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## Earnings Release

### Care Medical posts 45% net profit growth to SAR 151 million with a 25.3% margin in 1H 2024

- Total patient count for 1H 2024 grew by 3% year-on-year, reaching 328.4 thousand, supported by increased referrals and the addition of the Al Balad and Haram branches.
- New facilities and the expansion of the Malaz branch boosted bed capacity to 1,008; a 67% increase from 1H 2023.
- Revenue for 1H 2024 rose by 18% to SAR 595 million, driven by higher referrals from key clients and the addition of new branches.
- Total expenses increased by 17% year-on-year, reflecting disciplined cost management and contributing to positive operating leverage.
- The EBITDA margin reached 28.9%, and the net profit margin improved to 25.3%.
- Net profit for 1H 2024 increased by 45%, amounting to SAR 151 million.
- A cash dividend of SAR 2.0 per share was distributed in 2Q 2024.

**Riyadh, 1 August 2024** – In the first six months of 2024, Care Medical demonstrated consistent operational performance, reporting a 3% year-on-year increase in patient numbers to 328.4 thousand. This growth was supported by increased referrals from the Ministry of Health (MoH), General Organization for Social Insurance (GOSI) and Insurance companies, as well as contributions from the newly added Al Balad and Haram branches. These new facilities, alongside the expansion of the Malaz branch, contributed to an overall increase in bed capacity to 1,008 beds, a 67% rise from 1H 2023, with a total bed occupancy rate of 60.7%.

Revenue for 1H 2024 rose by 18% to SAR 595 million, largely attributed to increased referrals from key clients and the addition of new branches. Despite this revenue increase, total expenses were effectively managed, growing by only 17% compared to the same period last year. This disciplined approach to cost management contributed to a 24% increase in EBITDA, reaching SAR 172 million, and expanded the EBITDA margin by 1.5 percentage points to 28.9%. Furthermore, net profit significantly increased by 45%, reaching SAR 151 million, with the net profit margin improving by 4.8 percentage points to 25.3%.

**Dr. Abdulaziz bin Saleh Alobaid, Chief Executive Officer of Care Medical, said:**

"In the first half of 2024, we successfully integrated our Al Balad and Haram branches into Care Medical's operations. These additions are key steps in our plan to make healthcare more accessible, bringing specialized medical care closer to those in need and focusing on practical and responsive healthcare solutions.

In 2Q 2024, we continued our strategic growth by agreeing to acquire Al Salam Health Medical Hospital in Riyadh, a multi-specialty facility with a licensed capacity of 100 beds. This acquisition will expand our business and enhance our medical offerings.

Looking ahead, we are refining the company's operations and broadening our range of services. These efforts will strengthen Care Medical's capabilities and improve healthcare standards and patient care throughout the Kingdom, directly addressing the immediate health needs of our communities."

**Jahanzeb Ahmed Khan, Chief Financial Officer of Care Medical, added:**

"Care Medical's financial performance in the first half of 2024 has been robust, with net profit climbing 45% to SAR 151 million. This growth was driven by increased referrals and the successful integration of new branches. Our revenue saw an 18% rise, reaching SAR 595 million. We maintained a disciplined approach to cost management, which resulted in a 24% increase in EBITDA to SAR 172 million and an EBITDA margin improvement to 28.9%. We also doubled our dividend payout to SAR 2.0 per share, distributing SAR 90 million in 2Q 2024, demonstrating our ongoing commitment to returning value to our shareholders.

Our future plans are centered on further improving operational efficiency and strengthening our financial position. We will focus on expanding our service portfolio, investing in advanced medical technology, and pursuing inorganic expansion. These initiatives will allow us to further increase shareholder value, maintain our leading position in the healthcare sector, and secure sustainable growth and profitability."

**Strategy**

As a leading healthcare provider in KSA, Care Medical relies on its extensive experience and skilled team to maintain high performance across its medical facilities. Recent expansions include the Al Balad and Haram branches, each adding unique strengths to the network. The Al Balad branch in Jeddah focuses on long-term nursing, hospice, and palliative care, providing extended medical supervision and comfort-focused treatment. Launched in December 2023, the Haram branch, strategically located near Mecca's Grand Mosque, offers emergency medical services to handle urgent health situations for residents and pilgrims alike.

