CLEOPATRA HOSPITALS GROUP

CHG

POWERING THROUGH

ANNUAL REPORT

2020

The Group has been revolutionising the Egyptian healthcare sector since day one; introducing for the first time in Egypt, a 360-degree integrated framework to oversee the day-to-day operations at its hospitals.

ANNUAL REPORT 2020

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At a Glance

Cleopatra Hospitals Group is Egypt's first and largest private hospital group by number of hospital beds and operating facilities and provides its patients with an unmatched service offering covering the entire treatment cycle.

CHG at a Glance

Established in 2014, Cleopatra Hospitals Group (CHG) is Egypt's first and largest private hospital group by number of hospital beds and operating facilities and provides its patients with an unmatched service offering covering the entire treatment cycle. Having been amongst the first private healthcare providers to recognise the attractiveness of the Egyptian healthcare industry, the Group has played a central role in institutionalising the sector and promoting its growth and development over the years. CHG was the first to introduce a 360-degree integrated management framework to oversee its operations, allowing the Group to consistently improve the quality of its services and patient experience while driving efficiency enhancements throughout its constantly expanding facility network.

Since its listing on the Egyptian Stock Exchange (EGX) in 2016, the Group has continued to grow, expanding its geographic reach, patient base, and service offering through a carefully executed strategy focused on organic and inorganic growth. Over the last two years, the Group has expanded the number of facilities operated from four at the start of 2019 to nine as of year-end 2020. Today, the Group operates six of the nation's leading hospitals alongside two polyclinics and one of Egypt's most prominent IVF centres. CHG's hospitals enjoy a more than three-decade-long track record of success with the Group's network featuring brand names such as Cleopatra Hospital, Cairo Specialised Hospital, Nile Badrawi Hospital, and Al Shorouk Hospital, along with the two latest additions of El Katib Hospital and Queens Hospital. CHG's hospitals offer a full suite of diagnostic, medical, and surgical services across both inpatient and outpatient settings as well as housing various centres of excellence (CoE) which offer our patients world-class care across a wide-ranging spectrum of specialities, including cardiology, radiology, orthopaedic, urology, and multiple others. The Group also operates two polyclinics located in East and West Cairo, which not only allow the Group to expand its geographic reach across Greater Cairo but also help drive up volumes at CHG's main hospitals through the referral of patients. In 2020, the Group penetrated the fast-growing Assisted Reproductive Technology (ART) market, through the acquisition of Bedaya IVF centre, which began operating under the Group's management in the final months of the year.

2020 was undoubtedly a challenging year for all industries, with businesses in the healthcare sector particularly impacted by the COVID-19 pandemic. Nonetheless, CHG's resilient business model coupled with an effective short- and medium-term response to the crisis allow the Group to navigate the challenges faced throughout the year, emerging stronger than ever and ready to drive further growth in the coming years. By continuing to adhere to its proven six-pillar operational strategy, the Group is looking to continue leading the Egyptian healthcare industry and cement its place as the country's number one provider of diversified healthcare.

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A Diversified Healthcare Provider

Hospitals
6 leading hospitals across the Greater Cairo area

Polyclinics
2 strategically located facilities expanding CHG's reach and driving volumes through referrals

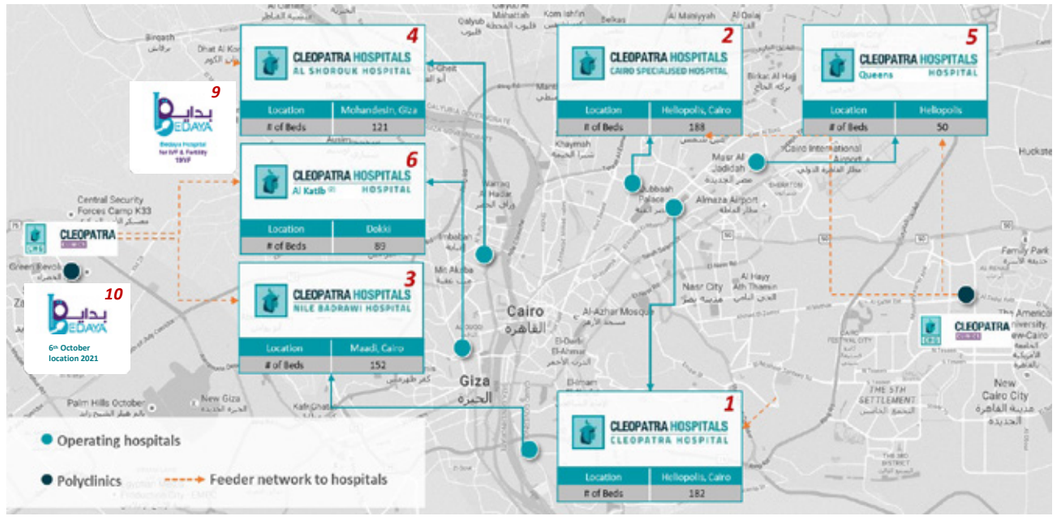
Diagnostics
Laboratory and radiology services allow CHG to standout from competitors

Pharmacy
Patient-focused outpatient pharmacy outlets located in all of CHG's facilities

IVF
Bedaya is one of Egypt's leading IVF centres offering important growth opportunities for the future

Facility Management
Through its newly launched EHFS venture, CHG aims to become a regional leader in the underpenetrated facility management subsegment

Wide Reach Across Strategic Catchment Areas



9 Operation facilities across Greater Cairo area	**902,572** Cases served in 2020[1]	**2.0 EGP BN** 2020 Revenues	**11%** 2020 Revenue Growth	**23%** Revenue CAGR 2016-2020
690 EGP MN 2020 Gross Profit	**35%** 2020 GPM (flat vs 2019 and up 6 ppts from 2016)	**22%** Gross Profit CAGR 2016-2020	**22%** Adjusted EBITDA CAGR 2016-2020	**20%** 2020 ROIC

[1] Cases served includes number of in-patients, outpatient visits, and ER visits.
[2] Adjusted EBITDA: Earnings before Interest, Tax, Depreciation, and Amortisation adjusted for provisions, impairments, LTIP, acquisitions expenses, pre-operating expenses, and excluding contributions from other income.

Note from our CEO

Ahmed Ezzeldin
CHG Chief Executive Officer

2020 was a year full of unexpected challenges and operational difficulties resulting from the outbreak of the COVID-19 pandemic and the imposition of restrictive measures to limit its spread. Against this backdrop, Cleopatra Hospitals Group's double-digit top- and bottom-line growth for the year demonstrates once more the strength and adaptability of our business model, the effectiveness of our multi-pronged COVID-19 response strategy, and the resilience of the Egyptian healthcare industry. The impressive financial and operational performance we delivered in spite of the ongoing difficulties is a direct result of our continued efforts to build a sustainable, diversified, and growth-oriented business ready to weather transitory challenges while continuing to invest in its long-term value generating capabilities.

An Industry Leader

Despite the incredible challenges faced by the Egyptian healthcare industry throughout 2020, the sector displayed incredible resilience supported by the powerful structural growth drivers which have underpinned its success over the years. The Egyptian healthcare industry is characterised by attractive demographics, including a growing population with increased life expectancy, rising disposable income, low state investment in public services, and a heavy reliance on out-of-pocket spending. Moreover, increasingly favourable regulation to encourage private participation in the sector, a rising demand for high quality, private healthcare, and the relative fragmentation of the healthcare industry offer important opportunities for future growth.

CHG was amongst the first private providers to recognise the attractiveness of the Egyptian healthcare industry and over the years has played an instrumental role in institutionalising the healthcare industry, helping to promote the sector's growth. Our dually-focused approach to healthcare management, which prioritises the widespread provision of high quality, affordable healthcare while delivering exceptional financial and operational results has enabled us to quickly climb the industry's ranks, and today sees us proudly stand as Egypt's leading private provider of integrated healthcare services. Over the years, we have leveraged our position as an industry leader and trendsetter to continue driving innovation and change across all aspects of the sector. By continuing to invest in the latest medical technology and knowledge, CHG not only provides growing access to best-in-class care for patients all over the country, but continues to be a prime catalyst for the industry's growth and development.

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2020 in Review

Looking at our performance for the year, I am delighted to report that the Group recorded revenues of nearly EGP 2.0 billion in 2020, up 11% from last year, supported by recovering volumes, improving utilisation, and an increasingly optimised service mix. The impressive top-line growth, which was also partially supported by the strong momentum carried forward from 2019, is in line with our previous guidance of year-on-year revenue growth despite the unprecedented obstacles posed by the ongoing pandemic. The recovery in volumes in the second half of the year was supported by management's proactive multi-pronged response strategy which over the course of 2020 saw the Group rollout multiple initiatives targeted at driving up patient volumes. These included the transformation of El Katib and Queens Hospitals into COVID-19-treatment facilities, the rollout of several strategic marketing campaigns, and the launch of telemedicine and at-home medical services. In the last three months of 2020, we recorded a 13% quarter-on-quarter increase in total cases served, with the total for the second half of 2020 up 30% from cases served in the first six months of the year. While cases served in 2020 stood 11% below last year's figure, the strong traffic witnessed in the final months of the year is further fuelling our confidence that a full recovery in patient volumes is imminent and we expect to see them return to their pre-crisis growth trajectory in the near future. Management's efficiency enhancement efforts saw revenue growth trickle down the income statement with the Group recording margins for the year in line with our historical averages.

CHG's strength lies in our ability to leverage our flexible business model to deliver exceptional short-term results while never losing sight of our longer-term growth strategy. 2020 was no different as we made significant progress on all our strategic priorities of diversified growth, quality enhancement, digitalisation, capacity expansion and optimisation, and integration. In recent years, the Group has been increasingly focused on driving growth in all our diversified revenue streams to strengthen our presence in segments adjacent to our core Hospitals vertical. This has seen the roll out and successful ramp up of our two new polyclinics, the expansion of our pharmacy business, and the signing of multiple new agreements to venture into fast-growing and currently underpenetrated subsegments of the healthcare industry. In 2020, while all our business lines including hospitals, polyclinics, diagnostics, pharmacy, and home services exhibited strong growth, we also inked two important deals opening up new opportunities for expansion in both the fast-growing Assisted Reproductive Technology (ART) market and in the underpenetrated facility management segment. In line with our quality and capacity enhancement strategy, we completed the renovations of Nile Badrawi Hospital's tenth and eleventh floors which now feature 24 modern and fully equipped patient suites. We also pushed forward with the planned renovation works across our inpatient wards and hospital entrances, as well as mechanical, electrical, and plumbing works across all facilities. On the digital front, our efforts were dually-focused on digitalising our internal processes to drive further operational efficiencies while strengthening our digital service offering to best cater to

> We enter the new year confident in our abilities to drive further growth in 2021 and strengthen our position as the leading provider of diversified healthcare in Egypt.

patient needs in light of the ongoing COVID-19 pandemic. As of year-end 2020, we had rolled out our new Clinisys HIS/ERP system at Cleopatra Hospital, Cairo Specialised Hospital, Queens Hospitals, Bedaya, and the Group's East and West Cairo polyclinics. The system's launch at Al Shorouk and Nile Badrawi Hospitals was completed in early 2021 and a full transition to the new system is expected to take place during the coming year. In parallel, over the last twelve months, the Group launched several new digital services supported by its new CHG App. The Group's enhanced digital service offering now includes consultations and follow ups through video call, online result delivery and appointment booking, as well as awareness webinars. The Group also completed the revamp of its revenue management cycle framework to enhance the quality of our claims processing and collection procedures.

Outlook

Although COVID-19-related difficulties continue to impact Egypt and many countries around the world, there are encouraging signs coming from the successful start of the global vaccination campaign, with Egypt having kicked off its campaign in January 2021, and a recovering global economy. Coupled with our strategic investments over the last two years, our established position in the industry, and our proven resilience and adaptability, we enter the new year confident in our abilities to drive further growth in 2021 and strengthen our position as the leading provider of diversified healthcare in Egypt. In the short-term, our focus will be on supporting the recovery in patient volumes through further enhancements to our service quality and depth, and the roll out of new strategic marketing campaigns. On this front, both Queens and El Katib Hospitals will continue to operate COVID-19 treatment units over the coming months, as we continue to record strong patient demand for this service. In parallel, we will continue to push forward on our longer-term strategic growth priorities. In the new year, we will work to further integrate the new business lines and assets into our established operational framework to drive efficiencies, strengthen referral networks, and ensure a high and standardised level of care quality and service delivery across all CHG facilities. We also look forward to reaping the benefits of our digitalisation efforts with the completion of the roll out of the new Clinisys HIS/ERP system expected to drive improvements across all aspects of our operations from enhancements to our quality of care to a strengthening of our data, inventory management, and revenue cycle frameworks. As part of our efforts to broaden our service offering, we are currently formulating and implementing plans to launch two new centres of excellence (CoE) at El Katib and Queens Hospitals in the coming year. At El Katib, the Group is looking to launch its first respiratory-focused centre of excellence (CoE), while at Queens Hospital, management is working on the adjustments necessary for the facility to house the Group's new oncology CoE in East Cairo.

Finally, I would like to take this opportunity to extend a sincere thank you and express my admiration for all my colleagues who in spite of the great personal and professional difficulties faced in 2020, have continued to demonstrate incredible dedication and adaptability. This has allowed the Group to continue serving our patients at a time when high quality healthcare and patient care were of the upmost importance. I look forward to working by your side in the coming years as we continue to grow Cleopatra Hospitals Group, one satisfied patient at a time.

Ahmed Ezzeldin
CHG Chief Executive Officer

A Message from our Chairman

Ahmed Badreldin
Chairman of the Board

> Our response to the pandemic confirmed the strength of our employees, the shared belief in our purpose as a company, and our unwavering dedication to CHG's values.

In the past year, the COVID-19 pandemic tested our resilience as an organisation particularly in light of our frontline role in fighting the virus. While the pandemic did cause some short-term uncertainty for businesses across all sectors, it also confirmed the strength of our employees, the shared belief in our purpose as a company, and our unwavering dedication to the values that have guided, and will continue to guide, our every decision as we build a business of the future.

Swift and decisive action by Dr. Ezzeldin and the entire executive team at the start of the pandemic enabled the Group to deliver a robust financial performance despite the multiple obstacles faced over the last twelve months. The most significant impact to the Group's revenue and profitability was during April 2020 following the rollout of strict lockdown measures and the suspension of all non-urgent elective surgical procedures. Within the first few weeks of the pandemic, CHG's management took the decision to split our facilities, and dedicated two of our newly acquired hospitals to the treatment and isolation of COVID-19 patients. This is something only a group of our size and breadth is capable of executing, and once more reaffirms our unique position as industry leader and innovator of Egypt's private healthcare sector. Thanks to the work and oversight of a dedicated project team, we were able to repurpose both Queens Hospital and El Katib Hospital to accommodate for the needs of COVID-19-positive patients, while enabling us to continue offering our full roster of medical services in full safety at our remaining six hospitals. Thereafter, as we prepared for subsequent waves of the pandemic, we were able to draw on our experience from the first wave and were afforded greater operational and clinical flexibility allowing us to dynamically manage the services we could offer to both COVID-19 and non-COVID-19 patients. During this period of significant uncertainty, our employees have continued to show exceptional courage and dedication as they adapted on an almost daily basis to the rapidly changing environment, continuing to deliver world-class medical care to our patients. I am inspired by the abundant accounts of the extraordinary care, compassion, commitment, and strength of our employees, who not only support our patients and their families, but also one another in these difficult times.

CHG has always pursued long-term investments that support the success and growth of the Group. Despite the pandemic, we continued to invest in opportunities critical to the execution of the Group's expansion and operational strategy, especially as we concentrate on delivering our digital transformation plan to drive future growth and improved returns. Very early on in the pandemic, we rolled out our telemedicine offering, giving our patients more access to our leading team of doctors and consultants, while reducing the risk of exposure to the virus for both patients and doctors.

We expect to continue our growth journey with a renewed focus on capacity expansion and the addition of new bed capacity, through both organic and brownfield expansion. In the future, I expect us to continue to demonstrate the resilience and ability to adapt which we have so successfully displayed throughout the COVID-19 crisis. I am confident that the strength of the executive team led by Dr. Ezzeldin, our proven business model and operational strategy, and our internal culture and governance structure provide us with the solid fundamentals to withstand any future obstacles and continue to generate long-term sustainable value for years to come.

Ahmed Badreldin
Chairman of the Board

Pillars
of Resilience

CHG was able to navigate the transitory obstacles and deliver on its longer-term strategic priorities ending the year stronger and more united than ever, and ideally positioned to commence a new chapter of growth and value creation.

Pillars Of Resilience

2020 brought about a series of unprecedented operational challenges related to the outbreak of COVID-19 and the imposition of restrictive measures to curb its spread. As a leading provider of healthcare services, CHG was particularly impacted by these challenges and restrictions. Nonetheless, thanks to the prompt implementation of a multi-pronged response protocol, the effectiveness of its medium-term mitigation strategy, and the underlying strength of the business, CHG was able to navigate the transitory obstacles and deliver on its longer-term strategic priorities. This enabled the Group to end the year stronger and more united than ever, ideally positioning the business to commence a new chapter of growth and value creation in the years to come.

Multi-pronged Response Protocols

From the very onset of the crisis, the Group's number one priority was, and continues to be, guaranteeing the safety and wellbeing of its staff, both medical and non-medical, and of its patients and their families. Across all of the Group's medical facilities and offices, health and safety protocols were tightened, with additional measures including:

- New ER and outpatient clinic protocols to ensure prompt detection, isolation, and referral of all potential COVID-19-positive patients.
- Daily deep cleaning and sterilisation of all medical and non-medical facilities.
- Provision of necessary Personal Protective Equipment (PPE) for all staff and patients.
- Strict hygiene and sanitisation protocols for all medical staff, patients, and visitors.
- Infrared temperature screening at all group hospital entrances.
- Switch to facial recognition across all CHG facilities.
- New patient engagement and visitor management protocols to minimise the risk of exposure.

In parallel, the Group enhanced its Hospital Incident Command System to guarantee CHG's ability to adapt to the evolving COVID-19 situation from an operational point of view. Measures focused on guaranteeing the continuity of the Group's operations included:

- The draw up of an emergency staffing plan to ensure the Group can meet round-the-clock staffing needs.
- Back-office contingency planning to ensure business continuity.
- Engagement programme with the Group's consultants to address any needs or concerns that may arise.
- Supply chain and inventory management protocols to ensure the availability of all necessary medical supplies and avoid disturbances to operations.

Heading into 2021, CHG's management and Medical Council continue to monitor the evolvement of the situation, with the Group fully equipped to respond should the country enter a more severe phase of the pandemic. The Group continues to adhere to strict health and safety protocols and business continuity frameworks which have been further finetuned to reflect the experience gained over the last twelve months.

Effective Mitigation Strategy

Parallel to the prompt rollout of health and safety and business continuity protocols, CHG's management focused on implementing a series of strategic initiatives aimed at mitigating the impacts of the pandemic on the Group's operations with a particular focus on driving up patient volumes. Management's approach focused on multiple aspects, with key measures including:

- Transforming El Katib and Queens Hospitals into COVID-19-dedicated facilities to isolate potential positive and confirmed COVID-19 patients and allow the remaining facilities to continue operating normally and in full safety.
- Rolling out targeted commercial campaigns aimed at positioning the Group's facilities as the go-to providers of healthcare services even in the midst of the COVID-19 pandemic. The marketing campaigns were highly successful in part thanks to the strategic decision to separate the Group's COVID-19 and regular facilities.
- Launching multiple new digital services aimed at improving the accessibility to high quality healthcare for patients all across the country. The new tools included video consultations and follow up appointments as well as awareness webinars to educate healthcare professionals and the general public on the most effective isolation and treatment protocols to combat the spread of COVID-19.
- Ramping up of home-visit and consultation services for all patients unwilling or unable to visit our healthcare facilities in person during the ongoing crisis. CHG's home care services have been witnessing strong and growing demand as the Group leverages its wide suite of portable medical equipment to bring first-class medical services directly to people's front doors.

These efforts proved key in supporting a quick recovery in patient volumes and at enhancing utilisation, while providing vital assistance to patients all over the country during a difficult 2020. CHG's management was also active on the cost side, implementing several targeted cost control initiatives which allowed the Group to deliver robust financial results for the year. CHG's cost control and reduction efforts included:

A Group-wide strategy to improve staff allocation to maximise productivity and optimise overtime claims.

The rollout of a consumable tracking framework to ensure optimal inventory levels.

Leveraging CHG's established relationships with vendors to secure consumables at competitive prices despite the shortages impacting the wider sector at the start of the pandemic.

The Group's efforts to drive cost efficiencies from the very start of the crisis played a significant role in allowing CHG to curb the immediate adverse impact on profitability related to lower volumes in the months of March, April, and May; and the additional one-off expenses resulting from COVID-19. Moreover, the wide-spread optimisation efforts yielded lasting positive results throughout the second half of the year, helping to deliver record margin in the final quarter of 2020.

A Strong and Adaptable Business

Over the years, through a carefully executed growth and integration strategy, CHG has successfully built a sustainable, diversified, and growth-oriented business providing it with the solid foundations and flexibility needed to withstand unforeseen difficulties without hampering the quality and delivery of its services. The transient obstacles posed by COVID-19 were the perfect stress test to evaluate the effectiveness of CHG's integration and operational strategy. The Group's ability to pass this test with flying colours is a direct result of its operational and integration strategy coupled with a series of factors which have allowed it to standout from its competition and continue generating long-term value.

Diversification

Today, CHG covers all aspects of the patient treatment journey from diagnostics and treatment to recovery and pharmacy services. This provides CHG with a diversified revenue stream enhancing the Group's ability to overcome temporary operational obstacles.

In 2020, CHG's focus on building a diversified business has proven crucial in helping the Group mitigate the short-term impacts of the pandemic, with all of the Group's newer verticals delivering impressive growth throughout the year.

