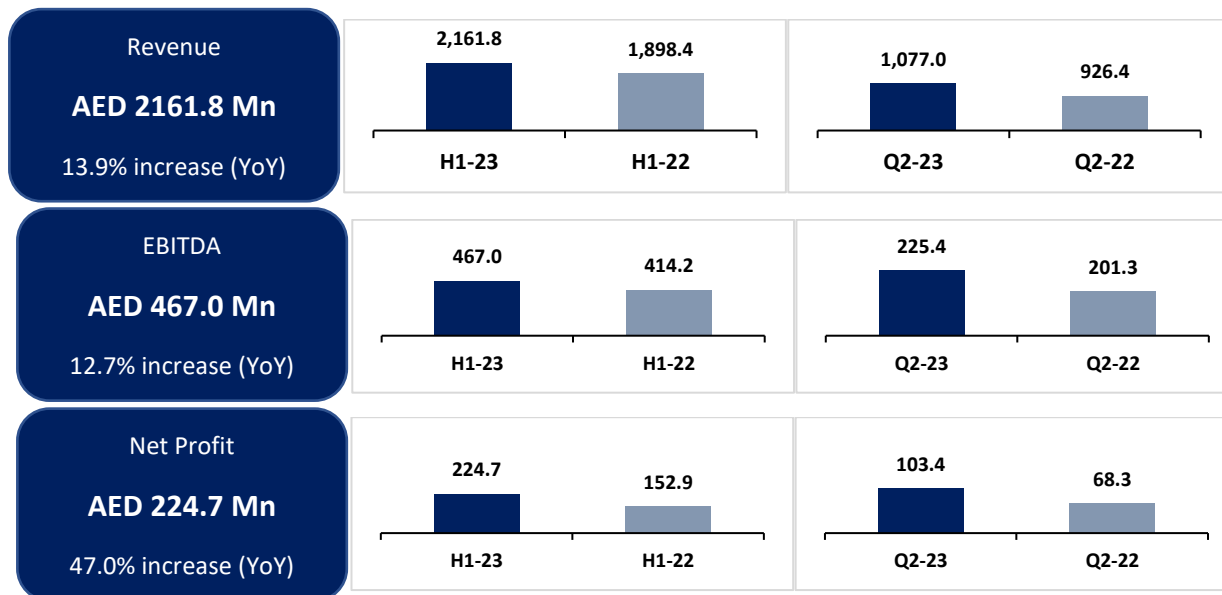


Burjeel Holdings PLC

Management discussion and analysis

For the period ended 30th June 2023

Burjeel Holdings reports a positive performance in the first six months of 2023 with strong growth both in top-line and bottom-line whilst making significant operational and strategic progress. Revenue for YTD June 2023 is AED 2161.8 million, an increase of 13.9% year-on-year basis, driven by utilization gains in the Hospitals and Medical Centers segments, where revenues increased by 14.2% and 13.7% respectively.



Key Highlights during the period

- Group revenue was AED 2,161.8 Mn, with a 13.9% YoY increase for the first six months, while the H-1 2022 revenue was AED 1,898.4 Mn.
- Group EBITDA was AED 467.0 Mn, with a 12.7% on YTD June basis while H1 2022 EBITDA was AED 414.2 Mn.
- Group net profit at AED 224.7 Mn, up 47.0% till YTD June basis while net profit for H1 2022 was AED 152.9 Mn.

Management Discussion & Analysis

Burjeel Holdings is pleased to present its report on the performance of the Group for the period ended 30th June 2023. This report should be read in conjunction with the interim condensed consolidated financial statements for the same period. The Company has reported a strong performance primarily led by its hospital segment aided by the Group's continued focus on high-value, super specialty care.

Summary of Financial Results:

| Income Statement Summary (AED'Mn) | H1 23 | H1 22 | YOY% |
|--|--------------|--------------|-------------|
| Revenue | 2,161.8 | 1,898.4 | 13.9% |
| EBITDA | 467.0 | 414.2 | 12.7% |
| EBITDA Margin | 21.6% | 21.8% | |
| Net Profit | 224.7 | 152.9 | 47.0% |
| Net Profit Margin | 10.4% | 8.1% | |

| Balance Sheet Summary (AED'Mn) | H1 23 | FY 22 | |
|---------------------------------------|--------------|--------------|--|
| Current Assets | 1,878.1 | 1,602.9 | |
| Total Assets | 4,882.8 | 4,685.1 | |
| | | | |
| Total Equity | 1,342.6 | 1,117.8 | |
| Current Liabilities | 1,484.8 | 1,435.7 | |
| Total Liabilities | 3,540.2 | 3,567.3 | |