Care Medical's wide patient base, supported by increasing government referrals, underscores its trusted status within the Kingdom. The company's ongoing transformation strategy, initiated in 2021, has led to significant achievements despite operational challenges. This strategy has improved margins, created a unified operational approach, enhanced revenue, reduced costs, and elevated customer satisfaction. By expanding services throughout KSA and reaching new demographic groups, Care Medical continues to grow. With a strong brand and expanding network, the company is actively pursuing its strategic goals and making a positive impact on community health.

## Operational and Financial Review

### Operating Indicator Highlights

	2Q2024	2Q2023	YoY, %	2Q2024 LfL	YoY, %
Inpatient Admissions	4,826	5,101	-5%	4,772	-6%
Outpatient Visits	157,669	146,935	+7%	152,034	+3%
<b>Total Patients</b>	<b>162,495</b>	<b>152,036</b>	<b>+7%</b>	<b>156,806</b>	<b>+3%</b>
Inpatient Days	55,991	36,644	+53%	40,066	+9%
Bed Capacity	1,008	603	+67%	779	+29%
Bed Occupancy Rate (%)	60.3%	67.0%	-6.7 pts	56.5%	-10.5 pts
ALOS, Total (days)	11.6	7.2	+62%	8.4	+17%
Number of surgeries	4,242	4,648	-9%	4,242	-9%

	1H2024	1H2023	YoY, %	1H2024 LfL	YoY, %
Inpatient Admissions	9,636	10,562	-9%	9,542	-10%
Outpatient Visits	318,784	307,225	+4%	308,860	+1%
<b>Total Patients</b>	<b>328,420</b>	<b>317,787</b>	<b>+3%</b>	<b>318,402</b>	<b>+0%</b>
Inpatient Days	112,023	87,535	+28%	80,675	-8%
Bed Capacity	1,008	603	+67%	779	+29%
Bed Occupancy Rate (%)	60.7%	80.8%	-20.0 pts	56.9%	-23.9 pts
ALOS, Total (days)	11.6	8.3	+40%	8.5	+2%
Number of surgeries	8,337	9,572	-13%	8,337	-13%

#### Notes:

1. The 2Q 2024 and 1H 2024 indicators include the results of the Rawabi branch, Malaz branch, Haram branch (Jiwar), launched in December 2023, and Al Balad branch (formerly Chronic Care), acquired in 4Q 2023. The 2Q 2024 LfL (like-for-like), 1H 2024 LfL, 2Q 2023, and 1H 2023 indicators include only the results of the Rawabi and Malaz branches.
2. "ALOS, Total" represents the total average length of stay for inpatients at the company's facilities.

In 1H 2024, Care Medical recorded a 3% year-on-year growth in total patient count, reaching 328,420 patients. This growth was driven by a 4% increase in outpatient visits, offset by a 9% decline in inpatient admissions.

The rise in outpatient visits was primarily due to the newly acquired Al Balad and Haram branches, with acceleration in 2Q 2024 (+7% year-on-year) compared to 1Q 2024 (+1% year-on-year). The Rawabi and Malaz branches showed marginal growth of 1% year-on-year in outpatient visits in 1H 2024. These branches faced pressure in 1Q 2024 (-2% year-on-year) but began to recover in 2Q 2024 (+3% year-on-year).

The decline in inpatient admissions was primarily due to the conclusion of the National Guard contract in 2Q 2023, which significantly affected the Rawabi and Malaz branches. The pressure on inpatient admissions was particularly strong in 1Q 2024 (-12% year-on-year) but started to normalize

in 2Q 2024 (-5%). Efforts to diversify the client base and strengthen relationships with the Ministry of Health and insurance companies helped mitigate some of the impact.

The reduction in inpatient admissions also led to a decrease in the number of surgeries, totaling 8,337 procedures (-13% year-on-year) in 1H 2024. The decline in surgeries was less pronounced in 2Q 2024 (-9% year-on-year) compared to 1Q 2024 (-17% year-on-year).

Despite the 9% decrease in inpatient admissions, inpatient days increased by 28% year-on-year in 1H 2024. This was largely due to Al Balad branch's focus on long-term nursing, hospice, and palliative care, resulting in a significant increase in the average length of stay (ALOS) across all Care Medical facilities, reaching 11.6 days – a 40% growth year-on-year. The Rawabi and Malaz branches, being full-service healthcare institutions, saw their average length of stay increase marginally from 8.3 days in 1H 2023 to 8.5 days in 1H 2024, reflecting a 2% growth.