Integration

CHG strives to drive integration across all its facilities and operations. This enables the Group to enhance the quality and effectiveness of its medical services, drive cost savings and operational efficiency, increase the effectiveness of its internal referral framework, and maintain a tight oversight across all its operations to guarantee the best possible patient experience.

CHG's focus on integration proved invaluable in 2020, allowing the Group to drive cost savings, thus mitigating the financial impacts of the pandemic, while guaranteeing the highest quality care for both COVID-19 and regular patients through the implementation of clear and standardised treatment pathways and protocols.

Digitalisation

CHG consistently looks for new ways to integrate technology across all aspects of the business. From investing in the latest medical equipment to digitalising its internal day-to-day processes, CHG's increasing reliance on the latest technology ensures the Group offers best-in-class care in an effective and efficient manner.

CHG's strategic investments to strengthen its internal and external digital infrastructure played a decisive role in helping the Group overcome the obstacles related to COVID-19. On the one hand, the Group was able to provide a full-suite of digital medical services for patients unable or unwilling to visit CHG's facilities in person. On the other hand, CHG was able to safeguard the wellbeing of all its staff and ensure the continuity of its operations by transitioning to a hybrid work-from-home model allowing some employees to work remotely while others to work on premises.

Quality

At the heart of every decision taken by CHG's management is the desire to drive consistent improvements in care quality and patient experience. CHG's impeccable track record sees the Group stand as the go-to private medical service provider in the country.

In 2020, CHG's pristine reputation allowed the Group to continue attracting patients despite the difficult operating conditions and a general tendency amongst patients to postpone non-essential procedures and consultations. This allowed the Group to drive a recovery in patient volumes across the entirety of its service offering and verticals.

Overview
of CHG

Having been amongst the first private healthcare providers to recognise the attractiveness of the Egyptian healthcare industry, the Group has played a central role in institutionalising the sector and promoting its growth and development over the years.

Our Market

Healthcare in Emerging Markets

Emerging markets benefit from the increasing traction of the United Nations' agenda in line with its goal to achieve overarching social, environmental, and economic development on a global scale by the year 2030. Key to this agenda is sustainable development goal number 3, "Good health and well-being", which aims to "ensure healthy lives and promote well-being for all at all ages". The goal's targets and indicators hold a comprehensive viewpoint of the global healthcare system, with focus on furthering healthcare equality and amplifying reach and potency in developing and low-income countries. This is exemplified by target number 3.4, "by 2030, reduce by one third pre-mature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being", and target number 3.8, "achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, high-quality, and affordable essential medicines and vaccines for all", and more. The onset and spread of COVID-19 set the United Nations' agenda back but did not abort it, and while progress has slowed down in light of its devastating impact, 2020 reports reflect progress across many health areas.

Quality marketing in healthcare across emerging markets remains essential to attracting a diversified, expert pool of professionals, especially in emerging markets where patients have direct access to specialist facilities. As patients continue to make independent choices in many cases by locating preferred physicians — facility-based and independent — by specialty, geography, and other personalised determining factors, hospital facilities should increasingly utilise ethical marketing practices in catalysing informed decision-making processes by patients.

Healthcare markets in emerging markets are typically characterised by favourable demographic fundamentals, increasing regulatory support, and a relative undersupply of high quality healthcare, all of which offer healthcare providers like CHG significant growth opportunities across the various segments of the healthcare industry. According to the World Health Organisation (WHO), noncommunicable diseases (NCDs) are now responsible for 71% of all deaths globally, with 77% of all NCDs occurring in low- and middle-income countries. High rates of global diseases coupled with the United Nations predicting a rise in the percentage of people aged 65 years and over in emerging markets to reach 15% by 2030, and the WHO expecting NCDs to be responsible for 55% of afflictions in these markets by that time, places unquestionable burdens on public healthcare systems. Continually rising healthcare demands and crippling costs of NCD treatment which, according to the WHO, often increases household healthcare costs, drains resources, forces millions into poverty annually, and stifles development, mean an unequivocal need to raise healthcare investments and fill a gap that the public sector is unable to manage on its own. Aside from increasing direct spending to strengthen the public healthcare sector, governments across many of these developing economies have increasingly turned to the private sector to provide much needed support to tackle the accelerating demand. As such, private healthcare providers across these countries have enjoyed increasingly favourable regulations, in turn leading to rising private investment across all subsegments of the healthcare industry. Nonetheless, growing room for private players remains substantial, with companies, like CHG, which first recognised the attractiveness of such investments continuing to benefit from the first-mover advantage.

Egypt: The Macro Picture

The spread of the pandemic in 2020 impacted the projected expansion of Egypt's economy for FY2019-2020 which, as reported by the IMF, grew in real time by 3.6% as opposed to the forecasted 5.1%. Extensive economic reform programmes remained active across the country's many sectors, and the IMF's first review under the stand-by arrangement for Egypt stated that growth slowdown was less severe than expected, leaving it among the few countries with a noticeable growth rate in 2020. Economic expansion projections for the country increased to 5.7% for FY2021-2022, and to 5.8% for FY2025-2026, and as its economy continues to recover, it is expected that public debt will resume its downward trajectory in FY2020-2021 and that continued fiscal structure reforms will allow for additional investment in healthcare, education, and social protection. Furthermore, Egypt reduced interest rates in 2020 to stimulate and encourage market activity and economic movement. These conditions coupled with relaxed market entry regulations maintain the country's high placement on the list of attractive destinations for investors.

COVID-19 Response in Egypt

Challenges posed by the pandemic continue to be placed at the forefront of issues to tackle across the healthcare sector in Egypt, with other types of long-term plans still in effect but less urgent. According to Oxford Business Group, a shortage in medical staff and supplies threatens the country's containment efforts across its initial 17 quarantine hospitals, 3,214 beds, and an additional 30 quarantine hospitals, later added to its roster. In terms of supply and outreach, however, the country received support from multiple sources which include China and United States, and received USD 400 million from the World Bank in support of the Universal Healthcare Act scheme to help finance the COVID-19 response.

Egypt's Healthcare Industry

People's willingness and ability to pay for higher quality healthcare in Egypt are continuing to grow supported by an increasing life expectancy, rising disposable income, and an increased prevalence of lifestyle-related diseases. Nonetheless, governmental initiatives that aim to transform national healthcare are constantly emerging, and the EGP 600 billion Universal Healthcare Act remains central. The programme aims to improve facilities, care, and insurance coverage for all Egyptians. The scheme officially kicked off in Port Said governorate in 2019, and a trial is currently running in Luxor, Ismailia, and South Sinai governorates, with plans to cover the rest of the country over the next 10 years.

Additional state investments in the healthcare sector in Egypt during 2020 included EGP 438 million to develop 34 chest and fever hospitals; EGP 4.5 billion to establish 30 model hospitals; and EGP 846 million to upgrade the ambulance system. Eight plasma collection centres and an integrated healthcare complex were also inaugurated during the year. However, and according to Fitch Solutions, overall spending remains low with Egypt spending 1.2% of its GDP on its healthcare sector in 2020 instead of a minimum of 3% as mandated by the country's constitution.

Egypt's population has exceeded 100 million in early 2020 and is expected to add around 60 million by 2050. Attempts to control the upsurge include lowering fertility rates from 3.5 to 2.4 children per woman by 2030 through campaigns funded by the Ministry of Social Solidarity and United Nations which target around 1.1 million low-income families. Additionally, average life expectancy in Egypt has increased by two years in the last 10 years, thus increasing concerns over growing age-related illnesses. COVID-19 also served in unveiling shortcomings in Egypt's healthcare system, with a May 2020 Reuters report stating that the country had just 1,000 intensive care beds, and with Beltone Financial spotlighting that 70-80% of public hospitals have outdated infrastructure, especially those expected to serve the new Universal Healthcare Act.

Reforms across the healthcare sector in Egypt are well underway, and they include making use of public-private partnerships to support the upcoming universal healthcare scheme and expand the availability of healthcare services across the country.

High Demand for Quality Healthcare

A fast-growing, aging population and the prevalence of lifestyle-related diseases and NCDs have increased the need for quality healthcare across Egypt. According to a report by Oxford Business Group, Egypt had one of the highest rates of Hepatitis C infections in the world, which burdens

its healthcare system and impacts its economy, hindering GDP growth by around 1.5% annually. The country also suffers from high rates of NCDs; according to the Institute for Health Metrics and Evaluation (IHME) between 2009 and 2019, the number of deaths caused by chronic kidney disease, hypertensive heart disease, and diabetes grew by 36%, 24%, and 47% respectively. Moreover, data from the World Bank showed that in 2015, 92% of all deaths and 67% of premature deaths in the country were attributed to NCDs. Lifestyle factors that play a fundamental role in stimulating NCDs include obesity (affects around 35.7% of the population); high cholesterol (around 19%); and high blood-glucose levels (around 15.5%). Smoking-related illnesses highly affect the country as well, with an estimated 22% of the population being smokers.

Egypt's private healthcare sector remains underpenetrated despite high levels of disease burdens. As demand grows for high quality healthcare provision and as the government continues to explore more opportunities for collaborations between public and private institutions, private groups such as CHG can benefit from opportunities to meet the population's growing needs and roll out larger programmes to fill in demand and capitalise on market conditions. According to data from the IHME, the estimated total private and public spending on healthcare is expected to double to reach USD 298 per person with the increase coming from all three main categories of private prepaid, private out-of-pocket, and public.

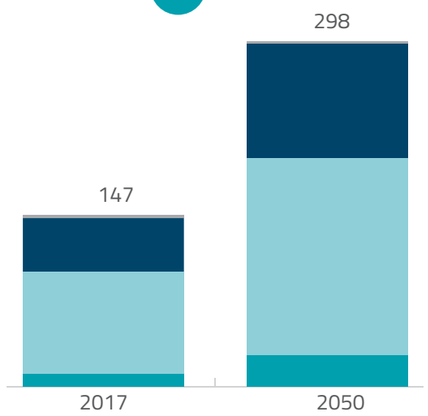
Health Insurance in Egypt

According to Oxford Business Group's report, the Universal Healthcare Act will result in increases in number of patients across hospitals and healthcare facilities in Egypt. The first roll out of the programme saw it register 506,000 citizens in Port Said, with seven hospitals and 16 medical units in the governorate now receiving upgrades as part of the scheme. It expects to cover between 15-17 million people by the time phase three (of six) is complete in 2023, which is enough of the population to begin producing initial results and analysing the scheme's efficacy. Private sector involvement will be heavily relied on to supply funds and infrastructure investment to continue expanding its scope, as well as train and prepare public healthcare professionals on the implemented changes. Naturally, high costs and out-of-pocket payments are also expected to decrease, a substantial benefit considering that 60.1% of healthcare expenditure was paid directly by patients despite more than half of Egypt's population having access to health insurance.

The Private Healthcare Market

According to CAPMAS and MOHP data in 2019, Egypt has 1,484 private hospitals, representing just under 70% of total hospitals in the country. These hospitals are home to 32,353 beds, out of the country's 127,600 beds in total. The private healthcare market is highly fragmented, with a small number of institutionalised and strong groups dominating the sector. This continues to pave the way for large groups such as CHG to identify expansion opportunities and consolidate different areas of service to create a strong, comprehensive healthcare force. The government provides strong support in this regard by facilitating market entry for investors and private sector medical groups in its effort to keep up with the growing population and its rising demands. Private healthcare facilities in Egypt today range from hospitals to clinics, pharmacies, NGOs, and mosque and church clinics, and are mostly located in urban areas of the country such as Cairo.

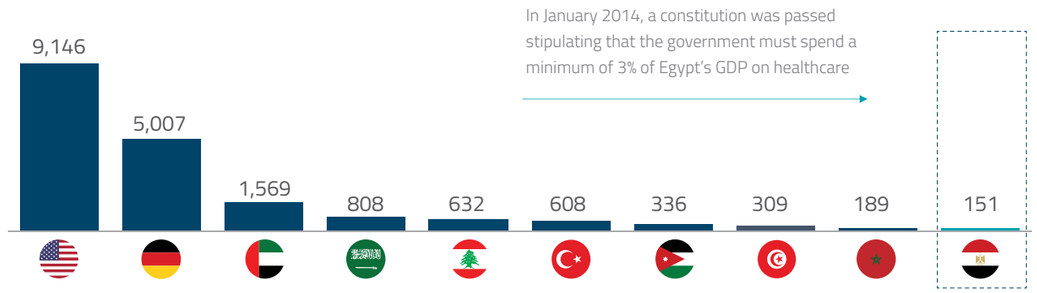
Total Healthcare Spending per Capita | USD



	2017	2050
Development assistance for health	11	27
Government health spending	88	171
Out-of-pocket spending	47	99
Prepaid private spending	1	1

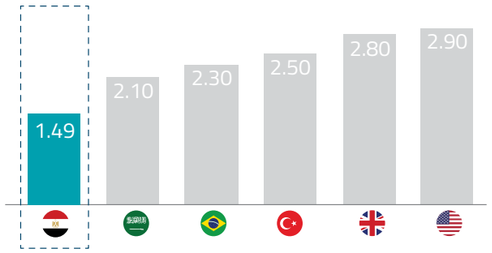
Source: The Institute for Health Metrics and Evaluation (IHME)

Healthcare Expenditure per Capita (USD) | 2017

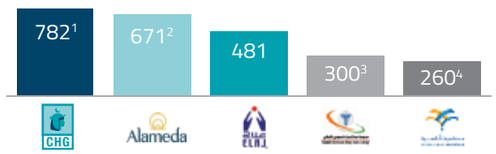


Egypt's Number of Beds Breakdown | 2020

Number of Beds per 1,000 Citizens | 2020

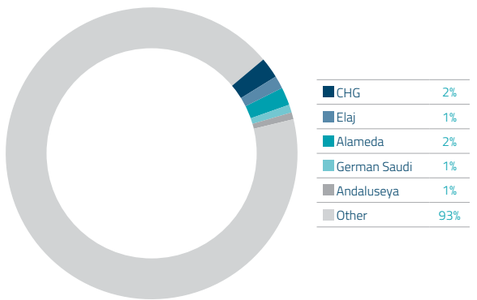


Hospital Groups in Cairo (Operational) – Bed Count | 2020



[1] Building new capacity to reach c. 1,000 beds,
[2] Building new capacity to reach c. 900 beds,
[3] Building new capacity to reach c. 600 beds
[4] Building new capacity to reach c. 500 beds

Market Share by Number of Commercial Beds



*Of total beds in Egypt (c. 32k)

Sources: World Bank, Business Monitor International (BMI), CAPMAS, FROST & SULLIVAN, MoHP, CHG Internal Research

Our Facilities

Following two years of strategic organic and inorganic growth, Cleopatra Hospitals Group now operates six hospitals, two polyclinics, and a leading IVF centre all located across the Greater Cairo area. All of its facilities are situated in neighbourhoods characterised by a large catchment area coupled with an undersupply of high-quality healthcare. The Group's established reputation for providing integrated healthcare services of the highest quality, enables CHG to take advantage of the significant opportunities for growth across its entire footprint. Thanks to its expansion, the Group has also been able to widen its service offering, adding multiple new centres of excellence (CoE), diagnostic and pharmacy services, and medical specialities to its already broad roster. CHG's services are carried out by a team of more than 1,000 consulting physicians and supported by a team of over 4,600 medical staff members including nurses and resident doctors. Today, the Group's facilities encompass more than 800 beds with plans to expand capacity further across its existing facilities. CHG continuous to closely monitor the quality and outcomes of its services and overall patient experience across all its facilities through the implementation of an all-encompassing quality monitoring framework, which looks at both quality-specific KPIs and patient satisfaction surveys. This allows management teams to address any shortcomings and promptly introduce the necessary corrective measures.

Integration

While the expansion of the Group's network has allowed CHG to reach new patient segments and provide high quality healthcare to a growing patient base, it has also opened up significant opportunities to drive new cost efficiencies and further optimisation across its operations. This is a direct result of its integration strategy which, since inception, has been at the heart of the Group's sustainable growth and expansion strategy. Integrating all its facilities under a single operating framework allows for: the extraction of existing synergies to drive cost savings; the delivery of a standardised quality of care thus strengthening CHG's brand equity; and the strengthening of the Group's referral network allowing it to drive volumes at its traditional facilities while retaining patients for their entire treatment cycle. All three aspects are key in helping CHG drive sustainable growth while ensuring it continues to put the wellbeing of patients and their families at the forefront of its every decision. An important aspect of the Group's drive to integrate its facilities has been the roll out of a new Clinisys HIS/ERP system to oversee all aspects of the facilities' day-to-day operations. The new system brings innumerable benefits to all areas of CHG's operations from ensuring quick access to and the transfer of patients' medical history to improving its back-office management, inventory management, and purchasing processes. Efficiency enhancements have already been witnessed across several facilities during the final months of 2020, and the Group expects to realise the full extent of potential advantages throughout 2021. Today, CHG doesn't just operate a bigger network, but thanks to its integration strategy it operates a stronger, more united network which serves as the perfect base from which to drive new growth in the years to come.

> All of the Group's facilities are situated in neighbourhoods characterised by a large catchment area coupled with an undersupply of high-quality healthcare.

	Hospital Name	Location	Number of Beds
1	Cleopatra Hospital	Heliopolis, Cairo	182
2	Cairo Specialised Hospital	Heliopolis, Cairo	188
3	Nile Badrawi Hospital	Maadi, Cairo	152
4	Al Shorouk Hospital	Mohandesin, Giza	121
5	El Katib Hospital	Dokki, Giza	89
6	Queens Hospital	Heliopolis, Cairo	50
7	East Cairo Polyclinic	5th Settlement, Cairo	14 clinics
8	West Cairo Polyclinic	6th of October City, Giza	15 clinics
9	Bedaya for Medical Services	Dokki, Giza	19 beds and 8 clinics

Cleopatra Hospital

Established in 1984 and acquired by the Group in 2014, Cleopatra Hospital is CHG's flagship hospital with a nearly four-decade-long track record of operational excellence and over 40 specialties and sub-specialties currently offered at the facility. Over the years, Cleopatra Hospital has become an industry leader for ICU, complex surgical procedures, and outpatient services supported by the strong network of consultants operating out of the hospital. Moreover, the hospital is home to two of the Group's centres of excellence (CoEs), and is outfitted with one of the country's best-staffed and well-equipped emergency rooms. On top of world-class infrastructure and medical equipment, the facility also boasts one of the more experienced and well-rounded team of specialised medical doctors and general practitioners available in the country. Moreover, since the launch of the Group's East Cairo polyclinic in 2019, the hospital has witnessed a rise in referrals from the polyclinic and has been able to further increase patient access to its team of medical professionals thanks to the wide reach of the new outpatient clinic.

Over the past few years, CHG has made a number of improvements at the hospital, including significant investments in the hospital's medical technology to improve patient outcomes, as well as centralising the hospital's services in line with an integrated organisational structure that allows for increased synergies and cross-referrals within the Group's wider platform. Upgrade works continued in 2020 and were focused on multiple different aspects of the facility. Over the past twelve months, the Group restructured the management team in charge of overseeing Cleopatra Hospital's day-to-day operations. The new team is also in charge of Queens Hospital's management which, in line with CHG's integration model, allows for further optimisation and a seamless integration of the newer facility into the Group's operating frameworks. Moreover in 2020, Cleopatra Hospital has transitioned to operating under the new Clinisys HIS/ERP system, with benefits already being recorded across multiple areas of the facility's operations. On the renovation front, the Group completed work on the hospital's outpatient department and façade. Heading into 2021, renovation work on the facility's infrastructure will continue and attention will turn to revamping its inpatient wards, entrance, and radiology and ER departments. In light of this and the hospital's pristine reputation for medical and operational excellence, the Group is looking for Cleopatra Hospital to continue setting an example for new and more established facilities to follow as the Group continues to grow and expand its operations.

2020 In Review

368,085
Cases Served

10,154
Surgeries Performed

Medical Staff

229
Resident doctors

266
Nursing staff

232
Practising physicians and consultants

Facilities

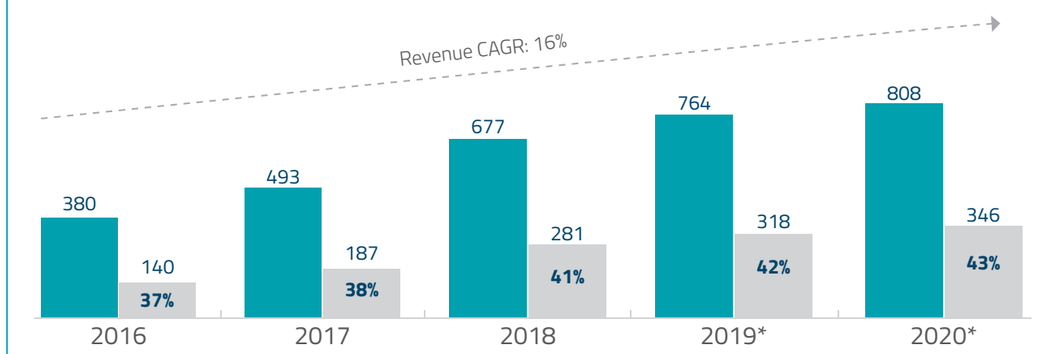
7
Operating rooms

14
Outpatient clinics

1
Catheterisation lab

182
Beds

Revenue, Gross Profit, GPM Progression | EGP mn, %



* Includes revenue contributions from Queens Hospital of EGP 14 million and EGP 60 million in 2019 and 2020, respectively.

