benefits	831	2,613
	62,091	125,512

26.1 Short-term benefits include an incentive of 5% of the net profit of certain subsidiaries which their respective Managing Director/Group Chief Executive Officer and Chief Executive Officer are entitled to amounting to AED 39,391 thousand for the year ended 31 December 2023 (31 December 2022: AED 115,490 thousand).

27 REVENUE

	2023 AED'000	(Restated) 2022 AED'000
<i>Type of goods or service</i>		
Hospital management services (i)	1,521,977	1,474,469
Laboratory management services	401,520	2,864,704
Procurement and supply of medical related products	970,927	2,005,612
Hospitalisation and other related services	7,835,015	4,841,079
Health insurance related services	5,619,572	1,300,152
Services and others	49,909	-
	16,398,920	12,486,016
<i>Timing of revenue recognition:</i>		
Revenue at a point in time	10,305,841	9,758,135
Revenue over time	6,093,079	2,727,881
	16,398,920	12,486,016

The geographical information of revenues generated is as follows:

	2023 AED'000	2022 AED'000
Within UAE	16,398,920	12,484,202
Outside UAE	-	1,814
	16,398,920	12,486,016

(i) The Group has a contract to operate and manage hospitals and healthcare facilities on behalf of "The Committee for Follow-Up on Implementing Initiatives for H.H. The President of UAE". Revenue includes AED 77,902 thousand (31 December 2022: AED 26,346 thousand), which primarily relates to the Group's right on consideration for hospital management services provided but not billed at the reporting date. This amount has been included in the contract assets.

Contract assets are presented in the consolidated statement of financial position as follow:

	2023 AED'000	(Restated) 2022 AED'000
Current	633,462	456,668

During the year, the Group charged an ECL of AED 55,472 thousand (31 December 2022: AED nil) in respect of contract assets.

28 COST OF SALES

	2023 AED'000	(Restated) 2022 AED'000
Inventory consumed	3,535,137	3,274,168
Salaries, allowances and benefits	3,675,543	1,481,518
Hospitals management services	1,305,134	1,267,322
Insurance claims expenses	4,816,833	1,170,697
Outsourcing and purchased services	157,673	275,084
Depreciation of property and equipment (note 6)	263,462	90,326
Amortisation of intangible assets (note 9)	18,058	7,648
Depreciation of right-of-use assets (note 8)	15,604	4,078
Depreciation of investment property (note 7)	586	147
Other direct cost of goods sold	52,020	85,282
	13,840,050	7,656,270

29 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 AED'000	(Restated) 2022 AED'000
Salaries and related benefits	2,347,452	958,864
Depreciation of property and equipment (note 6)	300,599	100,916
Depreciation of investment property (note 7)	12	3
Amortisation of right-to-use assets (note 8)	180,491	69,558
Amortisation of intangible assets (note 9)	185,773	107,452
Impairment of intangible assets (note 9)	-	834
Allowance for slow moving inventories (note 12)	4,968	2,932
Allowance for expected credit losses for trade receivable (note 13)	99,559	10,184
(Reversal) / allowance for expected credit loss of other receivables (note 13)	(91,384)	171,251
Allowance for expected credit loss of Government funded programs receivables (note 13)	14,306	-
Allowance for expected credit loss of contract asset (note 27)	55,472	-
Allowance for expected credit loss for cash and banks (note 15)	5,762	4,630
Utilities and communication	138,054	52,718
Outsourcing and purchased services	289,883	441,065
Business travel	5,996	38,614
Office expenses	44,012	94,112
IT expenses	39,211	63,925
Management incentive (note 26.1)	39,391	115,490
Other expenses	72,227	67,569
	3,731,784	2,300,117

30 GOVERNMENT GRANT INCOME

Government grant comprises of funding from Government of Abu Dhabi presented in consolidated statement of profit or loss as follows:

	2023 AED'000	(Restated) 2022 AED'000
Government grant for:		
Covid and other government related expenses	2,292,025	1,206,848
Covid related equipment (note 22)	4,147	8,068
	2,296,172	1,214,916

Notes to the Consolidated Financial Statements *continued*

31 December 2023

31 OTHER INCOME, NET

	2023 AED'000	(Restated) 2022 AED'000
Loss on disposals of property, plant and equipment (note 6)	(1,569)	(19,106)
Loss on intangible assets written off (note 9)	–	(6,443)
Interest income	130,155	17,317
Dividend income	19,372	–
Rental income	36,021	–
Gain on disposal of subsidiary (note 5.4)	955	–
Change in fair value of financial assets carried at fair value through profit or loss (note 11)	(8,713)	5,439
Miscellaneous income	220,433	140,042
	396,654	137,249

32 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributed to the Shareholders of the Group by the weighted average number of shares outstanding during the year as follows:

	2023	(Restated) 2022
Profit attributed to owners of the Company (AED '000)	964,657	3,718,464
Weighted average number of shares (shares in thousands)	10,036,530	9,831,684
Basic and diluted earnings per share for the year (AED)	0.10	0.38

The Group does not have any instruments which could have a dilutive impact on earnings per share when these would have been converted or exercised.

33 CONTINGENT LIABILITIES AND COMMITMENTS

	2023 AED'000	2022 AED'000
Letters of guarantee	210,851	51,702
Commitments for capital expenditures (note 33.1)	3,934,489	1,745,297

33.1 Included in the commitment for capital expenditure is the amount committed for the acquisition of 100% equity of Circle Health. Subsequently, in January 2024, the Group acquired 100% interest in the voting shares of Circle Health, for cash consideration of AED 3,472,417 thousand (GBP approximately 740 million), after completing the legal formalities and obtaining required UK Government and Regulatory approvals.

34 FAIR VALUE MEASUREMENT

While the Group prepares its financial information under the historical cost convention modified for measurement to fair value of investments carried at fair value and derivative financial instruments. In the opinion of management, the estimated fair values of financial assets and liabilities that are not carried at fair value in the consolidated financial statements are not materially different from their carrying values.

Fair value hierarchy

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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.

The table below analyses financial instruments measured at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised. Fair value measurements are categorised in its entirety in the same fair value level and that such level is determined based on the lowest level of input used in the measurement.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 31 December 2023				
Investments				
Investments at fair value through profit or loss (note 11)	348,432	–	2,937	351,369
Investment at fair value through comprehensive income (note 11)	253,995	–	12,310	266,305
	602,427	–	15,247	617,674
Derivative financial instrument	–	24,511	–	24,511
At 31 December 2022				
Investments				
Investments at fair value through profit or loss (note 11)	357,567	–	2,134	359,701
Investment at fair value through comprehensive income (note 11)	217,041	–	9,433	226,474
	574,608	–	11,567	586,175

Movement in level 3 for investments at fair value through profit or loss is as follows:

	2023 AED'000	2022 AED'000
At 1 January	2,134	–
Acquired through business combination (note 5.2)	–	1,921
Gain from change of fair value of investments	641	–
Foreign exchange differences	162	213
At 31 December	2,937	2,134

Movement in level 3 for investments at fair value through other comprehensive income is as follows:

	2023 AED'000	2022 AED'000
At 1 January	9,433	–
Acquired through business combination (note 5.2)	–	6,276
Additions	6,914	3,027
Disposal	(5,227)	(228)
Loss from change of fair value of investments	1,190	358
At 31 December	12,310	9,433