Care Medical's bed capacity expanded in 1H 2024 by 67% year-on-year, reaching a total of 1,008 beds. This growth was primarily driven by the newly acquired Al Balad and Haram branches, as well as the reactivation of beds following maintenance at the Rawabi branch and the expansion of bed capacity at the Malaz branch.

The completion of the National Guard contract put additional pressure on bed occupancy rates, which stood at 56.9% for Rawabi and Malaz branches in 1H 2024, down 23.9 percentage points from 1H 2023, which was further exacerbated by the increase in bed capacity at these full-service healthcare institutions. Overall, bed occupancy across all Care Medical facilities in 1H 2024 was 60.7%, down 20.0 percentage points year-on-year.

In response to operational pressures following the contract conclusion, Care Medical strategically redistributed bed capacity to better serve other large clients, aiming to maximize average revenue per bed. Additionally, in 2Q 2024, Care secured a three-year long-term care contract with Prince Sultan Military Medical City worth SAR 381 million.

## Income Statement Highlights

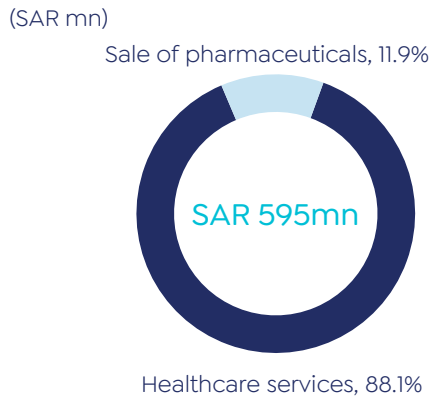
SAR million	2Q2024	2Q2023	YoY, %	1H2024	1H2023	YoY, %
Revenue	297	245	+21%	595	507	+18%
Cost of revenue	(189)	(164)	+15%	(377)	(335)	+12%
<b>Gross profit</b>	<b>108</b>	<b>81</b>	<b>+33%</b>	<b>218</b>	<b>171</b>	<b>+28%</b>
Selling & marketing	(2)	(1)	+2.9x	(4)	(1)	+2.6x
General & administrative	(38)	(26)	+47%	(69)	(55)	+26%
Provisions & other	(5)	(1)	+7.9x	(11)	(2)	+4.6x
<b>Total operating expenses</b>	<b>(43)</b>	<b>(26)</b>	<b>+64%</b>	<b>(81)</b>	<b>(56)</b>	<b>+44%</b>
<b>Operating profit (EBIT)</b>	<b>65</b>	<b>55</b>	<b>+18%</b>	<b>137</b>	<b>115</b>	<b>+20%</b>
<b>EBITDA</b>	<b>83</b>	<b>68</b>	<b>+23%</b>	<b>172</b>	<b>139</b>	<b>+24%</b>
<b>Net profit</b>	<b>69</b>	<b>48</b>	<b>+45%</b>	<b>151</b>	<b>104</b>	<b>+45%</b>
Gross profit Margin	36.4%	33.2%	+3.3 pts	36.7%	33.8%	+2.9 pts
EBIT Margin	21.9%	22.5%	-0.5 pts	23.1%	22.7%	+0.4 pts
EBITDA Margin	27.9%	27.6%	+0.3 pts	28.9%	27.4%	+1.5 pts
Net profit Margin	23.4%	19.5%	+3.9 pts	25.3%	20.5%	+4.8 pts
ROAE	18.3%	14.5%	+3.8 pts	20.4%	16.1%	+4.3 pts
ROAA	12.6%	10.4%	+2.1 pts	13.7%	11.7%	+2.0 pts

In 1H 2024, Care Medical's revenue increased to SAR 595 million, an 18% rise from the previous year. This growth was supported by an acceleration in revenue growth to 21% year-on-year in 2Q 2024 compared to 14% in 1Q 2024. This dynamic was largely driven by an improved client mix, and an uptick in outpatient visits, further supported by the new Al Balad and Haram branches.