Cairo Specialised Hospital

CLEOPATRA HOSPITALS
CAIRO SPECIALISED HOSPITAL

With a successful track record spanning over four decades, Cairo Specialised Hospital (CSH) is one of the country's first private facilities, and today is the Group's largest hospital in terms of number of beds. Currently, the hospital hosts two of the Group's centres of excellence (CoE) focused on cardiology and neuroscience. Following the acquisition of a majority stake in the hospital in 2014, the Group has embarked on a wide-ranging renovation project to upgrade all aspects of the hospital's infrastructure. In 2019, the Group completed a full renovation of the hospital's endoscopy unit, laboratory, ICUs, dental department, and operating rooms as well as an upgrade to its kitchen facilities and the hospital's façade. Work carried on into 2020, and despite the operational difficulties posed by the ongoing pandemic, the Group completed the renovation of parts of the facility's inpatient wards and launched a state-of-the-art emergency department offering the highest quality of care in line with global best practices. Having completed this second phase of renovation, CSH is now one of the most modern and well-equipped facilities in the country. The next phase of upgrade works, which kicked off in early 2021, will see the roll out of two newly renovated floors, the addition of multiple new ICU wards and the launch of new outpatient clinics. To complement the infrastructure upgrade works, management also elected the facility to be the first to transition to adopt the Group's new HIS/ERP system, which was launched in the final quarter of 2018. Since then, the new operating framework has driven significant improvements in the facility's data management and backup framework and in the hospital's back-office management. With the new system now being rolled out across the majority of the Group's other facilities, management expects to record additional benefits in the coming year.

2020 In Review

195,247
Cases Served

7,529
Surgeries Performed

Medical Staff

177
Resident doctors

164
Nursing staff

220
Practising physicians and consultants

Facilities

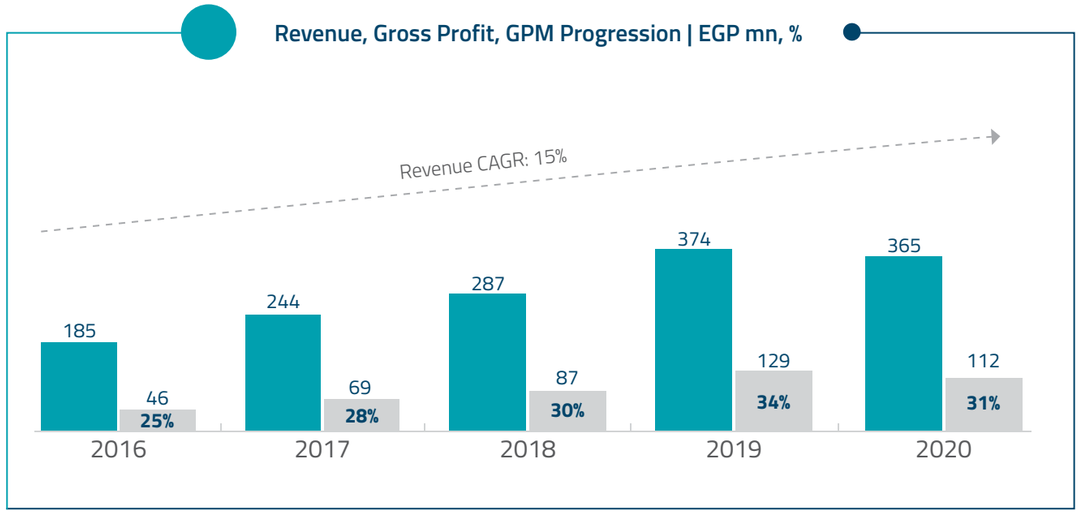
9
Operating rooms

17
Outpatient clinics

1
Catheterisation labs

188
Beds

Revenue, Gross Profit, GPM Progression | EGP mn, %



Nile Badrawi Hospital

CLEOPATRA HOSPITALS
NILE BADRAWI HOSPITAL

Inaugurated in 1985, Nile Badrawi Hospital is located in the Maadi neighbourhood of Cairo. The facility is home to five of the Group's centres of excellence (CoE) focused on oncology, renal transplants, cardiology, ENT, and urology, with the latter three being relatively recent additions to the facility's service roster. Moreover, Nile Badrawi Hospital offers a full suite of medical services and procedures covering all other major specialities. It was also one of the first hospitals in Egypt to offer radiotherapy, and its oncology department is equipped with two linear accelerators.

Since taking over the facility's operations in 2015, the Group has embarked on an extensive restructuring and upgrade plan covering both the hospital's internal and external infrastructure. The various renovations have been undertaken in multiple phases starting with the hospital's façade which was concluded in 2018. The following year, renovation work focused on electromechanical upgrades, civil works, and outpatient clinic renovations. In parallel, management kicked off work to add more than 20 new beds in the last two floors of the hospital, which was previously not used as revenue generating space. This last phase was completed in 2020, and the hospital now features 24 modern and fully equipped patient suites on its tenth and eleventh floors. In the coming year, management aims to leveraging the new space to attract patients looking for additional comfort during their hospital stay. Since taking over operations, the Group has also focused on strengthening the management team and revamping the oversight frameworks to improve the day-to-day flow of operations. This involved hiring a new management team and new external and international consultants and experts to guide the staff. Looking ahead, the Group will be focusing on further renovations to the facility's inpatient and outpatient department. In parallel, CHG will work closely with the facility's management team to further optimise the hospital's patient mix and drive up referrals from the facility's outpatient clinics to its other departments.

2020 In Review

90,952
Cases Served

4,702
Surgeries Performed

Medical Staff

145
Resident doctors

202
Nursing staff

205
Practising physicians and consultants

Facilities

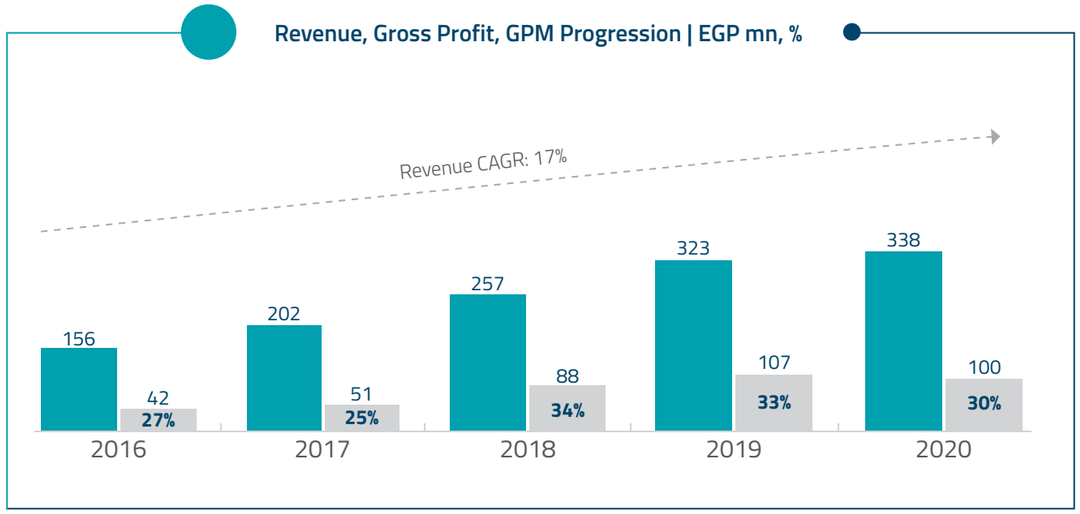
7
Operating rooms

17
Outpatient clinics

2
Catheterisation labs

152
Beds

Revenue, Gross Profit, GPM Progression | EGP mn, %



Al Shorouk Hospital

CLEOPATRA HOSPITALS
AL SHOROUK HOSPITAL

Al Shorouk Hospital was founded in 1996 by a group of renowned consultants as a multi-specialty general hospital in West Cairo, and over the years has built a strong reputation in the fields of general surgery, urology, and oncology. Today, the hospital hosts four centres of excellence (CoE) focused on providing general surgery, urology, and oncology services. CHG took over operations at Al Shorouk Hospital in 2016 and soon after commenced an intensive restructuring strategy focused on upgrading its internal management frameworks and the facility's infrastructure. The Group's first area of focus was strengthening the hospital's management structure to facilitate coordination between the hospital's various medical and non-medical functions and the Group's integrated corporate management structure. To do so CHG restructured the hospital's management team and hired new personnel where needed. Meanwhile, the hospital transitioned to the new Clinisys HIS/ERP system in early 2021 and management expects to begin reaping the operational and efficiency benefits as the year progresses. In parallel, the Group pushed forward the hospital's renovation project. In 2019, renovation work focused on electromechanical upgrades as well as a revamp of the hospital's inpatient rooms. Throughout the year, the Group also installed a new cardiac catheter lab in the hospital to address a rising demand for the service. Renovation work across the facility's inpatient ward was successfully completed in 2020.

On top of the renovation efforts, CHG has been implementing an aggressive expansion strategy focused on increasing the hospital's capacity through the addition of new beds. This kicked off in 2019 with the acquisition of four floors in a building adjacent to the hospital. Following the necessary preparation work on the four floors, they are now operational and house the hospital's outpatient and pharmacy services in a polyclinic-like setting. This has opened up more space in Al Shorouk's main building to expand the facility's inpatient capacity by around 20 beds, with the roll out expected to take place in 2021, and has further strengthened the hospital's outpatient capabilities and referral potential.

2020 In Review

167,385
Cases Served

6,972
Surgeries Performed

Medical Staff

127
Resident doctors

208
Nursing staff

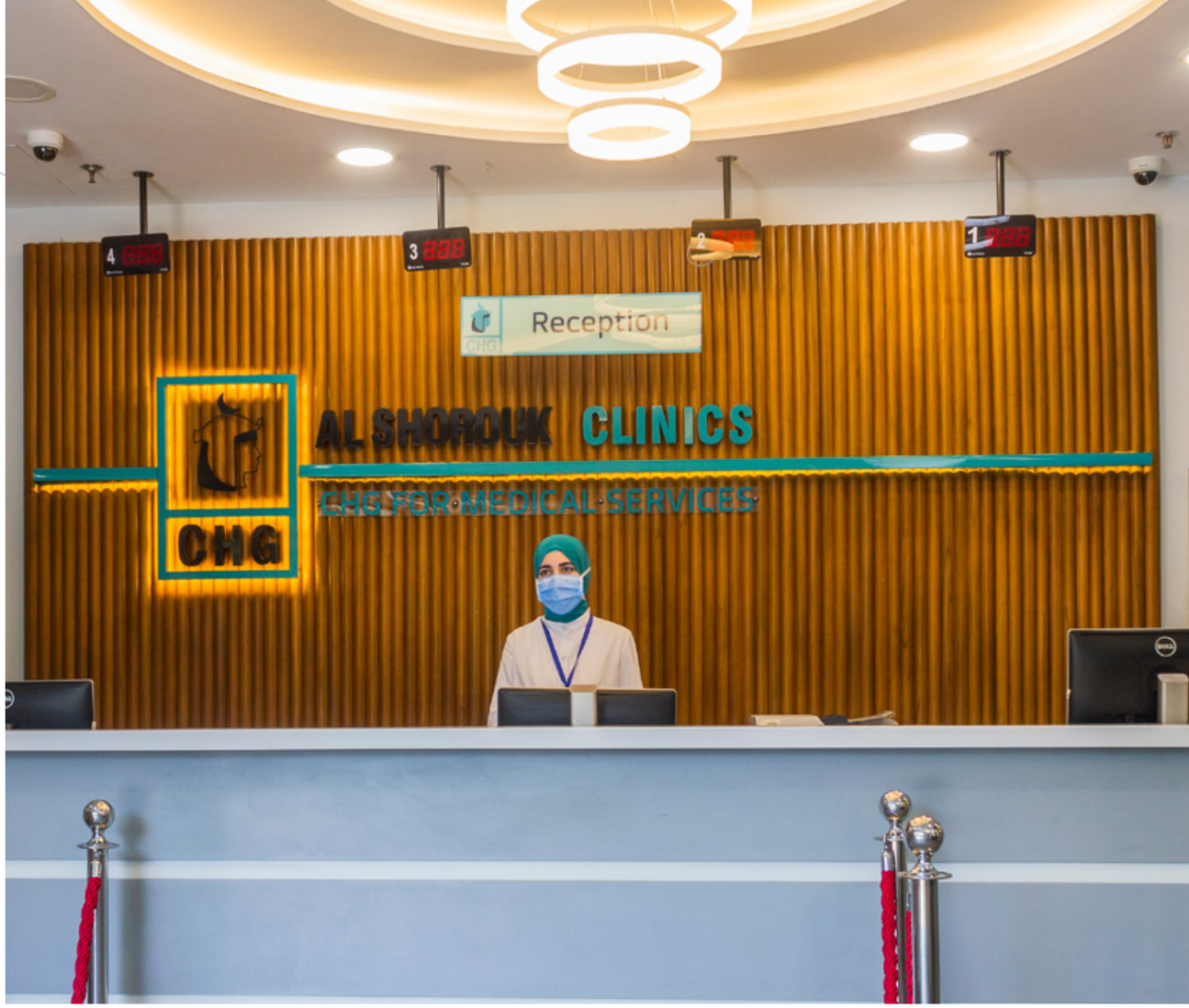
222
Practising physicians and consultants

Facilities

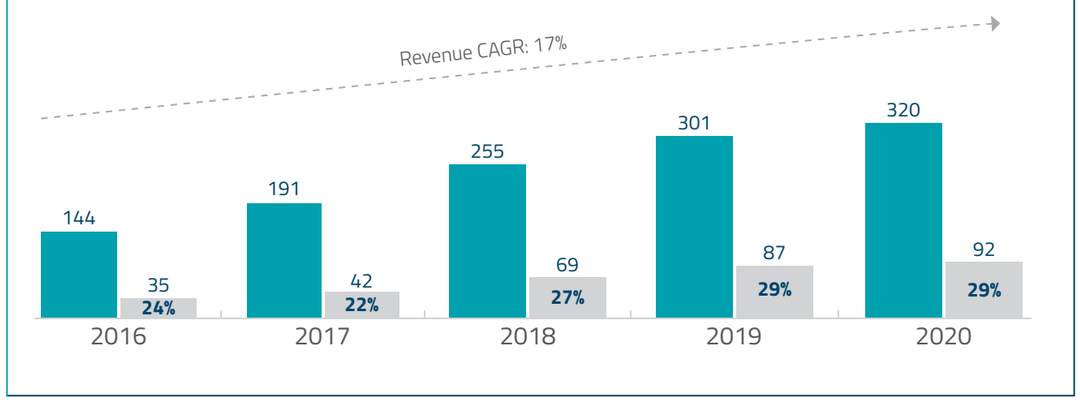
5
Operating rooms

17
Outpatient clinics

121
Beds



Revenue, Gross Profit, GPM Progression | EGP mn, %



Queens Hospital

CLEOPATRA HOSPITALS
QUEENS HOSPITAL

Queens Hospital, which was inaugurated in 2011, is located in Cairo's Heliopolis neighbourhood and houses 50 beds and best-in-class maternal and neonatal facilities. The hospital offers a vast range of services ranging from neonatal and adult intensive care to gynaecology and obstetrics services, amongst many others. Queens Hospital employs the latest endoscopic equipment available on the market to minimise hospital stays and eliminate complications associated with traditional surgical procedures. CHG took over operations of the facility in the first quarter of 2019 and immediately implemented a facility upgrade strategy aimed at widening the hospital's service scope and ensuring the facility delivers the quality care that patients expect from a CHG hospital.

2020 in Review

In early 2020, following the outbreak of COVID-19, management decided to put its upgrade plan on hold and transform Queens Hospital into one of two COVID-19-dedicated treatment facilities. This strategic decision allowed the Group's remaining facilities to continue operating normally and offer a full suite of medical services in complete safety while also boosting the utilisation rates of the newly acquired hospital. It also saw the Group further standout from its peers, having been the first private provider able to operate standalone isolation hospitals and to continue offering all its services to regular patients while reducing the risk of contamination across its network of hospitals. Throughout the year, Queens Hospital was utilised exclusively for COVID-19 patients and by year-end over 1,000 COVID-19 patients had been treated at the hospital. The facility is currently continuing to operate a dedicated COVID-19 treatment unit as the country continues to confront the ongoing pandemic. Moreover, in line with the Group's integration strategy, the facility's day-to-day management was taken over by the new management team put in place at Cleopatra Hospital. This not only enables the prompt integration of the new asset but, in the future, will help maximise patient referrals across the two facilities.

Outlook

As the year progressed, management began working to devise a post-COVID-19 plan for the facility, to ensure it builds on the hospital's successful ramp up and broadens the facility's service offering going forward. Currently, the Group is working on the adjustments necessary for the hospital to house the Group's new oncology centre of excellence in East Cairo. The new CoE, which will feature brand new state-of-the-art oncology-focused equipment and cover all subspecialties under the oncology umbrella, is set to launch within the coming year.

411
COVID-19 Inpatient Cases Served in 2020*

60 EGP MN
2020 revenues

* The facility was dedicated to the treatment and isolation of COVID-19 patients starting in May 2020.

El Katib Hospital

CLEOPATRA HOSPITALS
ALKATIB HOSPITAL

Founded in 1946, El Katib Hospital houses 89 beds and offers a full range of surgical and consultative services, as well as radiology, dialysis, and emergency services. The Group took over operations at El Katib Hospital, which is located in the Dokki neighbourhood of Greater Cairo, in November of 2019. Having recently undergone a series of significant upgrades to its facilities and equipment, El Katib Hospital immediately recorded a very strong start to operations and began making a noticeable contribution to the Group's consolidated results from the very start.

2020 in Review

Following the outbreak of COVID-19, management decided to transform El Katib Hospital into one of two COVID-19-dedicated treatment facilities. This not only allowed the Group to continue operating in full compliance with WHO and MOHP guidelines but also enabled the Group to cater to rising demand from COVID-19-positive patients looking for private treatment. The facility is currently continuing to operate a dedicated COVID-19 treatment unit, helping the government and citizens during the ongoing COVID-19 emergency.

Outlook

As management begins to look at a post-COVID-19 world, it has begun implementing a strategy to broaden the facility's service offering to ensure it maintains utilisation rates high heading into the new year. More specifically, at El Katib Hospital management aims to leverage the experience gained over the last year to open a new respiratory-focused centre of excellence, the Group's first CoE focused on the specialty. In parallel, heading into 2021 the Group aims to build on the existing infrastructure, adding further state-of-the-art equipment, as it seeks to develop and expand the hospital's capabilities. In light of its successful integration into CHG operational framework and given the strength of its existing infrastructure, management is confident that El Katib is ideally positioned to continue making significant contributions to the Group's consolidated performance in the coming years.

925
COVID-19 Inpatient Cases Served in 2020*

124 EGP MN
2020 revenues

* The facility was dedicated to the treatment and isolation of COVID-19 patients starting in May 2020.

Polyclinics

Venturing into the polyclinics segments of the healthcare industry represents a significant opportunity for CHG to extend its geographic reach, strengthen its feeder network, penetrate new segments of the population and relieve pressure from its main facilities. As such, polyclinics are a key part of CHG's expansion strategy with the Group having already inaugurated its first two facilities. The polyclinics are located in strategic, currently underserved neighbourhoods across East and West Cairo, both of which offer important growth opportunities going forward. The Group's polyclinics offer a wide list of services and facilities including outpatient clinics, pharmacies, and laboratory and radiology services. In 2020, both of the Group's polyclinics witnessed significant growth on the back of rising demand from patients looking for an alternative to traditional hospitals in the midst of the ongoing pandemic. As such, the Group's polyclinics vertical recorded revenues of EGP 43.8 million in 2020, more than double from the previous year, and generated around EGP 16 million in referrals to the Group's hospitals throughout the year. Moreover in 2020, management successfully utilised the two polyclinics as a base from which to operate its new home-care service, which provided support to patients who are unable or unwilling to visit the Group's facilities in person. The new services also helped promote the CHG brand across new segments of the population.

2
Operational Facilities

15.9 EGP MN
2020 Revenues

+68,000
Patients Served in 2020

East Cairo Polyclinic

The Group's East Cairo Polyclinic was the first facility of this kind to be launched back in the first quarter of 2019. Since its launch, CHG East Cairo Polyclinic has consistently outperformed the Group's expectations, serving close to 180 visits per day by year-end 2020. This is in line with volumes recorded by a typical hospital's outpatient clinic department, testament to the successful ramp up of the facility, and to the strong interest for this type of service. The facility operates through the new Clinisys HIS/ERP system and has already been integrated within the Group's operating frameworks, which has allowed for a seamless transfer of patient data ensuring that the polyclinic serves as feeders for the Group's main hospitals. Currently, the facility houses 14 clinics, a pharmacy, and offers a full suite of diagnostic services.

Comprehensive suite of outpatient services

180
Daily Visits*

Radiology
Pharmacy
Laboratory

West Cairo Polyclinic

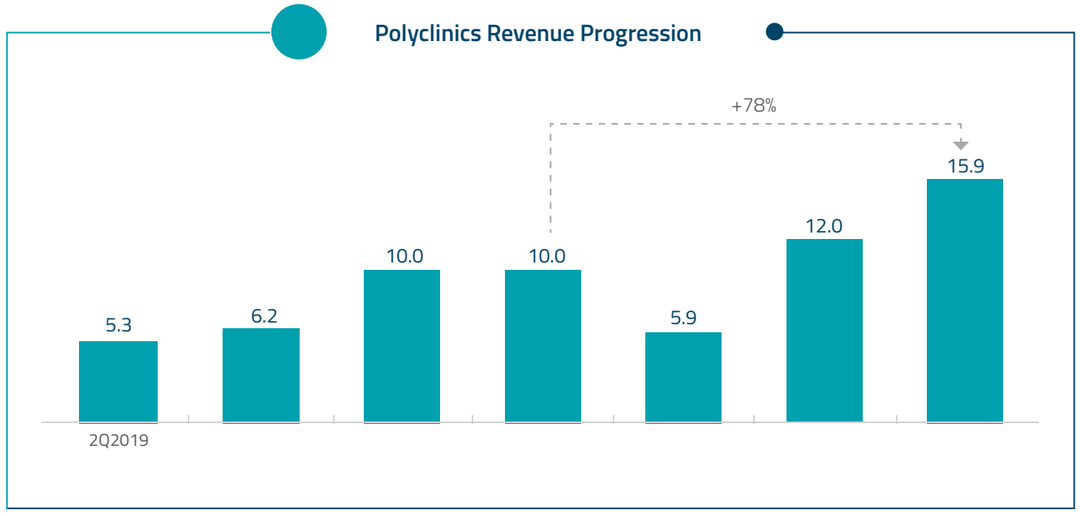
Launched at the end of July 2019, the Group's West Cairo Polyclinic is located in the affluent catchment area of Giza's Sheikh Zayed neighbourhood. The launch of the facility was particularly important as it helped address a significant shortage of high quality healthcare in the neighbourhood where the facility is situated. Currently, the polyclinic houses 15 clinics as well as a pharmacy and its patients have access to a broad range of diagnostics services. As with CHG's East Cairo Polyclinics, its West Cairo facility also operates through the new Clinisys HIS/ERP system. Since its launch, the Group continued to witness strong and constant growth in demand with volumes continuing to expand and the facility serving over 70 patients per day by year-end 2020.