Notes to the Consolidated Financial Statements *continued*

31 December 2023

35 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	At fair value through profit or loss AED'000	At fair value through OCI AED'000	Amortised cost AED'000	Total AED'000
At 31 December 2023				
Financial assets				
Investments (note 11)	351,369	266,305	-	617,674
Reinsurance contract assets (note 25)	-	-	1,330,899	1,330,899
Cash & bank balances (note 15)	-	-	10,559,509	10,559,509
Margin deposit (note 13)	-	-	43,572	43,572
Trade receivables (note 13)	-	-	2,067,847	2,067,847
Other receivables (note 13)	-	-	1,768,196	1,768,196
Government funded programs receivables (note 13)	-	-	485,493	485,493
Due from related parties (note 26)	-	-	262,219	262,219
Derivative financial instruments (note 14)	-	24,511	-	24,511
Contract assets (note 27)	-	-	633,462	633,462
Sublease receivable	-	-	1,260	1,260
	351,369	290,816	17,152,457	17,794,642
Financial liabilities				
Insurance contract liabilities (note 25)	-	-	2,563,899	2,563,899
Trade payables (note 24)	-	-	1,369,289	1,369,289
Fines collected on behalf of Department of Health – Abu Dhabi (note 24)	-	-	6,759	6,759
Other payables (note 24)	-	-	29,654	29,654
Borrowings (note 18)	-	-	289,590	289,590
Due to related parties (note 26)	-	-	607,975	607,975
Lease liability (note 19)	-	-	1,666,289	1,666,289
Government funded programs payables (note 24)	-	-	794,423	794,423
	-	-	7,327,878	7,327,878

	At fair value through profit or loss AED'000	At fair value through OCI AED'000	Amortised cost AED'000	Total AED'000
At 31 December 2022				
Financial assets				
Investments (note 11)	359,701	226,474	-	586,175
Reinsurance contract assets (note 25)	-	-	1,273,614	1,273,614
Cash & bank balances (note 15)	-	-	7,003,456	7,003,456
Margin deposit (note 13)	-	-	29,760	29,760
Trade receivables (note 13)	-	-	2,478,444	2,478,444
Other receivables (note 13)	-	-	739,819	739,819
Government funded programs receivables (note 13)	-	-	1,743,076	1,743,076
Due from related parties (note 26)	-	-	299,687	299,687
Contract assets (note 27)	-	-	456,668	456,668
Sublease receivable	-	-	2,724	2,724
	359,701	226,474	14,027,248	14,613,423
Financial liabilities				
Insurance contract liabilities (note 25)	-	-	2,319,017	2,319,017
Trade payables (note 24)	-	-	965,199	965,199
Fines collected on behalf of Department of Health – Abu Dhabi (note 24)	-	-	7,236	7,236
Other payables (note 24)	-	-	112,087	112,087
Borrowings (note 18)	-	-	294,316	294,316
Due to related parties (note 26)	-	-	1,049,041	1,049,041
Lease liability (note 19)	-	-	1,608,392	1,608,392
Government funded programs payables (note 24)	-	-	1,934,256	1,934,256
	-	-	8,289,544	8,289,544

For the purpose of the above disclosure, non-financial assets amounting to AED 315,867 thousand as at 31 December 2023 were excluded from trade and other receivables and non-financial liabilities amounting to AED 2,763,991 thousand as at 31 December 2023 were excluded from trade and other payables.

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

36 FINANCIAL RISK MANAGEMENT

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group is also responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are meant to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group is exposed to the following risks related to financial instruments – credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and equity price risk) and insurance risk.

36.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts, as considered appropriate.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as net profit divided by total shareholders' equity.

The Group finances its operations through equity, borrowings, and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk. Capital comprises of share capital, share premium, statutory reserve, fair value reserve, currency translation reserve, merger and other reserves, and retained earnings and is measured at AED 16,052,795 thousand as at 31 December 2023 (31 December 2022: AED 11,327,296 thousand).

36.3 CREDIT RISK MANAGEMENT

Credit risk is managed on Group basis, except for credit risk relating to trade receivables, policy holders receivables and related party balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored. The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions.