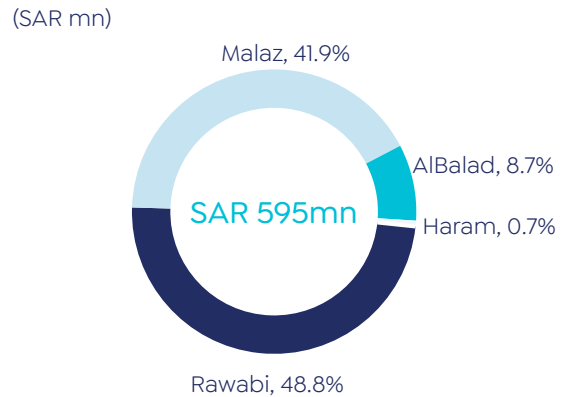
The cost of revenue for Care Medical in 1H 2024 rose by 12% year-on-year to SAR 377 million. Operating expenses also expanded by 44%, mainly due to an increase in general and administrative expenses and additional expected credit loss provisions. Despite this rise in costs, the increase in revenue provided positive operating leverage, enhancing overall profitability. As a result, 1H 2024 EBITDA grew by 24% year-on-year to SAR 172 million, improving the EBITDA margin by 1.5 percentage points from the previous year to 28.9%.

Driven by improved financial performance in 1H 2024 and the reversal of some Zakat provisions, net profit for the first half of 2024 surged by 45% year-on-year to SAR 151 million. This substantial growth translated into a net profit margin of 25.3%, marking a significant improvement of 4.8 percentage points compared to 1H 2023.

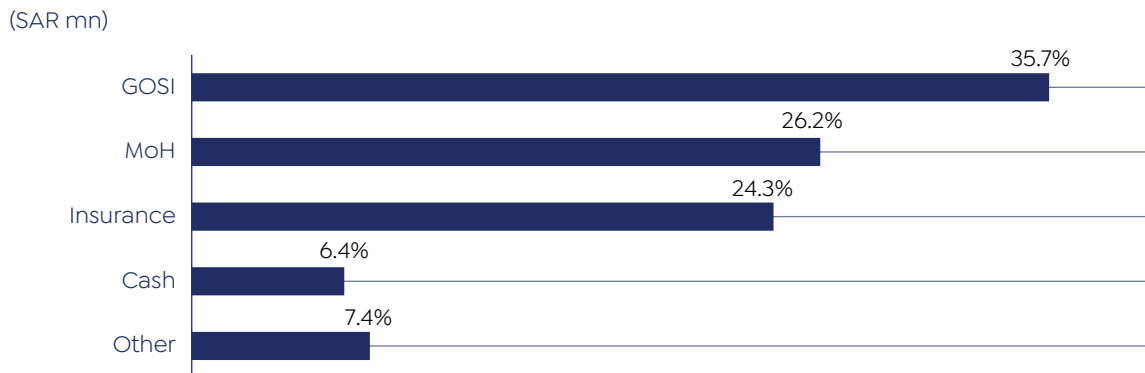
*Total Revenue by segment, 1H 2024*



*Total Revenue by hospital, 1H 2024*



*Total Revenue by payer, 1H 2024*



In 1H 2024, Care Medical achieved total revenue of SAR 595 million, representing an 18% increase from the previous year, with 88% of this revenue coming from healthcare services. The Rawabi branch was a major contributor, accounting for 49% of the total revenue in 1H 2024. Year-on-year, healthcare services revenue grew by 18%.

This revenue growth was driven by a 4% increase in outpatient visits, supported by the addition of the Al Balad and Haram branches. Revenue growth was particularly strong in contracts with the Ministry of Health (MoH), which saw robust double-digit increases. While GOSI revenue saw single-digit growth, driven by increased occupational hazard referrals, the insurance segments reported double-digit increases, benefiting from more patient visits and improved policy uptake. In contrast, the cash segment remained largely stable year-on-year in 1H 2024.

The overall positive revenue trends were tempered by the completion of the National Guard contract in the second quarter of the previous year. Following capacity redistribution, Care secured a three-year long-term care contract with Prince Sultan Military Medical City in 2Q 2024. To counteract slower dynamics in the cash segment, management has intensified engagements with existing partners and shifted focus towards other cash-generating services such as dental and cosmetic treatments. Additionally, Care opened an oncology center at the Rawabi branch in March 2024, which will serve both insurance and cash patients, further enhancing the company's portfolio.