Comprehensive suite of outpatient services

70
Daily Visits*

Radiology
Pharmacy
Laboratory

Polyclinics Revenue Progression



* Based on 2020 volumes and excluding follow up appointments.

Bedaya for Medical Services

Bedaya was launched in 1998 by Dr. Ismail Aboul Foutouh alongside a team of leading medical and fertility specialists and embryologists specialising in the field of assisted reproductive fertility. Bedaya has since expanded to a 4,500 sqm facility in the centrally located neighbourhood of Dokki. Its facility features three operating theatres, 19 recovery beds, and an embryo lab. Over the years, Bedaya has helped thousands of couples achieve pregnancies, and today boast the highest success rate in the region. Bedaya also owns an additional facility in West Cairo, which it plans to use as a base to expand into a new, fast-growing neighbourhood of the city with significant potential for the coming years.

Outlook

CHG acquired a majority stake in Bedaya in September 2020, thus gaining access to a well-established platform from which to grow and develop Egypt's IVF business, a relatively underpenetrated segment. In the coming period, CHG plans to leverage Bedaya's expertise in the field to expand its IVF offering across clinics in the Group's other facilities. This is set to offer important growth opportunities for the IVF revenue stream beyond the excepted growth in volumes derived from Bedaya's new facility in West Cairo. It is important to note that Bedaya began to immediately contribute to CHG's consolidated performance in the final quarter of the year. Given the strong growth trajectory of the IVF market in Egypt's and Bedaya's leading position in the industry, the Group expects revenues generated by the centre to more than double in the coming two years thus making a significant contribution to CHG's consolidated performance going forward.

3
Operating Theatres

19
Recovery Beds

Our Strategy and Business Model

By adhering to an all-encompassing seven-pillar operational strategy, CHG has been able to build a sustainable, diversified, and growth-oriented business ready to weather transitory challenges while continuing to invest in its long-term value generating capabilities. The Group's proven strategy has allowed it to expand its facility network, service offering, and geographic reach while constantly improving the quality of its services and the efficiency of its operations. Moreover, it has enabled the Group to build solid foundations which proved vital in ensuring CHG's ability to withstand the incredible challenges faced during 2020 while delivering excellent financial and operational results.

Integrating the Platform to Achieve Higher Efficiencies

Integrating all its facilities under one single operational framework has always been a top priority for the Group. Developing a fully integrated operational platform across the Group's hospitals and polyclinics allows CHG to maximise existing synergies and operational efficiencies, reduce waste, extract economies of scale, and drive up margins. Moreover, standardising operational protocols and developing clear patient treatment pathways across all of CHG's facilities ensures consistency in the quality of the service offering and enables the Group to deliver the highest quality of care in line with international standards. This was particularly important during 2020 when the Group was confronted with the outbreak of COVID-19. The ability to rollout clear and standardised protocols across its entire network not only allowed the Group to continue operating effectively in the midst of the ongoing pandemic but was also crucial in safeguarding the health and safety of its staff, patients, and their families.

Over the last two years, CHG has more than doubled the number of facilities it operates, going from four at the start of 2019 to nine as of year-end 2020. Ensuring the prompt and effective integration of the new facilities is vital to ensure they provide the high quality of care that patients expect from CHG's facilities, while also delivering financial results in line with the Group's more established hospitals. As part of CHG's integration plan, the Group has introduced standardised management structures and policies across all CHG's facilities through the introduction of a single unified governance matrix, hired several new, highly-experienced managing directors to oversee day-to-day operations across its newly acquired facilities, and launched its Medical Council. In parallel, CHG worked to strengthen the service offering of the newly acquired hospitals and upgrade their facilities and medical equipment. In the coming period, the Group's main focus will remain on ensuring a prompt integration of all new facilities to maximise their value-generating capacity.

Enhancing Utilisation and Optimising Existing Capacity

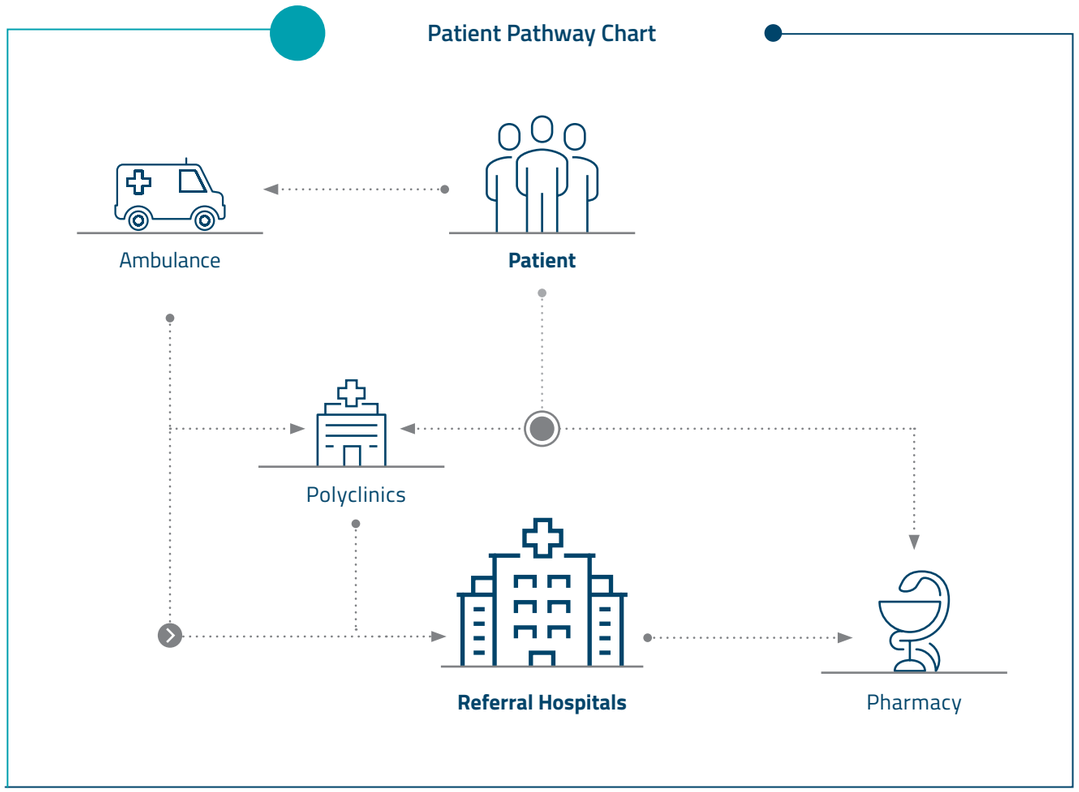
By constantly working to enhance utilisation and optimise its current capacity, CHG is able to serve a growing number of patients and ultimately deliver on its mission to provide high quality, affordable care to as many people as possible. To do so, CHG's optimisation strategy focuses on renovating its existing facilities, updating their infrastructure and medical equipment, and attracting high calibre consultants and doctors capable of providing exceptional care while using innovative techniques. The Group-wide renovation strategy is ongoing and CHG aims to add further specialties and CoEs in the coming period.

Strengthen our Unified Brand

As a leading provider of integrated healthcare services and one of the first private players to operate in the Egyptian market, building a strong brand equity and reputation has allowed the Group to remain the go-to medical services provider despite growing competition. The most important aspect to consistently strengthen its brand equity is ensuring that the Group delivers a standardised quality of care and patient experience across all its facilities. This ensures that patients view all CHG's facilities as a single entity, trusting that they will receive the same best-in-class care irrespective of which facility they visit. To achieve this, CHG has developed a two-stage strategy which has been ongoing for several years and which has delivered exceptional results in the midst of a rapidly growing network. Phase one, focuses on standardising the quality of equipment, services, and staff training across all hospitals, attracting the most qualified and experienced doctors in the industry, implementing a unified HIS/ERP system, standardising the Group's call centre and registration process to promote unified brand awareness, conducting ongoing patient satisfaction surveys, and executing specialty awareness campaigns. Phase two, which kicked off in 2019 following the start of CHG's rapid facility network expansion, focuses on defining the Group's brand identity and subsequently communicating this brand to the public through internal and external channels. A main part of this second phase is ensuring that each hospital, regardless of whether it is newly acquired or one of the Group's more established facilities, is integrated under the new umbrella brand. Moreover, CHG's efforts in recent years to strengthen its 'one-stop-shop' model is playing a key part in building its brand equity. Retaining patients for their entire treatment cycle enables the Group to stand out as the go-to provider for all medical needs from diagnostics and treatment to long-term care and pharmacy services. This makes the CHG brand stand out from competitors who are usually unable to offer the breadth of services currently in CHG's roster.

Strengthen Relationship with Insurance and Contract Clients

As the number of patients across Egypt with access to insurance plans grows, so do the potential benefits and growth opportunities for healthcare providers. Transitioning to serving more contract patients and away from walk-ins offers important benefits for CHG related to the sustained revenue flow associated with the insurance channel. As such, the Group has been actively working to cultivate stronger relationships with insurance and contract clients. To do so, CHG's efforts have ranged from upgrading its facilities to ensure they operate in line with the latest industry guidelines and standards, to further strengthening and widening its service offering to capture the entirety of the patient treatment cycle. The first, is an important step to guarantee that the Group's hospitals are categorised as premium healthcare facilities by insurance and corporate clients. The latter is a significant factor to make sure that the Group continues to attract an increasing number of corporate and insurance clients looking for a 'one-stop-shop' solution for the healthcare needs. Over the coming year, the Group will continue to work towards migrating to the value-based reimbursement model and away from the current fee-for-service model.



Group-wide Digital Transformation

In recent years, digitalisation has been seen a key driver of future growth across all industries, with the healthcare sector being no exception. The importance of introducing technology across all aspects of the medical industry became particularly evident during the course of 2020 as the sector was rocked by the outbreak of COVID-19. From how medical and non-medical operations are run, to how medical services are delivered, increasing dependence on the latest digital tool has become imperative for all players in the industry.

At CHG, a Group-wide digitalisation strategy has been ongoing for several years, allowing the Group to enter the COVID-19 pandemic well positioned to respond to the increasing need for digital solutions in all aspects of its day-to-day operations.

HIS/Enterprise Resource Planning System

CHG has been transitioning all its facilities to operate under a single HIS/Enterprise Resource Planning (ERP) system, Clinisys. The new system helps improve the hospital's data management and backup frameworks while improving its back-office management, inventory management, and purchasing processes. In parallel, with all facilities operating under a single digital system, the Group is also expecting to witness important improvements in its internal referral framework. While the operational and efficiency benefits are expected to be significant, the new system is set to also greatly improve the patient experience and quality of care delivered across the Group. Through the new system, patients are given unified ID numbers across all hospitals, which in turn allows the Group to build single medical files for each patient making the diagnosis process significantly quicker thanks to a prompt access to their medical history. The new system is also expected to significantly help in guaranteeing the protection of patients' personal data.

To complement the launch of Clinisys, and drive further efficiency improvements across all aspects of the business, CHG has introduced a new business analytics tool called Power BI. The business intelligence solution enables each department to access a full-suite of cross-Group financial and operational statistics split by hospital and service. This enables all teams across the Group's hospitals to have access to the same information in a timely manner, and greatly enhances management's decision-making process providing additional information when making strategic decisions.

Data Storage and Security

CHG runs all its IT systems in a private cloud environment hosted by GPX, a world-leading data centre operator. Operating in a private cloud environment provides flexibility, guaranteed resource availability, strong security, regulatory compliance, and cost savings. This ensures that the Group has a full business continuity plan in place, and greatly enhances its data security framework. Through GPX, the Group employs an endpoint security framework to guarantee the storage and safety of its sensitive data. Under the data loss prevention and protection umbrella offered by endpoint security, the Group enjoys top-of-the-line data protection both for its data 'at rest' and its data 'in motion', shielding the Group from potential cyberattacks. This is done through sophisticated encryption mechanisms which protect sensitive data and which are in full compliance with international best-practices in the data privacy and security realm. To promptly identify and address potential shortcomings in its systems, CHG runs regular security assessments and vulnerability checks, taking the necessary measures whenever potential issues are identified.

CHG App

The new CHG App aims to improve the overall patient experience and provide an alternative way for patients to access the Group's medical services. This is particularly important in light of the limitations posed by COVID-19 with patients unable or unwilling to visit the Group's facilities for non-urgent matters. The new mobile app allows patients to book appointments, review diagnostics, and follow up on their medical cases from anywhere in the world through their smartphones. The app also gives patients the option to book home visits and outpatient consultations at the Group's polyclinics. Moreover, patients can book cars to and from appointments through Uber. The app, developed by CarePassport, is HIPAA compliant and can be downloaded free of charge from the iOS and Android stores. CHG is constantly looking for ways to enhance the App, adding new features to improve the patient experience and service quality.

Telemedicine

Following the outbreak of COVID-19, demand for telemedicine services increased significantly. As such, in early 2020 CHG partnered with Elbalto, Egypt's first telemedicine mobile app, to offer patients consultation and follow-ups through video calls. This gives patients direct access to CHG's top-class physicians while helping to promote social distancing and limiting the risk of exposure for the Group's patients and staff.

CHG Call Centre

As of mid-2020, all of CHG's facilities operate under a single call centre system managed externally by a leading BPO and call centre solutions provider, Majorel. Operating a unified call centre provides the Group with multiple benefits across different aspects of its operations. Firstly, operating a single system enables for significant cost savings. Moreover, the unified call centre plays a key role in strengthening the Group's unified brand. By calling a single number (19668) for all CHG's hospitals rather than individual numbers for each hospital, the Group ensures that the public views all CHG facilities as a single entity rather than as standalone facilities. Through the unified call centre, the Group is also able to conduct outbound calls directly to patients to follow-up on cases and the patient's recovery, to set up home delivery for medication, and to organise home visits. These services proved to be extremely important in light of the ongoing COVID-19 pandemic as they helped promote social distancing and allowed people to receive care while complying with the limitations to people's mobility imposed by the government.

Innovation Hub

As an industry leader and trendsetter, the Group is planning to launch its Innovation Hub. The hub's main role will be to act as an incubator for Egyptian startups working to develop new digital solutions with applications in the healthcare sector. Through the support, guidance, and funding provided by GHC, the aim is to help turn innovative ideas into actual solutions to enhance CHG operations and drive up the overall quality and effectiveness of the entire Egyptian healthcare sector. The Group is actively looking for solutions in the areas of revenue cycle management, telemedicine, and medical data collection and analysis.

Establishing Centres of Excellence and Achieving International Accreditation

Over the years, CHG has built an unmatched reputation for high quality medical services and outstanding patient outcomes. This has been, for a large part, the result of its ability to establish and operate centres of cxcellence (CoE) across all its hospitals. The CoE model, looks to leverage the unique strengths of individual hospitals and allow them to specialise in specific services. This in turn not only sees the Group's hospitals minimise CAPEX outlays by eliminating the need to invest in the same equipment across different facilities, but also helps enhance the quality of the services each hospital is able to provide. Operating these CoE also play a key role in fostering affiliations with international institutions and makes it possible to attract globally renowned experts. On this front, CHG's management is currently formulating and implementing plans to launch two new CoE at El Katib and Queens Hospitals in the coming year. At El Katib, the Group is looking to launch its first respiratory-focused CoE; while at Queens Hospital, management is working on the adjustments necessary for the facility to house the Group's new oncology CoE in East Cairo. The launch of these new CoE comes as part of the Group's strategy to continue building on the current momentum across both facilities far beyond the end of the COVID-19 crisis.

In parallel, the Group continues to work towards achieving international accreditation. Obtaining these certifications enable the Group to attract leading physicians, strengthen its facilities reputation in the local market, and cultivate stronger relationships with insurance and contract clients. As part of its efforts, in 2019, CHG launched its new Medical Council. While the main function of the new body is to drive care quality enhancements across the Group, the team also works towards obtaining the JCI and HACCP certifications. The Group has already taken important steps towards fulfilling the eligibility criteria with the renovation of its facilities, the upgrade of its equipment, and the standardisation of its staff training framework and operational protocols. The Group has also launched an internal evaluation process to assess the Group's policies and procedures and, where necessary, amend them to comply with the latest international best-practices and standards.

Quality and Safety Report

CHG conducts regular quality assessments across its facilities and devises strategies to address any shortcomings to ensure that the quality of clinical services and patient care at all of the Group's facilities is consistently of the highest standard. This was particularly important throughout the COVID-19 crisis, which saw the Group further strengthen its health and safety protocols to safeguard the wellbeing of its staff, patients, and families.

Each year, CHG conducts an internal readiness assessment across all facilities as a part of the process to achieve Joint Commission International (JCI) accreditation. The process is overseen by the Group's Quality Function, which was established in 2017 and led by an industry veteran with 20 years of experience accrediting hospitals across Egypt. Following this annual assessment, the team develops and implements a corrective plan ahead of the Group's accreditation tests. The sections below outline all corrective measures taken during the course of 2020.

Policies and Training

Over the years, CHG has developed 165 Group-wide quality and safety policies. In 2020, CHG conducted regular training sessions both in-person and in a virtual setting to ensure that all medical and non-medical staff had a clear understanding of all policies. The Group also conducted regular assessments to ensure a consistent implementation of all new policies and procedures across its more established and newer facilities.

Patient Safety

The Group is constantly looking to improve patient safety by updating and implementing new frameworks for infection and medication control. In 2020, CHG conducted several staff training seminars related to the topics of hygiene and medication management. This was particularly important to ensure that all staff was trained on the protocols to follow when dealing with a COVID-19-positive patient. Moreover, during the last twelve months, CHG staff continued to implement the use of preoperative antibiotic prophylaxis according to the latest industry guidelines. In parallel, CHG continued to use the new coding system for medication management and distribution procedures developed in 2018 across all the Group's new and more established facilities. In 2020, in line with its commitment to patient safety, the Group continued to contract laundry and food service providers that adhere to the highest standards of quality and safety. On this front, the Group has recently launched its new facility management service company, EHFS. The new venture, which will be managed by Egypt's EFS Facilities Services (EFS), will also offer its services to third parties with the ultimate goal of becoming the region's largest healthcare-dedicated facilities management services provider.

Aligning KPIs Across CHG Facilities

Over the last three years, CHG has developed a comprehensive set of both financial and non-financial KPIs. This list includes more than 140 nonfinancial KPIs used throughout all CHG hospitals during staff assessments. In 2020, the Group focused on implementing all KPIs across the five new facilities added to the Group's network throughout the last 24 months. This is seen as particularly important by CHG management as the Group looks to standardise the quality of care delivered across all its facilities. It also played a key role in helping the Group's management monitor the performance of its facilities during the COVID-19 crisis, enabling them to take the necessary measures to ensure all facilities continued to operate optimally.

A Culture of Safety

In 2020, CHG actively engaged its staff in activities and training seminars aimed at cultivating a Group-wide culture of safety. The Group is increasingly focusing on risk management reporting through the identification of all possible sources of risk and the implementation of a dedicated strategy to tackle them and minimise their potential future impact.

Going Forward

In light of the ongoing COVID-19 crisis, the number one priority for the Group is the continued safety and wellbeing of all its staff, patients, and their families. As such, bot Queens and El Katib Hospitals will continue to operate COVID-19 treatment units to provide high quality care to COVID-19 patients and ensure that the other Group facilities can offer a full suite of medical services in full safety. Moreover, in the coming twelve months, through continuous staff awareness and training seminars, CHG will aim to emphasise a patient-first approach across all its existing and newly added facilities. In parallel, the Group will continue working towards completing the necessary requirements to achieve national and international (JCI) accreditation.

> Since the very start of the COVID-19 crisis, the number one priority for the Group has been the continued safety and wellbeing of all its staff, patients, and their families.

Expanding Hospital and Feeder Network

Over the last two years, CHG has significantly expanded its facility network through a carefully executed six-pillar strategy, which sees the Group pursue sustainable growth across new regions and verticals while prioritising the constant improvement of the overall patient experience. This has enabled the Group to expand its geographic reach and catchment area, widen and diversify its service offering, increase its capacity, and drive further operational and financial growth.

Creating Feeder Network

To expand patient access, in 2019, the Group launched two polyclinics located in strategic neighbourhoods of Greater Cairo. Polyclinics are relatively underdeveloped in Egypt, but represent a low-CAPEX expansion avenue. Through its new polyclinics, CHG is able to penetrate new, previously underserved areas of Greater Cairo, while driving up volumes at the Group's main hospitals through the referral of patients. The polyclinics also ensure shorter waiting times for OPD services while delivering a comprehensive suite of complementary outpatient services such as laboratory, radiology, and pharmacy. Both polyclinics are fully operated through the Group's new ERP/HIS system which allows for the seamless transfer of data from the two facilities to the Group's other hospitals, helping to retain the patients throughout their entire treatment cycle. CHG also utilises the two polyclinics as a base from which to operate its new home-care service, which provided support to patients who are unable or unwilling to visit the Group's facilities in person.

Strategic Acquisitions of Operating Hospitals

When acquiring new facilities, the Group focuses on already operating hospitals characterised by strong brand names and convenient locations. Doing so ensures that the new facility is effectively integrated in the Group's operating frameworks and can begin generating value from the very start. Over the last two years, the Group has completed three landmark acquisitions. In 2019, the Group took over operations at Queens Hospital, in Cairo's Heliopolis neighbourhood, and El Katib Hospital in Dokki. During 2020, the Group ventured into the fast-growing Assisted Reproductive Technology (ART) market through the acquisition of Bedaya for Medical Services, Egypt's leading Assisted Reproductive Technology (ART) and fertility centre led by Dr. Ismail Aboul Foutouh. While in 2021, the Group's focus will transition towards the effective integration of the new assets, it remains on the lookout for potential acquisitions across and outside the Greater Cairo area to further expand its network. At present, growth in the Egyptian healthcare sector is set to be supported by Egypt's favourable demographic profile and solid macroeconomic fundamentals. This offers healthcare providers like CHG important growth opportunities for the coming years, which the Group is eager to capitalise on.