As of 31 December 2023, the credit exposure against five customers accounted for 86% of the total credit risk exposure and the expected credit losses of the those five customers, were AED 29,740 thousand (31 December 2022: nil)

Notes to the Consolidated Financial Statements *continued*

31 December 2023

36 FINANCIAL RISK MANAGEMENT CONTINUED

36.3 CREDIT RISK MANAGEMENT *continued*

The tables below detail the credit quality of the Group's financial assets, contract assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	12 month or carrying lifetime ECL	Carrying impairment amount AED '000'	Allowance / impairment amount AED '000'	Carrying amount AED '000'
At 31 December 2023					
Trade receivables	13	Lifetime ECL	2,151,412	(83,565)	2,067,847
Other receivables	13	Lifetime ECL	1,920,470	(152,274)	1,768,196
Contract assets	27	Lifetime ECL	688,934	(55,472)	633,462
Reinsurance contract asset	25	12-month ECL	1,330,899	-	1,330,899
Due from related parties	26	Lifetime ECL	262,219	-	262,219
Cash and bank balances	15	12-month ECL	10,569,901	(10,392)	10,559,509
At 31 December 2022					
Trade receivables	13	Lifetime ECL	2,553,822	(75,378)	2,478,444
Other receivables	13	Lifetime ECL	739,819	(226,101)	513,718
Contract assets	27	Lifetime ECL	456,668	-	456,668
Reinsurance contract asset	25	12-month ECL	1,273,614	-	1,273,614
Due from related parties	26	Lifetime ECL	299,687	-	299,687
Cash and bank balances	15	12-month ECL	7,008,086	(4,630)	7,003,456

36.4 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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. The management uses different methods, which assists it in monitoring cash flow requirements and optimising the return on investments. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The ultimate responsibility for liquidity risk management rests with the Directors of the Company, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the financial liabilities at the end of the reporting period based on existing contractual repayment arrangements was as follows:

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	More than 5 years AED'000	Total AED'000
At 31 December 2023						
Insurance contract liabilities (note 25)	-	2,563,899	-	-	-	2,563,899
Trade payables (note 24)	17,491	389,557	962,241	-	-	1,369,289
Fines collected on behalf of Department of Health - Abu Dhabi (note 24)	-	6,759	-	-	-	6,759
Other payables (note 24)	-	29,654	-	-	-	29,654
Bank borrowings (note 18)	-	4,153	12,369	107,389	275,859	399,770
Due to related parties (note 26)	-	607,975	-	-	-	607,975
Lease liabilities (note 19)	1,704	9,039	63,115	1,469,683	726,567	2,270,108
Government funded programs payables (note 24)	-	794,423	-	-	-	794,423
Total	19,195	4,405,459	1,037,725	1,577,072	1,002,426	8,041,877
At 31 December 2022						
Insurance contract liabilities (note 25)	-	2,319,017	-	-	-	2,319,017
Trade payables (note 24)	-	965,199	-	-	-	965,199
Fines collected on behalf of Department of Health - Abu Dhabi (note 24)	-	7,236	-	-	-	7,236
Other payables (note 24)	-	112,087	-	-	-	112,087
Bank borrowings (note 18)	-	4,154	12,341	99,853	299,961	416,309
Due to related parties (note 26)	-	1,049,041	-	-	-	1,049,041
Lease liabilities (note 19)	757	15,248	138,914	804,536	725,355	1,684,810
Government funded programs payables (note 24)	-	1,934,256	-	-	-	1,934,256
Total	757	6,406,238	151,255	904,389	1,025,316	8,487,955

36.5 MARKET RISK

(a) Foreign currency risk

The Group has no significant exposures in foreign currencies except for US Dollar (USD) and Great Britain Pound (GBP). The USD is pegged to AED and therefore, the exposure to foreign currency risk in USD is negligible. The Company entered into a derivative financial instrument to manage its exposure to GBP (note 14).

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the borrowing from a bank by a subsidiary. Policies for managing interest rate risk relating to its variable interest borrowings are established and followed by the Group.