Income Statement Analysis for the period ending June 2023

Key Variance analysis (AED'Mn)

| Particular | H1-23 | H1-22 | Change |
|---|--------------|--------------|---------------|
| Revenue | 2,161.8 | 1,898.4 | 13.9% |
| Inventories Consumed | -517.0 | -453.1 | 14.1% |
| Doctors' and other employees' salaries and benefits | -966.9 | -815.5 | 18.6% |
| Provision for expected credit losses | -35.6 | -38.0 | -6.3% |
| Other general and admin expenses | -188.6 | -187.7 | 0.5% |
| Share of profit from associates | 13.3 | 10.1 | 31.5% |
| EBITDA FOR THE YEAR | 467.0 | 414.2 | 12.7% |
| Finance costs | -70.6 | -105.5 | -33.1% |
| Interest income from related parties | 0.0 | 28.7 | -100.0% |
| Depreciation and amortisation | -171.7 | -184.5 | -7.0% |
| PROFIT (LOSS) FOR THE YEAR | 224.7 | 152.9 | 47.0% |

- Revenue increased by AED 263.4m (13.9%) mainly due to the growth in clinic revenue by AED 246.8 m which represents in-patient and out-patient revenue increased by AED 121.8 m and AED 125.0m, respectively. Clinic revenues increased mainly due to continued growth in Burjeel Medical City (BMC) by AED 117.5m, Burjeel Day Surgery Centre LLC (BDSC) by AED 29.4m and Burjeel Royal Hospital LLC (BRH) by AED 31.9m
- Doctors' and other employees' salaries and benefits increased by AED 151.4m (18.6%), while inventories consumed increased by AED 63.9m (14.1%) in line with growth in operations/increase in revenues compared to prior period. The major impact in Doctors and staff salaries is from BMC, BRH and BDSC which are High Growth Assets of the Group. The Group has invested in the Highly Qualified Doctors and Medical Staff, which are on ramp up stage and high potential to contribute in the revenue growth of the respective unit. The increase is attributable to increase in average headcount by nearly 657 for these 3 entities.

- Inventories consumption increased mainly due to growth in revenues across all hospitals in aligned with group strategy on complex care.
- The depreciation charge decreased by AED 12.6 million (9.6% decrease). This is mainly due to hospitals reflecting fully depreciated assets such as Medeor Abu Dhabi, Medeor Dubai and Marina Health Promotion LLC and other hospitals and medical centers.
- Provision for expected credit losses has decreased by AED 2.4m (6.3% decrease) as compared to prior period. The decrease is driven by improved collections as well Quality of claim has improved with effort from RCM.
- There is no major change in total other overheads as compared to H1-22.

Segment Performance YTD June-23

The Group is organised into segments based on the operating activities & services. All the segments during the period delivered a notable performance.

| Segment Information | Hospital | Medical Centre | Pharmacies | Others | Total |
|----------------------------|-----------------|-----------------------|-------------------|---------------|----------------|
| Revenue | 1,917.4 | 207.0 | 33.3 | 4.1 | 2,161.8 |
| <i>% to Total</i> | <i>89%</i> | <i>10%</i> | <i>2%</i> | <i>0%</i> | <i>100%</i> |
| EBITDA | 427.5 | 58.1 | 4.5 | -23.1 | 467.0 |
| <i>% to Total</i> | <i>92%</i> | <i>12%</i> | <i>1%</i> | <i>-5%</i> | <i>100%</i> |
| Net Profit | 203.5 | 41.3 | 4.2 | -24.3 | 224.7 |
| <i>% to Total</i> | <i>91%</i> | <i>18%</i> | <i>2%</i> | <i>-11%</i> | <i>100%</i> |

Balance Sheet Overview

Assets (AED million)