Expanding Reach Beyond Greater Cairo

Although the Group remains focused on growing its presence across the Greater Cairo area, management is also actively exploring opportunities to expand CHG's geographic reach beyond its traditional focus area. Across Egypt, there is a general lack of high quality private healthcare providers. CHG aims to leverage the experience and scale of its Cairo operations to effectively penetrate other, currently underserved, governorates across the country. In line with CHG's mission, this will enable the Group to bring its world-class medical solutions to new segments of the population while tapping into the growth potential offered by these new markets.

Building Additional Capacities in Existing Facilities

While pursuing inorganic growth opportunities, the Group has also continued to grow organically by enhancing the capacity of its existing assets. This was done through a Group-wide renovation strategy which aims to optimise the use of spaces currently not used for revenue generating activities and allow the Group's hospitals to increase the number of patients treated. On this front, a main area of focus for the Group has been the optimisation of space used for its outpatient clinics thus freeing up more capacity to expand its inpatient wards across several of its facilities. Moreover, by diversifying into new specialties and subsegments of the healthcare industry, the Group is able to attract a growing number of patients and retain them for the entirety of the treatment cycle.

Brownfield/Greenfield Expansions

CHG continues to target both brownfield and greenfield expansion opportunities. Within the Greater Cairo area and across Egypt, there are several interesting prospects which present important opportunities for the Group. While further establishing its presence in Greater Cairo is important for the Group, branching out into new governorates is also a priority. Throughout 2020 and in the coming year, CHG management is actively assessing and shortlisting potential brownfield acquisitions in areas not currently covered by CHG facilities or in areas that are generally underserved.

Establishing Strategic Entities to Serve Operations

To effectively manage all aspects of its day-to-day operations and ensure the smooth integration of all new assets into the Group's operating framework, CHG has created several new business operation entities. The Group's Pharmacy Management Entity serves the pharmacy business across the entire Group managing all aspects of the pharmacy operations. This enables the Group to run its pharmacy vertical efficiently and to effectively capitalise on growth opportunities for the segment when they arise. Meanwhile, the Group's Medical Council focuses on driving quality enhancements across the entire Group. This is particularly important to ensure that new assets immediately begin delivering the same level of care and patient outcomes as the Group's more established facilities. Finally, the Group's Consumable Import Entity oversees and manages the Group-wide demand for consumables and medical devices and works to further improve the Group's equipment purchasing process. Both the Medical Council and Consumable Import Entity played a key role in helping the Group throughout a challenging 2020, helping to set up the necessary protocols to safeguard the Group's staff and patients and guarantee the continuity of operations.

Key Areas of Focus in 2021

Strategic Priority 1	Strategic Priority 2	Strategic Priority 3	Strategic Priority 4	Strategic Priority 5	Strategic Priority 6
Growing all the new revenue streams	Setting foundations for sustainable growth in the long-term	Develop and implement unified operational framework and procedures	Improve internal structure and invest in CHG's human capital	Establish and implement an efficient and quality-driven operating model	Leverage new digital tool and drive Group-wide digital transformation

2020
In Review

The success of the Group's immediate COVID-19 response strategy allowed management to continue focusing on the Group's long-term growth plan, with CHG making significant progress across all its strategic growth pillars.

Operational Highlights

Throughout 2020, the Group effectively mitigated the impacts of COVID-19 on its operations through the roll out of tailored health and safety and business continuity protocols combined with a swift adjustment to its service offering and delivery methods to best cater to patients' changing needs as the crisis evolved. The success of the Group's immediate COVID-19 response strategy allowed management to continue focusing on the Group's long-term growth plan, with CHG making significant progress across all its strategic growth pillars. These pillars, which management views as the drivers of future sustainable growth and value creation, include: revenue stream growth and diversification, digitalisation, quality enhancement and asset integration, optimisation and expansion of capacity, and investment in human capital.

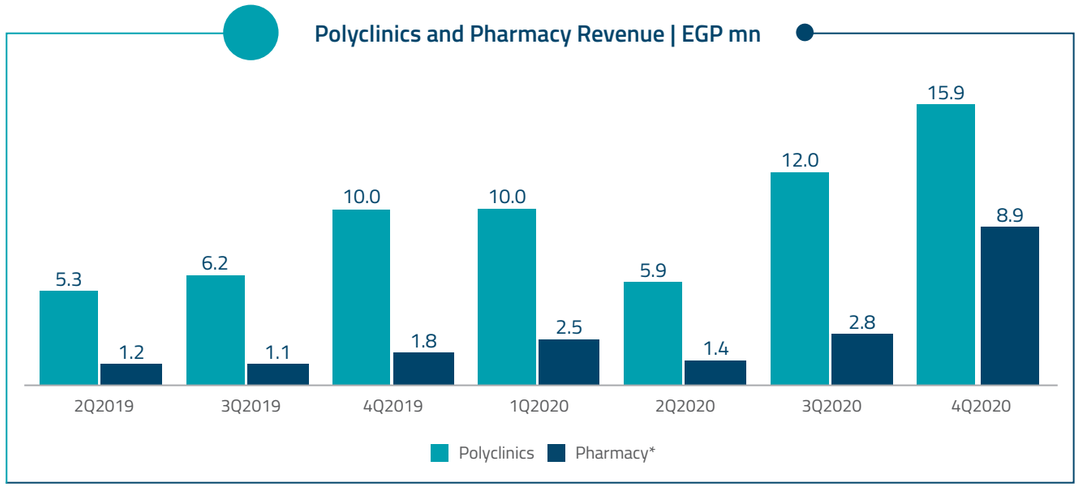
Revenue Stream Diversification

Throughout 2020, CHG's polyclinics, diagnostics, pharmacy, and other verticals continued to witness impressive growth in line with management's diversification strategy. In parallel, the Group signed two key agreements to venture into new subsegments of the healthcare industry characterised by a strong growth profile and a relative underpenetration.

Polyclinics and Pharmacy

The ramp up of CHG's two new polyclinics progressed as scheduled in 2020, further supported by stronger-than-expected demand as patients looked for alternatives to traditional hospitals during the COVID-19 pandemic. As such, the Group's polyclinics vertical recorded revenues of EGP 43.8 million in 2020, more than double from the previous year, and generated around EGP 16 million in referrals to the Group's hospitals throughout the year. Moreover in 2020, management successfully utilised the two polyclinics as a base from which to operate its new home-care service, which provided support to patients who are unable or unwilling to visit the Group's facilities in person. The new services also helped promote the CHG brand across new segments of the population.

The Group's pharmacy business complements its polyclinics offering and allows the Group to serve its patients across the entire treatment cycle. The segment's growth is expected to be further supported by the newly rolled out unified ERP/HIS Clinisys system which will allow for greater accessibility to patients and reduce leakages across the Group.



* Pharmacy revenue includes only revenue generated by pharmacy operations within CHG's polyclinics.

> With the acquisition of Bedaya, CHG adds yet another service to its already wide-ranging roster, and gains access to a scalable platform from which to further grow its presence in the fast-growing ART segment.

Bedaya for Medical Services

In early September, CHG announced the signing of a Business Transfer Agreement (BTA) to transfer the assets and operations of Bedaya for Medical Services, Egypt's leading Assisted Reproductive Technology (ART) and fertility centre led by Dr. Ismail Aboul Foutouh, to a joint venture held for 60% by Cleopatra Hospitals Group and for the remaining 40% by Dr. Aboul Foutouh. The transaction not only sees CHG add yet another service to its already wide-ranging roster, but also gain access to a scalable platform from which to further grow its presence in the fast-growing segment. To this end, management is currently working on the launch of Bedaya's first satellite clinic located within Nile Badrawi Hospital. Going forward, the Group is aiming to roll out new IVF-dedicated clinics across both its hospitals and polyclinics with the goal of scaling up its cross-asset referral potential in this newly-penetrated and fast-growing segment of the industry. It is important to note that Bedaya started to contribute to the Group's consolidated performance in the final quarter of 2020.

Egyptian Healthcare Facilities Services (EHFS)

The Group also signed an agreement for the formation of a joint venture with Egypt's EFS Facilities Services (EFS) to create the Egyptian Healthcare Facilities Services (EHFS) company, the country's largest healthcare-dedicated facility management business. CHG, which owns 49% of the new entity (with the remaining 51% controlled by EFS), will outsource its noncore hospitality functions including security, cleaning, laundry, kitchen, and maintenance to EHFS. The new venture, which will be managed by EFS, will also offer its services to third parties with the ultimate goal of becoming the region's largest healthcare-dedicated facilities management services provider. The formation of a new entity to oversee the Group's hospitality functions is set to drive significant improvements in the quality of the services while further streamlining all aspects of CHG's day-to-day operations.

2021 Outlook

In the new year, the Group's focus will shift to smoothly integrating the new assets into CHG's operational model while continuing to make progress on its ramp up strategy across its newer lines of business. This is expected to help drive faster growth across all of CHG's revenue streams helping to deliver on the Group's diversification strategy and enhancing its resilience against potential future disruptions. In parallel, management expects to see significant contributions coming from organic growth at CHG's more established assets. On this front, growth is set to be supported by the increased integration resulting from the new Clinisys system, improving utilisation on the back of management's service mix optimisation efforts, increased referrals resulting from CHG's other revenue streams, and increased demand as CHG leverages its strengthened position in the market and its newly renovated facilities.

Digitalisation

With digitalisation playing an increasingly important role in the healthcare industry, CHG has been actively working to lead the sector's transformation. This has seen the Group both increase its reliance on digital tools across its internal operations and enhance its digital service offering and delivery capabilities. The latter witnessed a strong acceleration in 2020 following the outbreak of the COVID-19 pandemic and its impacts on patient's ability and willingness to visit hospitals in person.

Clinisys

Throughout the year, the Group continued to make progress on the rollout of its Group-wide HIS/Enterprise Resource Planning (ERP) system. As of year-end 2020, the new Clinisys HIS/ERP system had been rolled out at Cleopatra Hospital, Cairo Specialised Hospital, Queens Hospitals, and the Group's East and West Cairo polyclinics. In early 2021, CHG successfully transitioned Al Shorouk Hospital, Nile Badrawi Hospital, and Bedaya to the new Clinisys HIS/ERP system, taking the total number of facilities operating under the new unified system to eight. As the number of facilities operating under Clinisys increases so do the operational advantages for the Group including efficiency enhancements across all aspects of our operations and improvements in the quality of care and overall experience delivered to our patients. Management is confident that the Group will start realising the full extent of the operational advantages it expects to derive from Clinisys in the coming year.

CHG App and Video Call Offering

The new CHG app was officially launched during the third quarter of 2020 as part of the Group's strategy to enhance its digital offering. The app was very well received, with demand soaring as patients look for alternative ways to access non-urgent medical services and avoid having to visit hospitals and clinics in person in light of the ongoing pandemic. The Group is also using its app to operate its new telemedicine services including digital consultation and follow up appointments. This is only the latest digital service to be added to the Group's roster and since its launch has witnessed a robust rise in demand. CHG's telemedicine service leverages the Group's long-lasting relationship with its network of leading consultants and doctors to offer a wide variety of specialties covering all the most demanded ones.

2021 Outlook

Digitalisation will continue to feature front and central in CHG's strategy in the new year. While the Group will devote additional resources to further enhance its digital service offering, management is also eager to begin reaping the fruits of its internal digitalisation investments. With the roll out of Clinisys expected to be completed in 2021, the Group is looking forward to realising the full benefits of the increased integration derived from operating under a single system. Clinisys is already having material impacts on the Group's data management, storage capabilities, quality of care, and on the overall patient experience. The new system also plays an important role in enhancing the Group's inventory management and purchasing processes, a particularly important function in light of the current global health and economic crisis. Finally, as a result of all medical records being stored digitally, CHG will now be able to identify new areas within its day-to-day operations where further efficiencies can be extracted. More specifically, the Group will look to further improve its internal referrals system, taking advantage of the increased data sharing capabilities that come with operating under Clinisys.

Optimisation and Expansion of Capacity

El Katib and Queens Hospitals

Since May, the two facilities have served as the Group's COVID-19 treatment and isolation facilities, a decision taken to tackle the ongoing healthcare emergency and in response to growing demand from patients looking for a private healthcare option. Operating COVID-19 treatment units at the two hospitals has allowed CHG to maximise utilisation rates at the two facilities, while ensuring that the Group's six other facilities continue to operate safely.

Renovation Project

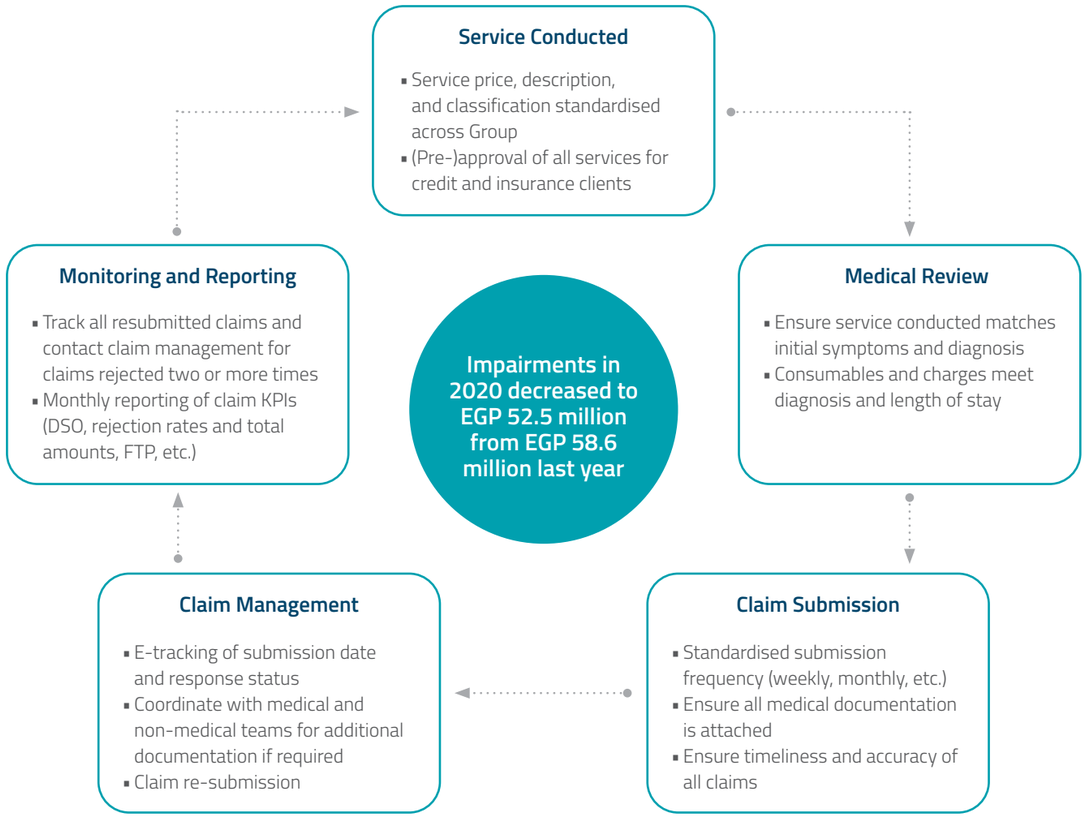
The Group continued to work on enhancing the quality of care and the overall patient experience across its facility network, through the continuation of the Group-wide renovation work that began in 2018. In 2020, CHG completed the renovation of Nile Badrawi Hospital's tenth and eleventh floors, which now feature 24 modern and fully equipped patient suites. The Group also started renovations across inpatient wards at both Cairo Specialised Hospital and Al Shorouk Hospital. At the same time, CHG made good progress with the planned full overhaul of Cleopatra Hospital's and Cairo Specialised Hospital's main entrances. In parallel, the Group pushed forward with the planned mechanical, electrical, and plumbing works across all facilities.

2021 Outlook

Both Queens and El Katib Hospitals have continued to operate COVID-19 treatment units in the first part of the new year. However, management is currently devising and beginning to implement plans to broaden the facilities' service offering going forward. El Katib Hospital will house the Group's first respiratory-focused centre of excellence (CoE). Meanwhile at Queens Hospital, management is working on the adjustments necessary for the facility to house the Group's new oncology CoE in east Cairo. The new CoE will feature brand new state-of-the-art oncology-focused equipment and cover all subspecialties under the oncology umbrella. Finally, on the renovation front, the Group is looking to complete the ongoing revamp works across its inpatient wards in the coming year while making full use of its newly launched executive floor at Nile Badrawi Hospital and of its newly launched state-of-the-art emergency room at Cairo Specialised Hospital. At CSH, the Group will also look to leverage its newly renovated ICU department, which launched halfway through 2021.

Revenue Cycle Management

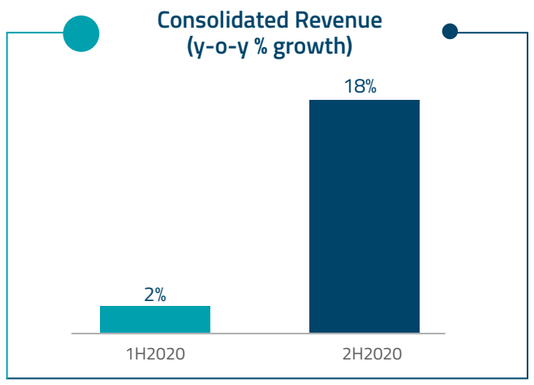
During the course of the last two years, CHG has worked to revamp its claim collection process introducing a new end-to-end solution covering the full cycle from claim management up to collection and reconciliation. Establishing a more structured revenue cycle management framework is part of CHG's wider integration strategy that will also include improvements to the hospitals' client base by moving away from clients with weak credit profiles. The new framework, which standardises the revenue collection process across all CHG hospitals, operates as a five-stage process covering all aspects of the revenue cycle from classifying the Group's service offering and obtaining pre-approvals for credit and insurance patients to the claim submission, review, and management process. As part of the new revenue cycle management framework, CHG has established a new dedicated team to oversee the claim collection and post-submission credit control processes. CHG's efforts on this front are already bearing fruit with impairments booked in 2020 declining from those booked in 2019.



Management Discussion and Analysis

Throughout 2020, businesses all over the world faced incredible difficulties related to COVID-19. Nonetheless, CHG delivered impressive double-digit top- and bottom-line growth in 2020, as the Group adapted to the obstacles and turned the difficult operating environment into an opportunity to drive further growth. CHG's top-line expanded 11% y-o-y in 2020 supported by all of the Group's verticals including Hospitals, Polyclinics, Diagnostics, and Pharmacy. Meanwhile, despite the additional expenses related to COVID-19 and the significant expansion of the Group's facility network over the past two years, management's wide-ranging cost control efforts helped the Group deliver margins in line with the Group's historical highs. More specifically, gross profit margin stood at 35% for the year, while net profit margin recorded 15% in FY2020, both unchanged from FY2019.

The Group's full-year performance was buoyed by a strong second half of the year, with the Group's operational and financial results for 3Q2020 and 4Q2020 displaying a sustained recovery from lows recording in the second quarter of the year. In particular, CHG recorded an impressive set of results in the final quarter of the year, with revenues expanding 19% versus 4Q2019 and margins in line with the Group's historical highs.



Revenues

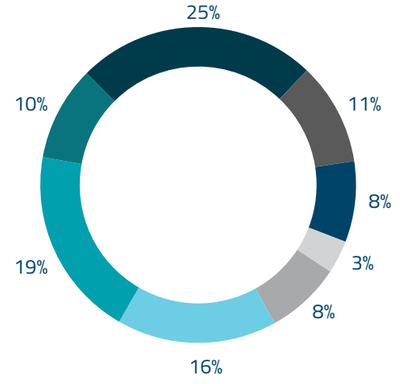
Consolidated revenues increased 11% y-o-y to EGP 1,989.5 million in FY2020 supported by recovering volumes, favourable pricing, improving utilisation rates across all of CHG's facilities, and an increasingly optimised service mix. The Group's results for the year were further supported by higher utilisation rates across the entirety of its network. This is a direct result of CHG's ability to operate as a single, fully-integrated platform, a particularly important advantage in the midst of a pandemic.

On a segmental basis, the largest contribution continued to come from the Group's inpatient services which recorded a 19% y-o-y rise in revenues for the year and made up 25% of the Group's consolidated top-line. The growth versus last year continues to be partially supported by the two COVID-19 treatment hospitals with most patients visiting the two facilities requiring inpatient care. Despite only posting a 3% y-o-y rise in revenues, surgeries contributed to the second largest share of consolidate revenues for the year at 19%. The segment's revenue growth came on the back of an increasingly optimised case mix, improving utilisation and favourable pricing, which offset a 23% y-o-y fall in the number of surgeries performed in FY2020. It is important to note that while surgeries performed remain below last year's figure, in the fourth quarter of 2020, surgeries performed increased 10% q-o-q — a testament to the gradual recovery in volumes following a COVID-19-related slowdown earlier in the year. Moreover, the Group reported a 34% y-o-y rise in average revenue per surgery as a result of CHG performing increasingly complex surgeries across its hospitals and the recently launched centres of excellence (CoE). The Group's laboratory services posted an impressive 28% y-o-y growth in revenues in FY2020, contributing to 11% of the consolidated top-line for the year. The segment's impressive growth is directly in line with CHG's diversification strategy which has seen management devote increasing focus to developing its one-stop-shop model by investing in its other revenue streams including diagnostics, pharmacy, and polyclinics. The Group's outpatient services contributed to 10% of consolidate revenues in FY2020, following a 15% y-o-y fall in the segment's revenues for the year. The fall in outpatient revenue per patient for the year comes as patients opted to postpone non-essential outpatient procedures and consultations earlier in the year in light of the COVID-19 pandemic, combined with the Group's strategy to focus on referrals and utilisation from the outpatient clinics and polyclinics without significant price increases. However, it is important to note that as the year progressed and restrictions related to COVID-19 were eased, outpatient volumes witnessed a rapid normalisation and in 4Q2020 stood just 1% below last year's figure. Outpatient volumes were also partially supported by the Group's two polyclinics. The service, which was launched in 2019, continues to record growing demand as patients look for alternative solutions to traditional hospitals in light of the COVID-19 crisis. The efforts to grow the Group's diagnostic vertical saw CHG's radiology segment record the fastest y-o-y revenue growth rate across all segments at 55%, with its contribution to consolidated top-line rising to 8% FY2020 from 6% last year. Finally, revenues from catheterisation services increased 10% compared to FY2019, reflecting the significant investments carried out by CHG over the last couple of years to enhance its catheterisation labs. The segment's share of total revenues stood at 8% for the year.