For the purpose of sensitivity analysis, a change of 100 basis points in interest rates would have increased/(decreased) the profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	2023 AED'000	2022 AED'000
100 basis points increased	(2,896)	(2,943)
100 basis points decreased	2,896	2,943

Notes to the Consolidated Financial Statements *continued*

31 December 2023

36 FINANCIAL RISK MANAGEMENT CONTINUED

36.5 MARKET RISK *continued*

c) Equity price risk

Equity price risk is the risk that the fair values of equities change as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The following table estimates the sensitivity to a possible change in equity markets on the Group's total comprehensive income, with all other variables held constant. The effect of changes in equity prices is expected to be equal and opposite to the effect of the increases shown.

Market index	Changes in variables	31 December 2023 impact on profit AED'000	31 December 2022 impact on profit AED'000
Abu Dhabi Securities Exchange	5%	8,686	10,136
Dubai Financial Market	5%	4,333	4,307
Germany Stock Market Index	5%	1,083	151
London Stock Exchange	5%	899	575
Paris Stock Market	5%	846	670
Swiss Exchange	5%	484	479
Others	5%	1,138	1,472

Market index	Changes in variables	31 December 2023 impact on other comprehensive income AED'000	31 December 2022 impact on other comprehensive income AED'000
Others	5%	13,315	10,467

The limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty, and the assumption that all indices move in an identical fashion.

36.6 INSURANCE RISK

The Group's underwriting business is based entirely within the UAE. The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as through the use of reinsurance arrangements.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements. The reinsurance strategy of the Group is designed to protect exposures to individual risks and events based in current risk exposures through cost effective insurance agreements.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites health insurance business, based on different health insurance products. Some products are subsidised product by the Government of Abu Dhabi. In the case of loss ratio being more than a 100% on the net risk premiums, the Group requests the government of Abu Dhabi to provide a subsidy to cover the losses. In the case of the loss ratio being less than 100% on the net risk premium, the Group is liable to transfer the excess to a specific account (Government Claim Cap).

These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Managing reinsurance risk

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurer and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR).

In estimating the liability for the cost of reported claims not yet paid, the Group considers information on the cost of settling claims with similar characteristics in previous periods.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

Notes to the Consolidated Financial Statements *continued*

31 December 2023

36 FINANCIAL RISK MANAGEMENT CONTINUED

36.6 INSURANCE RISK *continued*

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive year at each reporting date, together with cumulative payments to date.

	Before 2013 AED'000	2013 AED'000	2014 AED'000	2015 AED'000	2016 AED'000	2017 AED'000	2018 AED'000
At end of the reporting year	7,858,135	2,800,326	3,788,412	4,742,502	5,600,325	5,225,182	4,973,060
One years later	(89,530)	(26,392)	(17,968)	(20,603)	(27,178)	(108,333)	63,907
Two years later	(20,208)	(3,331)	10,592	(2,018)	(49,348)	62,689	79,463
Three years later	(10,977)	(7,934)	(21,118)	(16,174)	26,033	20,078	5,077
Four years later	(1,437)	(973)	(6,310)	1,645	21,153	(5,083)	(584)
Five years later	(1,860)	(100,097)	6,172	2,300	(4,545)	(330)	(9,842)
Six years later	(3,760)	-	1,037	1,578	(5,049)	(4,464)	-
Seven years later	(1,569)	-	598	(4,392)	(5,936)	-	-
Eight years later	(651)	-	(276)	(431)	-	-	-
Ninth years later	(245)	-	-	-	-	-	-
Tenth years later	(149)	-	-	-	-	-	-
Eleventh years later	(93)	-	-	-	-	-	-
Current estimate of cumulative claims incurred	7,727,656	2,661,599	3,761,139	4,704,407	5,555,455	5,189,739	5,111,081
Cumulative claims payment to date – gross	7,727,656	2,661,599	3,761,139	4,704,407	5,555,743	5,190,536	5,079,494
Gross liabilities for incurred claims	-	-	-	-	(288)	(797)	31,587
Others*	-	-	-	-	-	-	-
Total gross liabilities for incurred claims (note 7)	-	-	-	-	-	-	-