| Particular | 30th June 2023 | 31st December 2022 | Change |
|--|----------------|--------------------|--------------|
| <u>NON-CURRENT ASSETS:</u> | | | |
| <i>Property and equipment</i> | 1,938.6 | 2,001.4 | -62.8 |
| <i>Intangible Assets</i> | 8.6 | 7.3 | 1.3 |
| <i>Right of use assets</i> | 1,001.8 | 1,018.5 | -16.7 |
| <i>Capital work in progress</i> | 23.3 | 23.3 | 0.1 |
| <i>Amounts due from related parties</i> | 0.0 | 0.0 | 0.0 |
| <i>Investments in Associates</i> | 29.8 | 29.1 | 0.7 |
| <i>Long term deposits</i> | 2.6 | 2.6 | 0.0 |
| Sub Total | 3,004.7 | 3,082.2 | -77.5 |
| <u>CURRENT ASSETS:</u> | | | |
| <i>Cash and Bank Balance</i> | 216.9 | 150.0 | 66.9 |
| <i>Accounts receivable and prepayments</i> | 1,392.7 | 1,189.5 | 203.2 |
| <i>Inventories</i> | 245.3 | 239.9 | 5.4 |
| <i>Amounts due from related parties</i> | 23.2 | 23.5 | -0.3 |
| Sub Total | 1,878.1 | 1,602.9 | 275.2 |
| TOTAL ASSETS | 4,882.8 | 4,685.1 | 197.7 |

- Property and equipment decreased by AED 62.8m due to the depreciation charge of AED 116.2m, partly negated by additions worth AED 53.4m. Additions comprise of building and leasehold improvements worth AED 10.9m, medical equipment worth AED 22.6m, furniture and fixtures worth AED 4.3m, computer and office equipment worth AED 10.3m and motor vehicles worth AED 5.0m which is in the normal course of business.
- Right of use assets decreased by AED 16.7m mainly due to the depreciation charge of AED 53.4m, remaining decrease is offset due to remeasurement and addition amounting to AED 36.7m during the period.
- Investment in IKJC and in First IVF both increased by AED 0.7m, group has recorded share of profit from these associates of AED 13.3 m, offset by dividend received of AED 12.6 m.
- Accounts receivable and prepayments increased by AED 203.2m. Increases is noted in all hospitals in line with the incremental revenues in H1-23. Further, prepayments and other balances have also increased by AED 7.3m.
- The overall increase in cash and bank balances reflects inflows from operations offset mainly by cash outflows on PPE additions and repayments of lease rentals and interest-bearing loans and borrowings in H1-23.

Liabilities and Equity (AED million)

| Particular | 30th June 2023 | 31st December 2022 | Change |
|---|-------------------|-----------------------|--------------|
| <u>SHARE HOLDERS' EQUITY:</u> | | | |
| Share Capital | 520.5 | 520.5 | 0.0 |
| Shareholder's contribution | 3.6 | 3.6 | 0.0 |
| Other Reserve | 3.0 | 3.0 | 0.0 |
| Share Premium | 366.9 | 366.9 | 0.0 |
| Accumulated Losses | 408.4 | 194.6 | 213.8 |
| Non-controlling Interests | 40.2 | 29.2 | 11.0 |
| Total Equity | 1,342.6 | 1,117.8 | 224.8 |
| <u>LIABILITIES</u> | | | |
| <u>NON - CURRENT LIABILITIES:</u> | | | |
| Interest bearing loans and borrowings | 841.9 | 903.8 | -61.9 |
| Lease liabilities | 1,045.1 | 1,078.0 | -32.9 |
| Derivative Liability | 30.0 | 28.4 | 1.6 |
| Gratuity Payable | 138.4 | 121.4 | 17.0 |
| Sub Total | 2,055.4 | 2,131.6 | -76.1 |
| <u>CURRENT LIABILITIES</u> | | | |
| Interest bearing loans and borrowings | 369.6 | 357.0 | 12.6 |
| Account payable & accruals | 979.1 | 945.5 | 33.6 |
| Amounts due to related parties | 34.5 | 35.6 | -1.1 |
| Lease Liability | 101.6 | 97.6 | 4.0 |
| Sub Total | 1,484.8 | 1,435.7 | 49.1 |
| TOTAL LIABILITIES AND OWNER EQUITY | 4,882.8 | 4,685.1 | 197.7 |

- Interest bearing loans and borrowings had a net decrease of AED 49.3m in H1-23, reflecting repayment of loans.
- Lease liabilities reported a net decrease of AED 28.9m due to lease payments of AED 86.3m and remeasurement of AED 33.3m which was offset by interest expenses of AED 25.6m during the period. (IFRS-16)
- Derivative financial instruments consist of interest rate swap to manage the interest rate risk of Burjeel Hospital LLC. The movement of AED 1.6m in H1-23 relates to the fair value changes as per Mark to Market valuation.
- Accounts payable and accruals increased by AED 33.7m (3.6%) mainly due to increase in trade payable by AED 24.1m, retention payable by AED 19.5m, and partly offset by decrease in Other payable by AED 9.5 m.



John Sunil
Chief Executive Officer