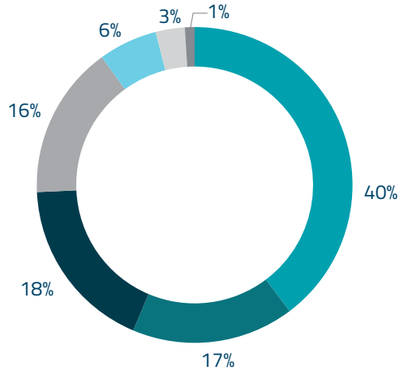
On a per hospital basis, Cleopatra Hospital, which includes revenues of around EGP 60 million generated by Queens Hospital, recorded a 6% y-o-y rise in revenues in FY2020, with its contribution to consolidated top-line standing at 40% for the year. While Cleopatra Hospital continues to make the largest contribution to total revenue, this year's share was the lowest of record, proof positive of the effectiveness of management's diversification efforts. In the year, revenues generated by Queens Hospital expanded 340% y-o-y to record EGP 60 million in FY2020 up from EGP 14 million last year, supported by the facility's revamp strategy, which kicked off post-acquisition in 2019, as well as the Group's strategic decision to transform the facility into a COVID-19 isolation and treatment centre. All three of CHG's other more established facilities witnessed marginal decreases in their contributions to consolidated top-line for the year. Cairo Specialised Hospital (CSH) made an 18% contribution to total revenues in FY2020, Nile Badrawi Hospital (NBH) saw its contribution come in at 17% for the year, while Al Shorouk Hospital (ASH) contributed to 16% of consolidated revenues during FY2020. El Katib Hospital's contribution stood at 6% for the year, as the facility's top-line was further supported by its transformation into a COVID-19-dedicated facility. The Group's East and West Cairo Polyclinics and pharmacies contributed to 3% of total revenues in FY2020. Finally, CHG's new IVF venture, Bedaya, contributed to 1% of consolidated revenues in FY2020, despite the Group only taking over the centre's operations in the final quarter of the year.

> Despite the additional expenses related to COVID-19 and the significant expansion of the Group's facility network over the past two years, management's wide-ranging cost control efforts helped the Group deliver margins in line with the Group's historical highs.

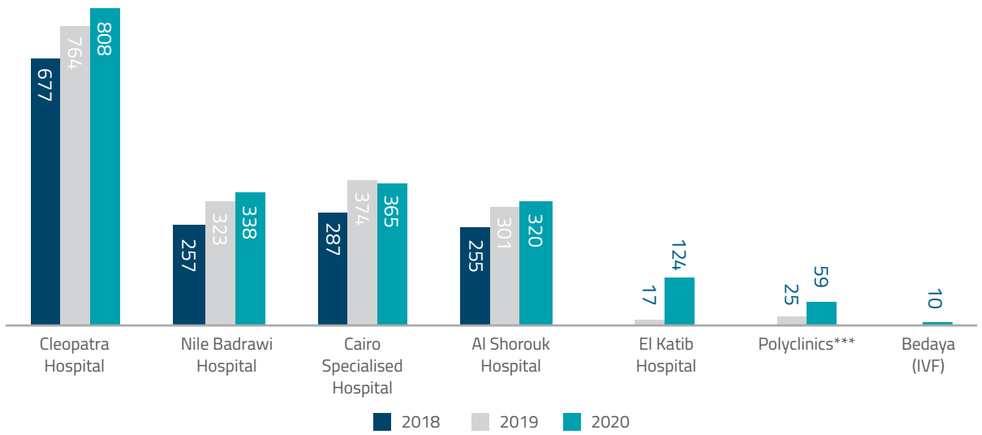
Revenue by Segment (FY2020)



Revenue by Hospital (FY2020)



Revenue Progression by Hospital



* Cleopatra Hospital results for the period include revenue generated by Queens Hospital.

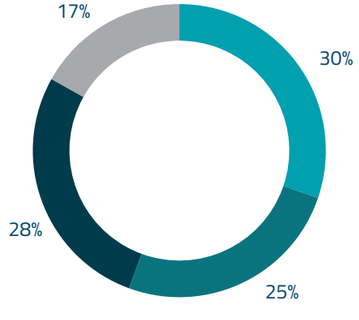
** Polyclinic revenue includes both East and West Cairo Polyclinics (CHG for medical services) in addition to the polyclinic pharmacies segment (CHG Pharma).

*** Polyclinics revenues include revenues from the Group's East and West Cairo Polyclinics as well as CHG Pharma.

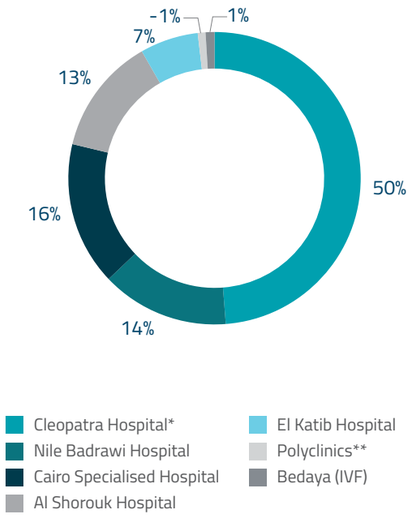
COGS

Cost of goods sold for the year reached EGP 1,300.0 million, an increase of 11% versus the previous year. However, the Group's COGS/sales ratio stood unchanged at 65% in FY2020 versus the previous year. Medical supplies, which increased 11% y-o-y in FY2020, made up the largest share of total COGS for the year at 30%. The y-o-y increase in medical supplies costs is in part attributable to additional expenses incurred by the Group for purchases of additional PPE in light of the COVID-19 outbreak earlier in the year. Salaries and wages made the second largest contribution to consolidated COGS at 28%, having increased 16% from the previous year. Finally, the Group's consulting physician fees for the year increased just 1% y-o-y with its contribution to total COGS declining to 25% in FY2020. It is noteworthy to mention that as CHG management continues to implement wide-ranging cost control initiatives, the Group has seen a decline in both its medical supplies/sales ratio and its consulting fees/sales ratio. The first declined to 19% in FY2020 from 20% last year, while the second decreased to 16% in FY2020 from 18% last year.

COGS Breakdown (FY2020)



Gross Profit Breakdown (FY2020)



Gross Profit

Gross profit for the year expanded 10% y-o-y to EGP 689.6 million. Strong revenue growth combined with management's efficiency enhancement strategy saw the Group's gross profit margin return to its historical averages, recording 35% in FY2020, unchanged from last year. On a per hospital basis, Cleopatra Hospital, which continues to include Queens Hospital's results, made up exactly half of the Group's gross profit for the year, with its contribution unchanged versus the previous year. CSH contributed to 16% of the consolidated gross profit followed by NBH at 14% and ASH at 13%. El Katib Hospital's contribution to consolidated gross profit for the year stood at 7%, with the hospital's gross profit margin for FY2020 standing at a healthy 36%.

* Cleopatra Hospital results for the period include revenue generated by Queens Hospital.

** Polyclinic revenue includes both East and West Cairo Polyclinics (CHG for medical services) in addition to the polyclinic pharmacies segment (CHG Pharma)

G&A Expenses

General and administrative (G&A) expenses consist of the company's non-medical staff costs, including those of senior management and Group-level professional consulting fees. G&A expenses has also historically included the Group's Long-Term Incentive Programme (LTIP), a non-cash charge linked to share price appreciation and EBITDA growth. The LTIP, which had a four-year maturity period, matured on 2 June 2020, after which amounts were disbursed. Outlays for G&A purposes decreased 9% y-o-y in FY2020 to EGP 308.9 million.

The y-o-y decrease witnessed in FY2020 is largely attributable to a decrease in the accrued non-cash LTIP expense for the year. In FY2019, LTIP-related expenses amounted to EGP 83.8 million, versus the significantly lower EGP 7.8 million figure recorded in FY2020. The decline was also supported by lower impairments booked in FY2020, a direct result of our work to enhance and strengthen our revenue cycle management framework. Impairments in FY2020 decreased to EGP 52.5 million from EGP 58.6 million last year. During the year, CHG also booked EGP 24.7 million in provisions versus EGP 7.4 million booked last year. The increase is largely attributable to a one-time redundancy cost related to the outsourcing of certain facility management and administrative jobs.

EBITDA

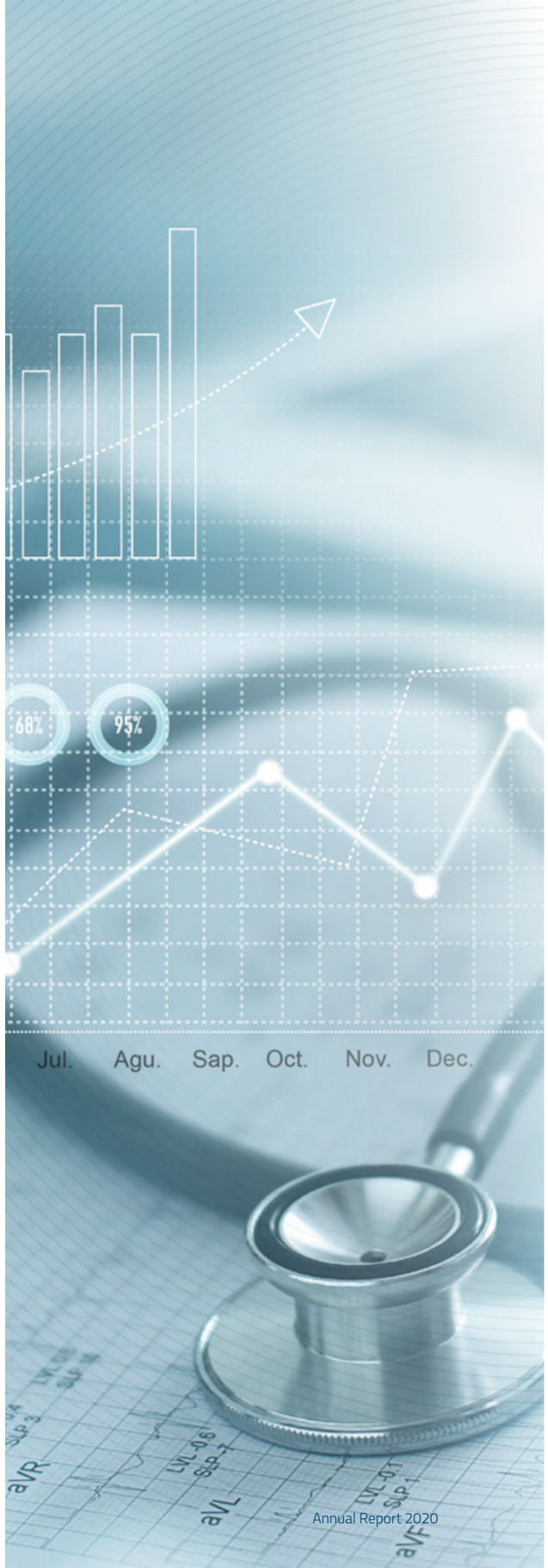
CHG's adjusted EBITDA, factoring out acquisition expenses, impairments, the LTIP's non-cash charge, pre-operating expenses, and contributions from other income, expanded a solid 7% y-o-y in FY2020 to EGP 539.6 million, with an associated margin of 27% versus 28% last year. Without adjusting for impairments, EBITDA recorded a 10% y-o-y expansion with an associated margin of 24% versus 25% in FY2019.

Net Profit

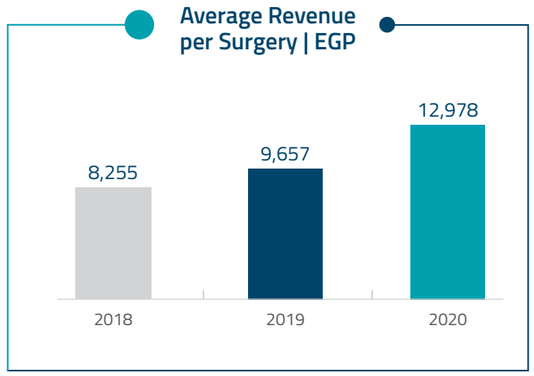
GHC's consolidated net profit expanded 12% y-o-y in FY2020 to record EGP 297.6 million. Net profit margin stood unchanged from the previous year at 15%. Net profit growth came on the back of revenue growth for the year, the Group's continued cost control efforts, and lower LTIP-related expenses versus last year. This more than offset higher depreciation as the Group continues to invest in its infrastructure and materially lower interest income for the year versus 2019 following the CBE's multiple rate cuts throughout 2020. Normalised net profit, which excludes net interest income for the period, posted a solid 24% y-o-y rise in FY2020.

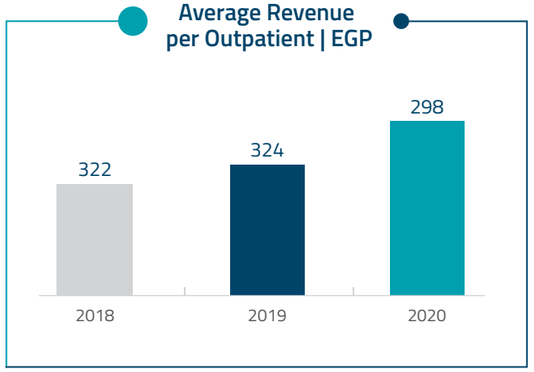
CAPEX

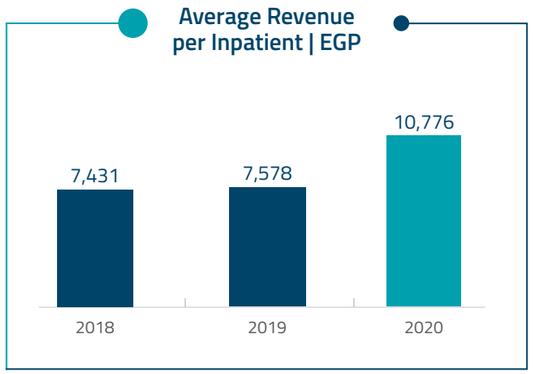
Total CAPEX outlays stood at EGP 408 million as of year-end 2020, including down payments for CAPEX purchases not yet delivered.

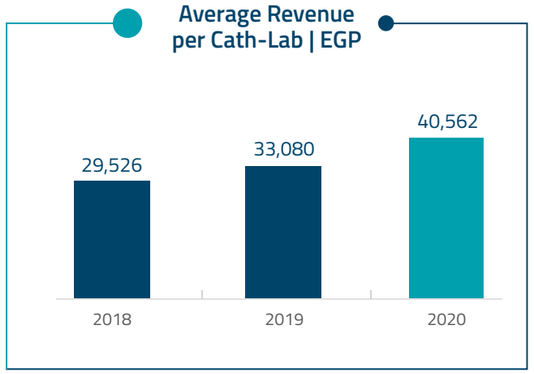


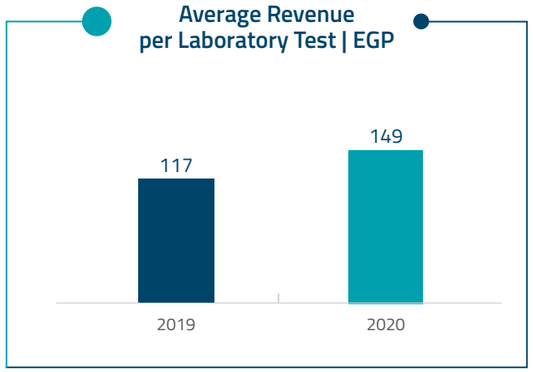
In-Depth Look at KPI Progression

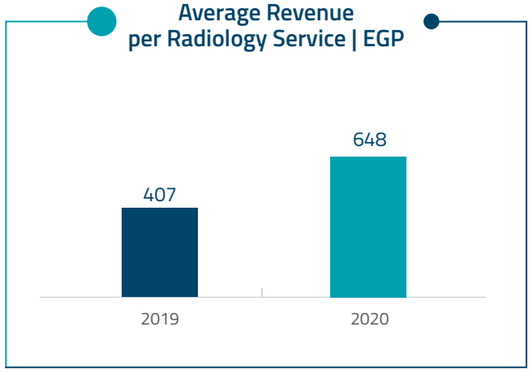




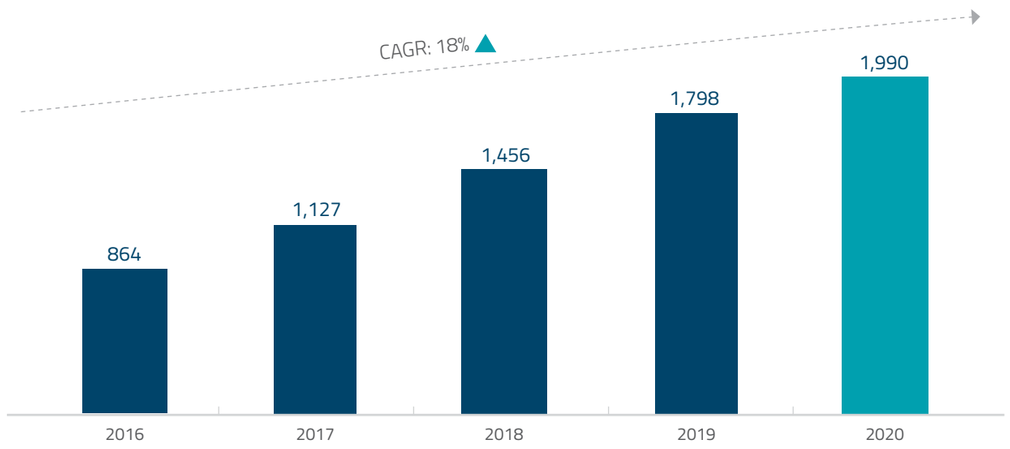




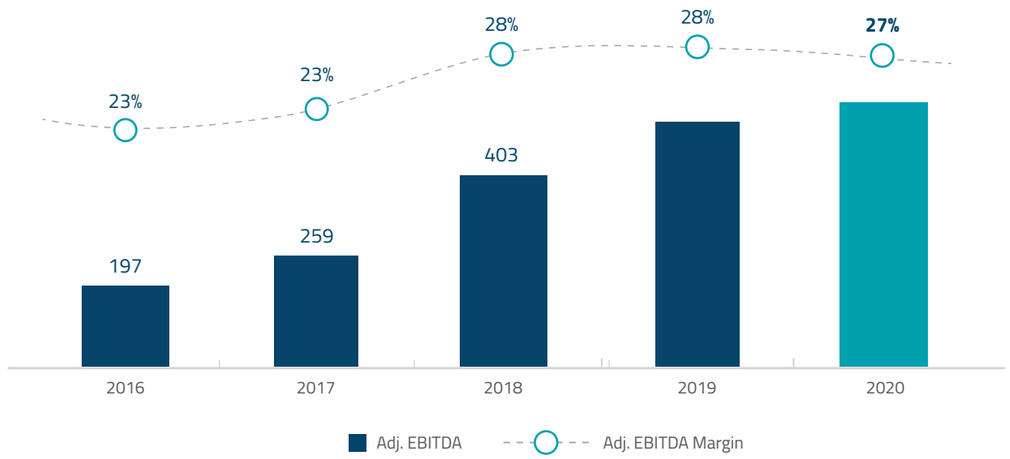




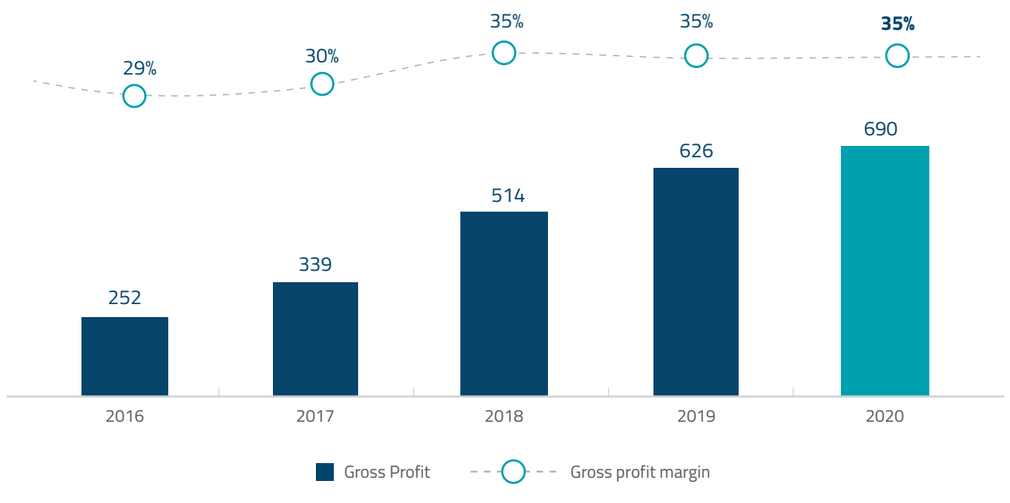
Group Revenue | EGP mn



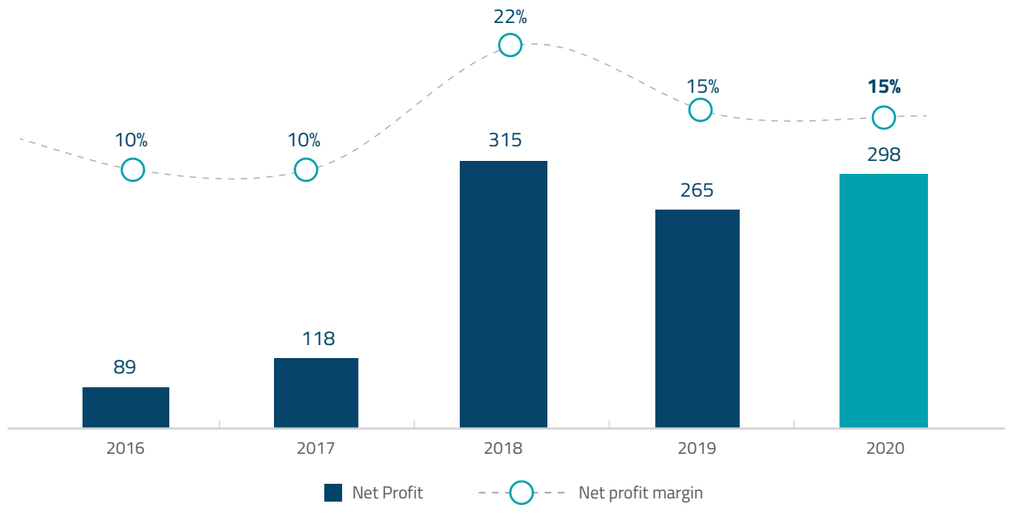
Adjusted EBITDA[1] | EGP mn, %



Gross Profit | EGP mn, %



Net Profit | EGP mn, %



[1] Adjusted EBITDA: Earnings before Interest, Tax, Depreciation, and Amortisation adjusted for provisions, impairments, LTIP, acquisitions expenses, pre-operating expenses, and excluding contributions from other income.