	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	Total AED'000
At end of the reporting year	4,409,653	3,875,896	4,126,833	4,806,964	5,972,196	58,179,484
One years later	36,713	30,218	(38,413)	3,727	-	(193,852)
Two years later	33,417	(19,784)	(33,106)	-	-	58,366
Three years later	(8,326)	(12,253)	-	-	-	(25,594)
Four years later	(3,664)	-	-	-	-	4,747
Five years later	-	-	-	-	-	(108,202)
Six years later	-	-	-	-	-	(10,658)
Seven years later	-	-	-	-	-	(11,299)
Eight years later	-	-	-	-	-	(1,358)
Ninth years later	-	-	-	-	-	(245)
Tenth years later	-	-	-	-	-	(149)
Eleventh years later	-	-	-	-	-	(93)
Current estimate of cumulative claims incurred	4,467,793	3,874,077	4,055,314	4,810,691	5,972,196	57,891,147
Cumulative claims payment to date – gross	4,406,232	3,801,460	3,964,092	4,685,507	4,967,218	56,505,083
Gross liabilities for incurred claims	61,561	72,617	91,222	125,184	1,004,978	1,386,064
Others*	-	-	-	-	-	497,634
Total gross liabilities for incurred claims (note 7)	-	-	-	-	-	1,883,698

* Others include gross Unallocated Loss Adjustment Expenses and insurance related payables.

37 SEGMENT ANALYSIS

Information regarding the Group's operating segments are set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the management of the Group, to allocate resources to the segment and to assess its performance. Operating segments are identified based on streams of revenue.

For the year ended 31 December 2023 and 2022, the Group's reportable segments under IFRS 8 are therefore as follows:

- **Hospital management services:** The Group operates and manages various hospitals and healthcare centers in the UAE, providing a host of general as well as multi-specialty healthcare services to the citizens and residents of UAE.
- **Laboratory management services:** The Group operates laboratories in the UAE, providing laboratory management, visa testing and screening services, including PCR testing.

- **Procurement and supply of medical related products:** The Group supplies a wide range of medical equipment, reagents, and consumables to various customers including hospitals, clinics, and laboratories in the UAE.
- **Hospitalisation and other related services:** The Group provides general healthcare related operations including hospitalisation, clinical, isolation / quarantine, vaccinations, and other healthcare related services.
- **Health insurance services:** The Group provides health insurance solutions in the UAE.
- **Services and others:** The Group provides information technology related services & healthcare solutions in the UAE.

The revenue split between the above-mentioned segments and their operating profits are set out below:

	Hospital management services AED'000	Laboratory management services AED'000	Procurement and supply of medical related products AED'000	Hospitalisation and other related services AED'000	Health insurance related services AED'000	Services and others AED'000	Adjustments & eliminations AED'000	Total AED'000
For the year ended 31 December 2023								
Revenue and results:								
Segment revenues	1,521,977	1,043,100	4,099,120	9,006,044	5,852,996	76,288	(5,200,605)	16,398,920
Operating expenses	(1,341,882)	(595,306)	(3,720,501)	(6,678,316)	(5,339,945)	(39,294)	3,875,194	(13,840,050)
Operating profit	180,095	447,794	378,619	2,327,728	513,051	36,994	(1,325,411)	2,558,870
Administration costs	(23,362)	(334,016)	(104,559)	(3,971,371)	(277,339)	(64,974)	999,893	(3,775,728)
Other income	-	36,309	851	292,525	114,041	2,539	(24,458)	421,807
Finance cost	(63)	(3,344)	(415)	(110,953)	(7,057)	(1,040)	5,400	(117,472)
Government grant income	-	2,155	-	2,453,164	-	-	(159,147)	2,296,172
Income tax expense	-	-	-	-	-	-	(418,698)	(418,698)
Total profit (loss) for the year	156,670	148,898	274,496	991,093	342,696	(26,481)	(922,421)	964,951
Segment assets	459,621	7,401,124	2,319,730	12,474,587	6,299,510	15,620,175	(16,400,237)	28,174,510
Segment liabilities	440,215	3,330,711	2,115,749	9,998,614	4,080,047	295,636	(8,143,430)	12,117,542