## Cost Trends

SAR million	2Q2024	2Q2023	YoY, %	1H2024	1H2023	YoY, %
Salaries and benefits	125	110	+13%	252	214	+17%
Medicines and consumables	46	36	+28%	89	84	+5%
D&A	13	9	+36%	25	17	+45%
Repairs and maintenance	3	4	-35%	6	8	-30%
Rent, utilities and other	3	5	-32%	6	11	-46%
<b>Total Cost of revenues</b>	<b>189</b>	<b>164</b>	<b>+15%</b>	<b>377</b>	<b>335</b>	<b>+12%</b>
Selling & marketing	2	1	+2.9x	4	1	+2.6x
General & administrative	38	26	+47%	69	55	+26%
Provisions & other	3	(0)	NA	8	0	NA
<b>Total Operating Expenses</b>	<b>43</b>	<b>26</b>	<b>+64%</b>	<b>81</b>	<b>56</b>	<b>+44%</b>
<b>Total Expenses</b>	<b>232</b>	<b>190</b>	<b>+22%</b>	<b>458</b>	<b>392</b>	<b>+17%</b>

In 1H 2024, Care Medical saw a 17% increase in total expenses, mainly due to a 12% rise in the cost of revenue, driven by higher payroll costs. However, this increase was somewhat offset by decreased spending on repairs and lower maintenance costs. The rate of total expense growth remained below that of revenue, reflecting improved operational efficiency.

Operating expenses increased by 44% year-on-year in 1H 2024, primarily due to higher general and administrative costs. These were significantly impacted by rising payroll and office expenses, although partially mitigated by lower professional fees. Despite this reduction, professional fees remained high due to ongoing mergers and acquisitions activities. Additionally, an increase in selling and marketing expenses added to the higher costs. Lower recovery rates during 1H 2024 led to an increase in provisions for doubtful accounts, further contributing to the rise in total expenses.

## EBITDA and Net Profit

SAR million	2Q2024	2Q2023	YoY, %	1H2024	1H2023	YoY, %
<b>EBITDA</b>	<b>83</b>	<b>68</b>	<b>+23%</b>	<b>172</b>	<b>139</b>	<b>+24%</b>
Depreciation & amortization	(18)	(13)	+41%	(34)	(24)	+45%
Finance income / (cost)	(0)	2	NA	2	6	-64%
Zakat expense	4	(9)	NA	11	(17)	NA
<b>Net Profit</b>	<b>69</b>	<b>48</b>	<b>+45%</b>	<b>151</b>	<b>104</b>	<b>+45%</b>

Care Medical's EBITDA for 1H 2024 grew by 24% year-on-year, reaching SAR 172 million.

The company reported finance income of SAR 2 million in 1H 2024, driven by deposit income. Additionally, a reversal of SAR 29 million in Zakat provisions following the finalization of prior years' assessment by ZATCA in 1H 2024 further supported the bottom line for the period.

Net profit for 1H 2024 increased by 45% year-on-year, amounting to SAR 151 million.



## Cash Flow Highlights

SAR million	2Q2024	2Q2023	YoY, %	1H2024	1H2023	YoY, %
<b>Net Profit before zakat</b>	<b>65</b>	<b>57</b>	<b>+14%</b>	<b>139</b>	<b>121</b>	<b>+16%</b>
Non-cash adjustments	26	18	+51%	55	36	+52%
Working capital changes	(128)	214	NA	(144)	226	NA
Zakat, finance income, and end-of-service benefits	(27)	(17)	+61%	(67)	(21)	+3.2x
<b>Net cash, operations</b>	<b>(64)</b>	<b>272</b>	<b>NA</b>	<b>(17)</b>	<b>362</b>	<b>NA</b>
Capex	(25)	(32)	-24%	(193)	(44)	+4.4x
<b>Net cash, investing activities</b>	<b>360</b>	<b>(32)</b>	<b>NA</b>	<b>192</b>	<b>(44)</b>	<b>NA</b>
<b>Net cash, financing activities</b>	<b>(98)</b>	<b>(45)</b>	<b>+2.2x</b>	<b>(104)</b>	<b>(45)</b>	<b>+2.3x</b>
<b>Net changes in cash</b>	<b>198</b>	<b>195</b>	<b>+2%</b>	<b>71</b>	<b>273</b>	<b>-74%</b>

In 1H 2024, Care Medical's cash flow used in operations was SAR 17 million, driven by pressures in 2Q 2024, contrasting with positive operational cash flow in 1H 2023. This reduction was primarily due to increased working capital requirements, especially in trade receivables. The decrease was further impacted by the payment of SAR 64 million in Zakat charges, including payments related to prior years' final assessment, though this was partially offset by additional finance income.