Our People

CHG's efforts to ensure equal opportunities of employment and career for all, coupled with the Group's healthy work environment where all employees feel valued, safe, comfortable, and flush with opportunity for growth have seen the Group emerge as an employer of choice in the healthcare industry.

HR Strategy

The HR department operations are guided by an all-encompassing four-pillar strategy which addresses every aspect of the Group's operations. These principals ensure that the team provides the support and assistance needed for all employees to continue performing at their best and advance professionally whenever possible. Throughout 2020, the HR department played a key role in supporting CHG's staff during an extremely difficult time both professionally and personally. The team's ability to adapt and transition to a more virtual setting ensured it continued to provide the communication, training, and assistance required to support staff members throughout the year. This also allowed the department to continue making progress across all four of its key areas of focus, laying the groundwork for an even stronger 2021.

2020 in Review

As for all other departments across CHG, 2020 was a very challenging year for the HR department, full of obstacles to overcome. Despite this, the team's adaptability and solid frameworks in place saw the department quickly adapt to the changing dynamics and play a key role in supporting staff members throughout the crisis. Efforts throughout the year involved:

Free online courses targeting all employees and covering the following topics:

- Time management: working from home
- Being an effective team member
- Managing stress for positive change
- Finding your productive mindset
- Building resilience
- Leveraging the connection between wellbeing and productivity

- **Outsourcing of facility and administration services across hospitals in addition to ensuring the smooth exit of employees.**
- **Communication to all medical staff to encourage them to work in isolation hospitals (El Katib Hospital and Queens Hospital).**
- **Successfully implemented cost efficiency measures across all of HR department resulting in decreased staff cost of 13% in 2020.**

Employee safety and wellbeing:

- Reduction of workforce inside the different premises in addition to reduction of working hours to decrease the probability of infection.
- Non-medical employees at isolation hospitals were transferred to outside buildings.
- Migration from fingerprint to face detection attendance machine.
- Publish COVID-19 medical protocol under the guidance of CHG's Medical Council.
- Medical coverage for COVID-19 treatment offered to all CHG employees including resident doctors.
- Fully-paid sick leave for employees which tested positive for COVID-19.
- Developed a more flexible working hours protocol during curfew period to support the mobility of employees and their work-life balance in the midst of a difficult environment.

Strengthen Internal Organisation

Ensuring that gaps within CHG organisation are promptly identified and effectively filled is a main area of focus for the HR team. Efforts on this front range from hiring or promoting key figures to fill positions within the current organisational chart, to creating new business entities to oversee aspects of the Group's day-to-day operations which were previously lacking in monitoring or oversight. The latter has proven increasingly important as CHG's operations continue to grow in size and managing day-to-day operations becomes an increasingly difficult task requiring multiple new specialised teams and departments to guarantee the effective oversight of all operations. Over the last two years, the HR team has launched multiple new functions to oversee various aspects of its operations including:

- The launch of a new Revenue Cycle Management function to improve the Group's claim collection and billing process. This was successfully done in 2020 as demonstrated by lower impairments throughout the year.
- The launch of the CHG Medical Council. The new function played a key role in 2020 in devising and implementing the needed protocols to protect CHG's patients and staff during the pandemic.
- The launch of a new Consultants Relationship team. In light of the difficult operating environment faced in 2020, the new function played an important role in maintaining key relationships with CHG's physicians ensuring they had all the support they needed to continue operating in the midst of the COVID-19 emergency.
- The launch of the new Project Management Office (PMO) team. The new department supports and oversees the multiple projects that CHG is involved in simultaneously, ensuring they are successfully brought to completion according to the project's schedule.

Succession Planning and Support for Professional Advancement

Guaranteeing a strong and well-prepared succession framework is a key aspect in ensuring that CHG's operations continue to run smoothly and that patients receive the high standard of care and overall experience they have come to expect from the CHG brand. Over the last few years, the Group has placed increasing focus on promoting from within thus giving its medical and non-medical staff continuous opportunities for professional development. The team has complemented these efforts by continuing to ensure it provides CHG's with the tools, training, and guidance needed to prepare them to take the next step in their professional life. This attention to professional development and training, alongside the fair compensation offered by the Group to all employees has enabled CHG to emerge as an employer of choice. In turn, this ensures that the Group can continue to attract the top talent in the country and develop partnerships with Egypt's leading physicians and medical consultants. Despite the incredible difficulties posed by COVID-19, the HR team made robust progress on strengthening its succession frameworks and promoting the development of CHG's staff with initiatives including:

- Starting in February 2020, all supervisory and management positions were announced and interviewed internally before going external.
  - 38% of vacant supervisory and management positions were filled internally during 2020.
- Launch of the Talent Management Programme to identify internal talent and succession pool. It also ensures that existing talent is developed to guarantee a strong generation of future leaders.
- The team participated in three virtual employment fairs throughout 2020.
- CHG partnered with Nahda University in Beni Suef (NUB) to establish a joint scholarship programme for eight NUB medicine students with a total cost of EGP 7.4 million covering the programme's five year period from the academic year 2020/2021.

Diversity

Diversity in the workplace is a key aspect of CHG's culture and an area which the Group takes great pride in. From the very start, the Group has worked tirelessly to ensure equal opportunities of employment and career for all, regardless of the gender or ethnic background. Today, CHG boasts a 36% female to 64% male ratio across all its medical and non-medical functions. This is well above the Egyptian average and further testament to the success of the HR team's efforts to enable CHG to stand-out as an employer of choice for both leading female and male talent in the country. Progress on this front is further displayed by the fact that nearly one third of current female employees are under the age of 30, demonstrating CHG's attractiveness for young females looking to venture on a successful career path. While these results are impressive and a reason for great pride, the HR team expects to further improve the current ratio by strengthening its recruitment process to attract leading female professionals while guaranteeing important career advancement opportunities once part of the Group.

Healthy Work Culture

Instilling and maintaining a healthy work culture is extremely important for all successful businesses. As such, CHG and the HR department have made this a prime area of focus since inception. In the eyes of management at CHG, a healthy work environment is one where all employees feel valued, safe, comfortable, and flush with opportunity for growth. To ensure that all staff is satisfied and stimulated by the work environment at CHG, all employees regularly fill out an employee satisfaction survey. This allows the HR team to monitor progress and ensures that it amends its strategy to address any shortcomings or areas requiring additional focus. In 2020, the Group's annual employee satisfaction survey showed impressive results, particularly when considering the unprecedented difficulties faced in 2020 following the outbreak of COVID-19. This is proof positive that the incredible work undertaken by the HR department to improve the work culture, increase awareness of employee rights and benefits, and continued efforts to offer fair and competitive compensation packages are bearing fruit. More specifically, the department's efforts on this front concentrate on holding regular seminars for all staff members to go over the Group's code of conduct and to discuss ways that employees can contribute to creating a healthy work environment. Moreover, the HR team also continues to organise specific training sessions with managers across all departments to outline their responsibilities in ensuring their teams feel safe and valued.

Going Forward

In 2020, the HR team overcame the various COVID-19-related obstacles and made good progress on all its areas of focus. In 2021, the team aims to build on this to further strengthen its frameworks and guarantee a safe, stimulating, and fair work environment for all staff. In particular, the team's goals for 2021 include:

- Creating a development training programme for the middle management team.
- Creating a development programme for the newly promoted people managers.
- Enhance the customer experience by providing "CHG GUEST" programme for front liners. The new programme will target both new hires and more experienced employees across the entire Group.
- Sharing of services for finance, HR, IT, and several other departments.
- Improve the quality and effectiveness of the recruitment process by introducing new tools and psychometric tests across assessment centres.
- Introducing an employee wellness programme which amongst multiple other services provides life coaching, psychological support, and work related and financial advice to all the Group's employees.
- Rolling out a Group-wide values awareness campaign aimed at strengthening the employees' understanding of the core values which are at the heart of CHG's work culture and environment.
- Continuing to enhance CHG's diversity approach by focusing on hiring more females across both medical and non-medical functions.

Executive Management

Dr. Ahmed Ezzeldin
Chief Executive Officer

Dr. Ahmed Ezzeldin brings over 37 years of healthcare experience to the Group and a deep insight into healthcare businesses in Egypt. Prior to assuming his role as the Group's CEO, Dr. Ezzeldin was the Director of Government Affairs and Policy – Middle East, North Africa, and Pakistan at Johnson & Johnson Medical, where he also held the position of Managing Director for Egypt and Libya. Prior to that, Dr. Ezzeldin also held key positions at GSK, including Sales and Commercial Director at GSK Egypt and Sudan Country Manager. He holds over 18 years of global experience with MSD under his belt. Dr. Ezzeldin has a Bachelor degree in Pharmaceutical Science from Cairo University.

Dr. Moharram El-Badawy
Chief Operating Officer

Prior to joining the Group in June 2016, Dr. Moharram El-Badawy was the Professor of Radio Diagnosis at the National Cancer Institute for over 30 years before heading the department for nine years. His previous roles also include board member of Radio Diagnosis Department in Daghastani Hospital Jeddah, K.S.A for six years, Referee for the Egyptian Journal of the National Cancer Institute, and Referee for the Journal of Egyptian Society.

Ahmed Gamal Eldin
Group Chief Financial Officer

Mr. Ahmed Gamal Eldin is the Group's Chief Financial Officer, a position he took on in 2019. Mr. Gamal Eldin brings over 26 years of varied experience in financial management, corporate strategy, and investment banking. He started his career as an External Auditor at KPMG before moving to the corporate finance arm where he provided financial advisory services including business valuation, M&A, fundraising, and corporate restructuring to a large number of corporates engaged in various sectors. Mr. Gamal Eldin has also led the Control and Reporting Function at Cadbury and PepsiCo. During his time there, he led the functional transformation towards building world-class finance and control processes. He also has pharmaceutical industry exposure having worked as MENA Finance and Strategy Director at Lundbeck. Mr. Gamal Eldin also led the finance function as the CFO of Egypt Foods Group where he led business transformation initiatives and strategic change management plans across the Group. Mr. Gamal Eldin holds a Master of Business Administration from the American University in Cairo and he is a Certified Management Accountant (CMA) from the American Institute of Management Accountants. He is also a keynote speaker in various financial and strategic management forums.

Marwa El-Abassiry
Chief Human Resources Officer

Ms. Marwa El-Abassiry joined the Group in February 2015. Previously, she was the Human Resources Business Partner and Head of HR at Electrolux Egypt. Ms. El-Abassiry holds a Bachelor of Arts from the Al-Alsun Faculty at Ain Shams University, a Senior Professional Human Resources (SPHR) Certificate, a Business Coaching Certificate from Life Coaching Egypt, and a Business Administration Diploma from the American University in Cairo.

Dr. Mohamed Ibrahim Yousef
Chairman of Medical Council

Dr. Mohamed Ibrahim Yousef is the Chairman of the Group's Medical Council, a role he took on in 2019. Dr. Ibrahim Yousef joined Cleopatra Hospital in 2001 as Medical Director and later assumed his role as Managing Director of the Group's flagship hospital in 2006. With over 36 years of medical experience, Dr. Ibrahim Yousef began his career as a physician at the Military Hospital and was Commander of the Navy Hospital in the United Arab Emirates. He holds a Master's degree in Hospital Management from the American University in Cairo.

Dr. Hani Victor
Cleopatra and Queens Hospitals Managing Director

Dr. Hani Victor is the Managing Director at Cleopatra Hospital. Dr. Victor joined the Group in 2018 and assumed the role of NBH's Managing Director. He brings over 19 years of experience having previously held the position of Chairman of the medical council in El Katib Hospital. He is an international course director and educator in all the European Resuscitation Council courses (ERC) and a member of the Course Management Committee (CMC). He is also Vice President of the Egyptian Resuscitation Council (EgRC) and one of the founders and the Secretary General of the Egyptian Trauma Society (EgTS).

Dr. Nanis Adel
Cairo Specialised Hospital Managing Director

Dr. Nanis Adel has over 24 years of experience in the healthcare industry having held several key positions across an array of medical establishments, including Director of Emergency Hospital at Ain Shams University Hospital, Advisor to the Minister of Health and Population for Hospital Affairs, and Chairman of the Scientific Council for Health Facilities Fellowship. In 2004, Dr. Nanis was awarded a PhD in Internal Medicine from Ain Shams University.

Dr. Hamada Abd El Hameed
Nile Badrawi Hospital Managing Director

Dr. Hamada Abd El Hameed is the Managing Director at Nile Badrawi Hospital, a position he took on in 2019. Dr. Abd El Hameed joined the Group in August 2017 assuming the role of Al Shorouk Hospital Managing Director. Prior to joining the Group, Dr. Abd El Hameed was the Regional Operations Manager at Andalusia Group (Cairo - Alexandria) and also served as Managing Director of Andalusia Hospital in Maadi from 2010 to 2016. Dr. Abd El Hameed holds a Master's degree in General Surgery and an Egyptian Fellowship in Surgery, a Master's degree in Business Administration, as well as several Diplomas including Quality Management from the American University in Cairo and a Diploma in Hospital Administration.

Dr. Sameh Wasfy
Al Shorouk Hospital Managing Director

Dr. Sameh Wasfy is the Managing Director at El Shorouk Hospital, a position he took on in 2020. Prior to joining the Group, Dr. Wasfy worked as a General Manager at Italian Hospital for five years. Prior to his time with Italian Hospital, Dr. Wasfy held various positions including Managing Director at the Catheter Centre in Hayat Hospital, Hospital General Manager at BorgMina Hospital, and Head of Imaging Department at the National Institute of Diabetes and Endocrinology. Dr. Wasfy holds a Bachelor degree in Medicine and Surgery from Cairo University.

Dr. Saad Adel
El Katib Hospital and Bedaya Managing Director

Dr. Saad Adel is the Managing Director at El Katib Hospital and Bedaya, two positions he took on in 2019 and 2020, respectively. Prior to joining the Group, Dr. Adel worked at Al Andalusia Group for five years holding the roles of Operation Director, Hospital Director, and finally Regional Operations Director. Prior to his time with Al Andalusia Group, Dr. Adel also worked as Medical Director at Abdulatif Jameel Hospital in Jeddah for two years, as a Lecturer at the International Academy for Health Science, and as Assistant Manager at Al Safaa Medical Centre. Dr. Adel holds a Bachelor degree in Medicine from Ain Shams University.

Dr. Amr Al-Ashkar
Chief Information Technology Officer

Mr. Amr El-Ashkar joined the Group in November 2015. Previously, he was Chief Information Officer at Integrated Diagnostics Holdings and worked at OMS, United Nations, and ITWorx. He holds a Bachelor degree in Computer Science from Ain Shams University, a Master of Science in Computer Science from the University of Louisville, and a Doctorate in Business Administration from Maastricht Business School, Holland.

Dr. Khaled El Mouniry
Chief Marketing and New Business Officer

Dr. Khaled El Mouniry is the Group's most recent Chief with aim to further grow the Group's Digitalisation initiative, as he was Vezeta's Managing Director prior to joining CHG. Dr. El Mouniry offers great value as he previously also held prominent positions such as AstraZeneca's Country President for Egypt and North Africa. He holds an MBA from Leicester University, UK.

Dr. Nagwa El Hosseiny
Group Quality Director

Dr. Nagwa El Hosseiny is a Professor of Internal Medicine at Cairo University. She joined the Group in November 2016 to head the Quality Control Department. She was previously Quality Consultant and Head of the Egyptian Executive Committee of Accreditation at the Ministry of Health and Population. Dr. El Hosseiny also held positions in the private healthcare sector, including Quality Manager at Dar Al Fouad Hospital and Senior Consultant and Technical Director at Logistics Company for Consultation where she led, guided, and prepared quality control teams for JCI accreditation. Dr. El Hosseiny is also a member of the Scientific Board of Arab Healthcare and Accreditation and a member of the JCI's Middle East Advisory Board.

Hassan Fikry
Corporate Strategy and Investor Relations Director

Mr. Hassan Fikry joined the Group in 2015 as Business Analysis Manager. Mr. Fikry then went on to manage the Corporate Strategy and Development team before taking on his current position as Corporate Strategy and Investor Relations Director. Mr. Fikry brings valuable business development experience to the Group, having previously been the Co-Founder and Executive Director of El-Seha Laboratories, the Executive Director of the Ahmed H. Fikry Medical Centre, and Coordinator, Strategic Planner at Orascom Telecom Holding. He holds a Bachelor of Commerce and Economics from the John Molson School of Business at Concordia University and completed a Mini MBA in Telecoms.

Soliman El Aasser
Transformation Director

Mr. Soliman Al Aasser joined the Group in 2019 as Transformation Director. Prior to assuming his role at CHG, Mr. Al Aasser was an Associate in the investment team of a leading private equity firm responsible for executing and implementing strategies to increase the value integration of the firm's healthcare platform. Prior to this, Mr. Al Aasser held the role of Co-founder and Managing Director of both El Sastre shirt brands and Mediterranean Golf Tour. Mr. Al Aasser holds a Bachelor degree in Economics from the University of Cairo and is a Certified Chartered Financial Analyst having passed all three exams.

Mr. Osama Nosseir
Group Revenue Cycle Director

Mr. Osama Nossier is the Group's Revenue Cycle Director, a position he took on in 2019. Prior to joining CHG, Mr. Nossier spent 10 years at MetLife and for five of those years he was the company's Medical Network Manager. Before his time with MetLife, he also worked as Insurance Director for Andalusia Hospitals Group and as Managing Director of Port Ghaleb Hospital. Mr. Nossier earned his Bachelor degree in 1994 and his Master of Science degree in General Medicine and Gastroenterology in 2002, both from Cairo University's Kasr Al Aini Medical School. In 2010, he earned a Postgraduate Diploma in Hospital and Healthcare Management from the American University in Cairo. Mr. Nossier also holds course certifications in Health Economics, Quality Control Tools, Six Sigma in Healthcare, Business Management Skills, and Kaizen.

Mr. Tamer Salah
Group Commercial Director

Mr. Tamer Salah is the Group's Commercial Director, and brings over 17 years of industry experience to the Group. He previously held roles at the National Bank of Egypt Insurance Company, Al-Salaam Hospital, Nova Pharmaceutical Company as well as Nagor and Striker. Mr. Salah holds a BSc from Cairo University and an MBA with a marketing focus from the Arab Academy for Science, Technology, and Maritime.

Mr. Ramez Adib
Group Marketing Director

Mr. Ramez Adib joined the Group in April 2019 as Marketing Director. He brings 19 years of experience ranging from market research to brand and portfolio building, and management within multinational companies. Prior to joining CHG, Mr. Adib held the Marketing Director position in Proper Move. He holds a Bachelor of Arts in Journalism and Mass Communication from the American University in Cairo.

Nader Rafael Kamel
General Legal Counsel

Mr. Nader Rafael Kamel joined the Group in December 2020 as the Group General Legal Counsel backed by 30 years of experience across several industries with expertise in corporate affairs, legislation, and governance. His work history includes high profile institutions such as Baker & McKenzie International Law Firm, British American Tobacco, Orange, Al Ahram Beverage Company – Heineken International, and Hyde Park Development. Mr. Rafael Kamel is responsible for the Group's legal compliance and providing legal counsel to the management. Mr. Rafael Kamel has a Bachelor degree in Law from Cairo University, member of the International Bar Association (IBA), UK, enrolled in the Egyptian Bar of Association before supreme courts, and enrolled as an International Arbitrator before the Arab Authority for Arbitration & Law.

Eng. Amr Sherif
Group Projects and Engineering Director

Eng. Amr Sherif joined the Group in 2017 as Projects and Engineering Director responsible for overseeing the Group's projects and expansion plans. He previously served as Projects Director at Dar Al Fouad Hospital during which he was responsible for overseeing the new Dar Al Fouad Hospital project in the Cairo district of Nasr City. Eng. Sherif also holds years of experience as Project Manager for major engineering projects during his time at the French Arab Engineering Consulting Company. Eng. Sherif holds a Bachelor of Architecture from Ain Shams University and is an architecture consultant at the Engineers Syndicate.