	Hospital management services AED'000	Laboratory management services AED'000	Procurement and supply of medical related products AED'000	Hospitalisation and other related services AED'000	Health insurance related services AED'000	Services and others AED'000	Adjustments & eliminations AED'000	Total AED'000
For the year ended 31 December 2022 (Restated)								
Revenue and results:								
Segment revenues	1,474,469	3,950,198	2,845,927	5,254,340	1,344,015	-	(2,382,933)	12,486,016
Operating expenses	(1,275,339)	(1,728,474)	(2,521,360)	(3,251,900)	(1,227,524)	-	2,348,327	(7,656,270)
Operating profit	199,130	2,221,724	324,567	2,002,440	116,491	-	(34,606)	4,829,746
Administration costs	(23,774)	(380,245)	(129,710)	(1,597,367)	(77,469)	(4,667)	(113,988)	(2,327,220)
Gain on bargain purchase	-	-	-	-	-	-	475,457	475,457
Other (loss)/income	(52)	29,863	(560)	86,552	21,155	-	613	137,571
Finance cost	(1)	(4,802)	(164)	(37,361)	(2,229)	-	2	(44,555)
Government grant income	-	-	-	1,269,678	-	-	(54,762)	1,214,916
Total profit (loss) for the year	175,303	1,866,540	194,133	1,723,942	57,948	(4,667)	272,716	4,285,915
Segment assets	422,804	3,694,842	1,733,141	9,320,413	6,521,191	10,402,319	(7,989,233)	24,105,477
Segment liabilities	247,201	1,764,475	1,552,134	7,070,101	4,691,197	304,677	(2,855,439)	12,774,346

38 DIVIDENDS

During the year ended 31 December 2023, the shareholders of Pure Health Holding PJSC declared nil dividends (31 December 2022: AED 2,189,500 thousand).

39 SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2023, the Group has:

- acquired 100% equity interest in Circle Health (note 14 & 33.1). This acquisition was partly financed through obtaining a loan from a local bank;
- signed a definitive agreement to acquire 25% equity interest in Sheikh Shakhbout Medical City LLC ("SSMC"). The Group is in the process of completing legal formalities and requirements in this regard.

Appendix: Glossary

FINANCIAL TERMS

EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization.

Net Debt is calculated as total interest-bearing debt, EOSB, lease liabilities less cash and bank balances (including term deposits with banks).

Operating Working Capital is calculated as current assets excluding cash and bank balances minus current liabilities excluding lease liabilities.

Free Cash Flow is calculated as net cash generated from operating activities less payments for purchase of property & equipment and advances to contractors and finance income received.

Opex represents Operating expenditure that includes direct cost and general and administrative expenses excluding depreciation, amortization and impairment as stated in the statement of profit or loss and other comprehensive income.

Capital Expenditure or **CapEx** is total cash capital expenditure for payments made for purchase of property and equipment including prepaid delivery payments as stated in the cash flow statement.

INDUSTRY TERMS

EIAC is the International Organization for Accreditation of Conformity Assessment Bodies


ENAS is the Emirates National Accreditation System

CAP is the College of American Pathologists

AABB is the Association for the Advancement of Blood & Biotherapies

ASHI is the American Society for Histocompatibility and Immunogenetics

JCI is the Joint Commission International



Aldar Headquarters building
Al Raha Street
Abu Dhabi, UAE
T: +971.2.2018200/ +971.2.2018201
PureHealth.ae
©PureHealth 2024.
All rights reserved