Cash flow from investing activities in 1H 2024 was SAR 192 million, primarily influenced by capital expenditures and time deposits. Capital expenditure during the period amounted to SAR 193 million, reflecting planned expansion in Jeddah, as well as additional investments in the renovation of the Rawabi branch and medical equipment purchases. Counterbalancing this, the company returned SAR 385 million from time deposits in 1H 2024.

Cash flow used in financing activities in 1H 2024 amounted to SAR 104 million, primarily driven by a cash dividend of SAR 2.0 per share distributed in 2Q 2024, as well as the purchase of treasury shares for the employee incentive program.

Considering these factors, the company experienced a net increase in cash and cash equivalents of SAR 71 million in 1H 2024. As of June 30, 2024, Care Medical's cash reserves totaled SAR 380 million, positioning the company well for continued operational and strategic initiatives.

## Balance Sheet Highlights

SAR million	2Q2024	4Q2023	Ytd, %
Total Non-Current Assets	1,109	936	+18%
Total Current Assets	1,082	1,278	-15%
<b>Total Assets</b>	<b>2,191</b>	<b>2,214</b>	<b>-1%</b>
<b>Total Equity</b>	<b>1,508</b>	<b>1,453</b>	<b>+4%</b>
Total Non-Current Liabilities	402	413	-3%
Total Current Liabilities	282	348	-19%
<b>Total Liabilities</b>	<b>684</b>	<b>761</b>	<b>-10%</b>
Cash & cash equivalents	380	309	+23%
Net debt	(41)	(319)	-87%
Days Sales Outstanding <sup>1</sup>	171	196	-12%
Days Payable Outstanding <sup>1</sup>	114	115	-1%
Days Inventory Outstanding <sup>1</sup>	95	77	+24%
Cash Conversion Cycle <sup>1</sup>	152	157	-3%

As of June 30, 2024, Care Medical's total assets were largely stable at SAR 2,191 million. The acquisition of land in Jeddah was a key contributor to a 18% year-to-date increase in non-current assets to SAR 1,109 million. However, this was offset by a decrease in current assets due to lower time deposits, despite increases in cash equivalents and trade receivables.

Total liabilities decreased by 10% year-to-date, reaching SAR 684 million as of June 30, 2024. This decline was mainly due to a 19% reduction in current liabilities, attributed to lower Zakat provisions following the finalization of assessments for 2019-2022 and a net reversal of the related provisions. Additionally, trade payables decreased due to timing differences, and lease liabilities were reduced due to amortization.

As of June 30, 2024, the company maintained a negative net debt position of SAR 41 million.

Key cash conversion cycle indicators improved in 2Q 2024. Days sales outstanding improved by 12% to 171 days in 2Q 2024 YTD compared to 4Q 2023 YTD. This was balanced by longer inventory turnover and slightly shorter days payable outstanding. Overall, the cash conversion cycle improved by 3%, standing at 152 days in 2Q 2024 YTD compared to 157 days in 4Q 2023 YTD.

<sup>1</sup> Based on YTD indicators. DPO, DSO, and DIO are calculated based on Care methodology.

### **Earnings Call**

The company is holding an earnings call to discuss 2Q 2024 financial results with analysts and investors on Tuesday, 6 August 2024, at 3:30 pm Riyadh time (1:30 pm London, 4:30 pm Dubai, 8:30 am New York).

Webcast link: [Care Medical 2Q 2024 webcast](#)

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## About Care

Care Medical (Care, Tadawul: 4005) is a leading healthcare provider based in Riyadh, Kingdom of Saudi Arabia. The company's assets include two state-of-the-art full-service healthcare facilities in Riyadh, Rawabi branch and Malaz branch, as well as Haram branch, an emergency department in Mecca's Grand Mosque area, and Jeddah-based Al Balad branch, which specializes in long-term nursing, hospice, and palliative care. Care's dedicated team of c3,500 healthcare practitioners, administrators, and support staff attended to 651.2 thousand patients and performed 18.8 thousand complex surgeries in 2023. The company posted revenue of SAR 1,082 million in 2023 (+18% year-on-year), an EBITDA of SAR 302 million (27.9% margin), and a net profit of SAR 241 million (22.3% margin).

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