Ms. Ola Ahmed
Internal Audit Associate Director

Ms. Ola Ahmed joined the Group in January 2017 as Internal Audit Manager with over 14 years of experience in establishing an Internal Audit Function. Her expertise covers internal control and corporate governance review, risk assessment and risk-based auditing. She previously held positions at a number of reputable organisations, including Ernst & Young, PricewaterhouseCoopers, Orascom for Construction Industries, Magrabi, General Motors, and Al Sharkeya for Sugar Industries. The Internal Audit Department reports administratively to the Group's CEO and functionally to the Board's Audit Committee.

Dr. Kareem Awad Ali
Director of Pharmaceutical Services

Dr. Kareem Awad Ali is currently the Director of Pharmaceutical Services. Dr. Awad Ali holds 12 years of experience in pharmacy management. Prior to joining CHG, Dr. Awad Ali was part of As-salaam International Hospital until 2014, and was Andalusia Pharmacy Manager until 2016. Dr. Awad Ali has been CHG's Group Supply Chain Manager for four years, and currently serves as the Director of Pharmaceutical Service and Managing Director of CHG Pharma. He assumed both these roles in 2020, and is currently managing 12 pharmacies across CHG. Dr. Awad Ali graduated from the Faculty of Pharmacy Cairo University, 2009. He also holds a Clinical Pharmacy Diploma from Ain Shams University, as well as a Master of Business Administration with a specialisation in Project management. Furthermore, Dr. Awad Ali holds a Professional Supply Chain Diploma from the American University in Cairo.

Dr. Marwa Al Ruby
Group OPD Director

Dr. Marwa Al Ruby is currently the Director of Polyclinics at CHG, a position she took on in 2019. Dr. Al Ruby joined Cleopatra Hospital in March 2017 as Outpatient Department Manager and later assumed her role as OPD Director of the Group in July 2018. Prior to joining the Group, Dr. Al Ruby held several positions including Medical Auditor, Project Manager, and OPD Manager in Andalusia Group for Medical Services.

Ms. Eman Fouda
Supply Chain Associate Director

Ms. Eman Fouda joined the Group in December 2015 as Group Supply Chain Manager, and brings over 20 years of professional experience in the healthcare industry in Egypt. Prior to assuming her current role as the Group's Supply Chain Associate Director, Ms. Fouda was the Regional Supply Chain Manager - Egypt and Middle East at Johnson & Johnson Medical, where she also held the position of Regional Commercial Manager for Egypt and Libya at Johnson & Johnson Medical. During her career at Johnson & Johnson Medical, she played a key role in the development of the Supply Chain department in Egypt and the Middle East through executing and implementing strategies to establish the Supply Chain function in Egypt and Middle East. Ms. Fouda has a BSc of Commerce from Ain Shams University, and obtained her MBA in Globalisation from Maastricht Business School in Holland.

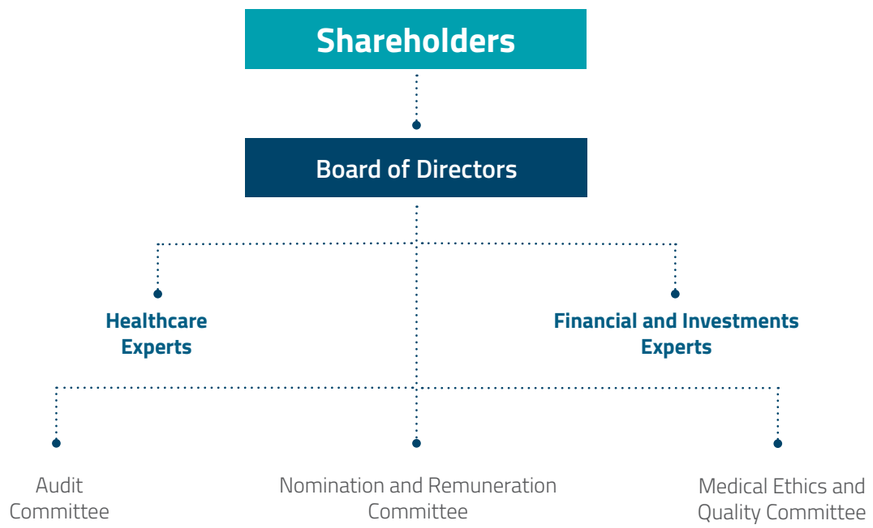
Corporate Governance

CHG boasts a robust governance framework that supports and guides its operations. The Group's Board of Directors is comprised of experts and professionals who bring extensive local and global experience across multiple industries to CHG, and continue to provide invaluable guidance as the Group grows its reach and offerings.

Corporate Governance

Daily operations at CHG affect the lives of millions of Egyptians across the nation, and accordingly, sound corporate governance is crucial to ensure that patients receive the best services and products available. At CHG, the Board of Directors uses governance frameworks and strict ethical standards to guide the Group's executive management and safeguard the interest of stakeholders. It promotes integral, ethical, and consistent action that complies with international best practices for the benefit of the Group.

CHG has 11 board members including five independent members, five non-executive members, and one executive member. The Group aims to retain and onboard high calibres of diverse backgrounds to bolster the Board's capabilities in tackling a wide range of matters facing its different functions and facilities, ensuring that patients are provided with the most advanced healthcare services, and steering the Group's operations toward profitability, sustainability, and compliance. In line with its public listing on the Egyptian Stock Exchange (EGX), the corporate affairs of CHG are regulated under Law No. 159 of 1981 and its Executive Regulations as well as the Companies Law, the Egyptian Capital Market Law, the EGX Listing Regulations, and other applicable laws governing companies incorporated across Egypt. Furthermore, and as outlined within the Egyptian disclosure requirements, the Group must publish annual and quarterly financial statements prepared per the Egyptian Accounting Standards (EAS). It must also provide the Financial Regulatory Authority (FRA) and the EGX with notices on any material developments, in addition to providing EGX with minutes of the Group's ordinary and extraordinary general assembly meetings. CHG also produces a designated Governance report, the most recent version of which can be viewed on its IR website here.



11
CHG Board Members

3
Members with Extensive Medical Experience

5
Members with a Background in Finance

CHG's Governance Principles

Anti-Bribery and Anti-Corruption Policy

CHG holds a zero-tolerance approach to bribery and corruption, with a clear anti-corruption policy outlined for all stakeholders to adhere to. The Group follows all applicable local laws and well-established international frameworks to ensure that no facilitation or bribery of any form takes place.

No Referral Fees

CHG does not provide any referral fees or kickbacks to physicians, and places emphasis on its Doctor Sales team instead to focus on improving services offered to physicians and maintain close communication that encourages loyalty and engagement.

High Quality Healthcare – Medical Council

CHG's Group-wide medical council holds multiple responsibilities that include (1) ensuring that medical personnel are providing the best medical care and outcomes for their patients, and (2) keeping CHG at the forefront of medical research and technology across all relevant services.

Board of Directors

The Group's Board of Directors includes members of diverse age, gender, cultures, and qualifications, as demonstrated below. Three of its members are experts in the healthcare sector, and five possess relevant financial expertise.

Board Responsibilities

As the highest governing authority across the Group, CHG's Board holds itself to high standards of compliance, and is tasked with seeing through the following responsibilities:

- Meeting regularly, retaining hands-on control, and monitoring the Group's management.
- Demonstrating full commitment to CHG, including fully protecting the interests of the Group and its stakeholders.
- Participating actively in Board meetings and in the Group's activities when needed, including examining topics based on priority and ensuring that significant action is taken.
- Evaluating the performance of the current Board, its directors, and its committees.
- Assessing and selecting new Board members.
- Providing regular oversight and advice on the monitoring and compensation of upper management.
- Ensuring the existence of an agile, resilient, and adaptable succession plan.
- Employing the most competent CEO, in an objective manner.
- Decision-making when it comes to any reports or disputes.
- Reviewing and approving CHG's strategic plans and their implementation.
- Reviewing and approving CHG's financial and operational plans.
- Monitoring operational, financial, and legal performance against strategic plans.
- Reviewing and approving CHG's financial control and reporting methods.
- Preparing and approving annual reports and financial statements.
- Reviewing and approving annual investment budgets and any major operations of financial nature.
- Ensuring that CHG meets ethical standards and is legally compliant.
- Monitoring the integrity of activities and relationships between shareholders, staff, and external parties.

Chairman Responsibilities

The Chairman of the Board's primary responsibility is to manage the Board and guarantee its efficiency in setting and implementing tasks that benefit the Group's direction and strategy. Their role includes:

- Establishing and organising the composition of the Board.
- Outlining the responsibilities of the Board, its members, and senior management.
- Planning effective Board Committee meetings.
- Evaluating and ensuring the efficiency of the Board.

Independent Directors' Responsibilities

CHG's independent directors hold non-executive roles, yet rely on their experience and achievements to assist the Board using strategic thinking; balance the interests of stakeholders; implement corporate strategies; and monitor the Group's financial wellbeing. Their specific role includes:

- Overseeing governance and ensuring that the activities of CHG are compliant legally.
- Participating in CHG Board Committees, specifically the Audit Committee.
- Inspecting the company's financial statements and working closely with auditors; a crucial element in the audit process of CHG.

Board Members

Mr. Ahmed Adel Badreldin
Chairman of the Board

Mr. Ahmed Abdel Badreldin was Head of MENA at Large Cap Private Equity where he managed their investment portfolio in the Middle East and North Africa. He previously worked for eight years at Barclays Capital where he climbed the corporate ladder until reaching Senior Director of Leveraged Finance at Barclays Capital PLC, in addition to serving as an Executive Officer at Baker Hughes Incorporated. Mr. Badreldin possesses over 15 years of experience in investment banking and consulting with a strong skillset in credit analysis, investment, and structuring in both debt and equity in addition to a comprehensive and broad experience in a variety of industries and sectors including industrial and basic materials, telecommunications, retail, services, and energy. Mr. Badreldin holds an MBA from the Cranfield School of Management and a BSc in Mechanical Engineering, Industrial Management, and Business Administration from the American University in Cairo.

Dr. Ahmed Ezzeldin
Chief Executive Officer

Dr. Ahmed Ezzeldin joined CHG in June 2015, bringing over 38 years of experience and deep insight into healthcare businesses in Egypt to the Group. Prior to his current role, he served as Director of Government Affairs and Policy for MENA and Pakistan at Johnson & Johnson Medical, where he also held the position of Managing Director for Egypt and Libya. During his tenure, he played an instrumental role in the development of healthcare systems in Egypt and the Middle East through the creation of four centres of excellence that together trained over 1,500 healthcare professionals annually from 2006 through 2012. Furthermore, Dr. Ezzeldin held several positions with GSK where he specialised in resource planning and segmentation projects, and led the Middle East Region Integration Plan as part of the merger of SmithKline & Beecham and Glaxo Wellcome. He also worked with Merck Sharp & Dohme, where he cultivated 18 years of global experience; served as Co-Chairman of the Healthcare and Pharmaceutical Committee at the American Chamber of Commerce in Egypt; and was a member of the Egyptian Ministry of Health's Supreme Committee for Registration of Medical and Diagnostics Devices. Dr. Ezzeldin holds a Bachelor's degree in Pharmaceutical Science from Cairo University.

Dr. Mohamed Awad Tag El Din
Independent Non-Executive Director

Dr. Mohamed Awad Tag El Din was the Egyptian Minister of Health from March 2002 to December 2005. Prior to that, he was the President and Vice President of Ain Shams University for one and four years, respectively. He holds a Bachelor's degree in Medicine, two diplomas in Internal Medicine and Pulmonology Diseases, and a PhD from Ain Shams University. He is also a Professor and Consultant of Pulmonology.

Mr. Nabil Walid Kamhawi
Independent Non-Executive Director

Mr. Nabil Walid Kamhawi has over 40 years of consulting, audit, and advisory experience in Europe and the Middle East in a wide range of industries. He was the Managing Partner of Ernst & Young in Egypt following its integration with Arthur Andersen, where he was Managing Partner. Mr. Kamhawi holds a Bachelor's degree in Commerce (Accounting) from Ain Shams University and is a member of the Institute of Chartered Accountants in England and Wales.

Mr. Omar Atef Kinawy
Independent Non-Executive Director

Mr. Omar Atef Kinawy joined the Group in 2015. Prior to that, he was the former Deputy Head of the Egyptian General Intelligence and graduated from the Egyptian Military College in 1968.

Mr. Omar Ezz Al Arab
Non-Executive Director

Mr. Omar Ezz Al Arab has over 10 years of private equity and investment banking experience in Europe and the Middle East in sectors such as oil and gas, healthcare, education, and fast-moving consumer goods. Prior to joining Abraaj in 2009, Mr. Ezz Al Arab worked at JP Morgan in London as part of the Mergers and Acquisitions team in the Natural Resources Group, where he advised on more than USD 15 billion worth of transactions. Mr. Ezz Al Arab holds a Bachelor of Arts degree in Law and Business from the University of Warwick, UK.

Mrs. Samia El Baroudy
Non-Executive Director

Mrs. Samia El Baroudy brings global experience to the private equity sector through her membership of an investment team that oversees investments across a variety of sectors in Egypt, including the healthcare sector. She has held direct responsibility for several portfolio companies including Integrated Diagnostics Holdings, OMS, ECCO, and North Africa Hospital Holdings Group (NAHHG). Currently, Mrs. El Baroudy is part of a team that is responsible for setting up the largest hospital platform in North Africa. Prior to joining the private equity sector, she was a Consultant at Booz & Co. She holds a Master's degree in Management Science and Engineering and a Bachelor's degree in Economics, both from Stanford University.

Mr. Tarek Kabil
Independent Non-Executive Director

Mr. Tarek Kabil is the former Minister of Trade and Industry for Egypt from 2015-2018. He brings over 40 years of global professional experience across a variety of sectors including Government, Private Equity, and FMCGs across US, Asia, Middle East, and Africa. He has led several international organisations, including serving as President and CEO of PepsiCo Middle East and Africa. Currently, Mr. Kabil serves as the CEO and Chairman of Business Solutions Consulting Group, as well as a board member and advisor in different sectors such as FMCG, Banking, and Education.

Dr. Manal Abdel Razek
Independent Non-Executive Director

Dr. Manal Abdel Razek joined CHG's Board of Directors in April 2020. She brings forth 23 years of experience in the public sector, having served in the Egyptian government as Deputy Minister of Foreign Trade and Deputy Minister of Finance for nine years, and as a member of the Shura Consultative Council appointed by the President for seven years. Dr. Abdel Razek obtained her Bachelor of Science with Honours in Mass Communication in 1986 from Cairo University. She subsequently obtained her Master of Arts in Public Administration from the American University in Cairo in 2000. In June 2001, she earned the Frank G. Wisner Award in recognition of her outstanding master's thesis. She then obtained her PhD dissertation in Public Administration with Highest Honours from the Faculty of Economics and Political Science from Cairo University in 2008. Dr. Abdel Razek is also the Executive Chairwoman of New City Housing & Development, formerly Orascom Housing Communities, which is a position she has held since June 2018.

Mr. Mohamed Roushdy
Non-Executive Director

Mr. Mohamed Roushdy joined CHG's Board of Directors in April 2020. He also currently serves as the President of Amoun Group Middle East. Mr. Roushdy brings over 39 years of experience in the Pharmaceutical sector, having held the positions of Chairman and CEO of Amoun Pharmaceuticals Egypt from December 2012 until December 2017. Prior to joining Amoun, he was CEO of Pfizer Middle East, a position which saw him oversee operations across 14 countries. Mr. Roushdy holds a Master's degree in Pharmacology and a Bachelor's degree in Business Administration.

Dr. Sherif El Kholy
Non-Executive Director

Dr. Sherif El Kholy joined CHG's Board of Directors in April 2020. Currently a Partner at Actis, a role held since 2014, Dr. El Kholy has played various deal leadership, execution, investment management, and exit roles across North Africa in Edita Food Industries, Emerging Markets Knowledge Holdings, El-Rashidi El-Mizan, Mo'men Group, Orascom Telecom Algeria, as well as leading Lekela Power's push into Egypt. Dr. El Kholy holds a PhD in Economics and a Master of Science in Finance and Economic Development, both from the University of London.

Board Members

	Board meetings	Audit Committee	Medical Ethics and Quality Committee	Nominations and Remuneration Committee
Ahmed Badreldin	6/6			2/2
Ahmed Ezzeldin	6/6		3/4	
Mohamed Tag El Din	6/6		4/4	
Nabil Kamhawi	6/6	9/13		0/2
Omar Kinawy	6/6			
Omar Ezz El Arab	6/6			2/2
Samia El Baroudy	6/6	13/13		
Tarek Kabil	6/6	9/13		
Manal Abdel Razek	5/6			
Mohamed Roushdy	4/6		0/4	
Sherif El Kholy	5/6			0/2

Board Committees

To achieve governance goals set for the Group and increase support of specialised functions, the Board of Directors established three Board committees, each tasked with responsibilities that aim to streamline and facilitate operations on the Group level.

Audit Committee

The Audit Committee consists of three non-executive directors, two of which are independent. It assists the Board in its oversight of financial statements and disclosures, and ensures that the Group's financial statements adhere to the auditor's and EFSA's recommendations. The Audit Committee has a variety of financial, operational, and legal responsibilities, some of which are:

- Reviewing the effectiveness of the Internal Audit function.
- Reviewing the reports of the Internal Auditor, including financial and non-financial issues, remedial procedures, and means of controlling the risks faced by the CHG.
- Reviewing the significant investigations conducted by the Internal Auditor and management's responses to Internal Auditor reports relating to such investigations.
- Reviewing annual and quarterly financial statements and other financial information provided to the Board and shareholders, including its recommendation.
- Reviewing the financial system employed at CHG and making recommendations for improvement, ensuring that it fairly represents the situation and that no false data is reported.
- Submitting reports to the Board of Directors on all matters that fall within its scope of work thereby enabling it to carry out its function of monitoring the management of CHG and submitting to shareholders and investors factual and documented information.
- Reviewing with the company's Internal Auditor and reporting to the Board on the adequacy of structure, responsibilities, staffing, resources, and functioning of the company's internal auditing department, including an annual evaluation of the performance and qualifications of the head of the department.

The Audit Committee meets as often as necessary, but not less than four times a year. It maintains minutes of all meetings to document its activities and recommendations to the Board. In 2020, the committee convened a total of 13 times.

Members

- Mr. Nabil Walid Kamhawi (Chairman of the Committee)
- Mrs. Samia El Baroudy
- Mr. Tarek Kabil

Medical Ethics and Quality Committee

The Medical Ethics and Quality Committee's role is to supervise the development and execution of the Group's quality control programmes. The committee monitors performance indicators and accordingly provides recommendations for the development strategy of the Group's services. The Medical Ethics and Quality Committee consists of three members, two of which are non-executive directors. It is tasked with a number of responsibilities that include:

- Overseeing compliance with the rules of conduct, standards, and policies that guide the Company.
- Creating guidelines for various circumstances involving conflict resolution.
- Ensuring the Group operates in an environment of accountability.
- Taking disciplinary action regarding any ethical violations.
- Reviewing CHG company ethics and recommending improvements/changes.
- Overseeing the results of patient service efforts in order to guarantee adherence to process guidelines.
- Monitoring and evaluating care services in order to ensure they are of utmost quality.

The Medical Ethics and Quality Committee meets at least two times annually and more frequently as necessary or appropriate. The committee keeps minutes of all meetings to document its activities and recommendations to the Board. In 2020, it convened a total of four times.

Members

- Dr. Mohamed Awad Tag El Din (Chairman of the Committee)
- Dr. Ahmed Ezzeldin
- Mr. Mohamed Roushdy

Nominations and Remuneration Committee

The Nominations and Remuneration Committee provides recommendations regarding the remuneration of the senior management, as well as reviews the Group's bonus schemes and develops the employment succession plan. It is comprised of three members, one of which is a non-executive director. The Nomination and Remuneration Committee plays an crucial role in attracting and retaining high calibre management and employees. Its role includes:

- Retaining an appropriate structure, size, and balance of skills to support the strategic objectives and values of the CHG.
- Recommending to the Board a framework of remuneration for the Independent Directors and the key executives of the Group.
- Covering all aspects of remuneration, including without limitation, fees, salaries, allowances, bonuses, options, and benefits-in-kind.
- Reviewing the ongoing appropriateness and relevance of the remuneration policy for each executive.

The Nominations and Remuneration Committee meets at least once a year and more frequently as necessary or appropriate. The committee takes down minutes of all meetings to document its activities and recommendations for the Board. In 2020, it convened twice.

Members

- Mr. Ahmed Badreldin (Chairman of the Committee)
- Mr. Omar Ezz Al Arab
- Mr. Nabil Walid Kamhawi
- Dr. Sherif El Kholy

Internal Audit and Compliance

In extension of its commitment to uphold the highest degrees of transparency, honesty, and integrity across its operations, CHG's Board relies on the efforts of its Audit Committee and Internal Audit Department. Both bodies work in unison to ensure that the Group's risk management, governance, and internal control processes are operating effectively, and in compliance with the relevant national and international laws, regulations, and industry standards. The department, under the oversight of the Board's Audit Committee, conducts regular auditing exercises of the Group's financial reporting procedures, risk assessment and mitigation frameworks, and governance processes. It is also tasked with making recommendations to the Board and Executive Management team on ways to address any identified shortcomings. The Internal Audit department has no direct operational responsibility or authority over any of the activities audited. Accordingly, it does not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Audit Committee

The Audit Committee assists the Board in overseeing any of the Group's (including any owned subsidiaries) financial controls, with emphasis on:

- the integrity of internal controls and financial reporting;
- performance of the internal auditors;
- the qualification and independence of the external auditor,
- the performance of Internal Audit function and external auditor; and
- compliance with legal and regulatory requirements.

The members and specific responsibilities of the Audit Committee are outlined in the Governance section on page 94 of this report.

Internal Audit Department

CHG's Internal Audit function is an independent and objective assurance and consulting activity with the aim of adding value to improve operations. Its core function is to assure the Audit Committee and the Board that the organisation's financial and operational controls, designed to manage risks and achieve strategic objectives, are operating efficiently, effectively, and ethically. More specifically, the department works to:

- Ensure risks are appropriately defined and managed.
- Maintain regular interaction with various governance groups including the Board's committees and the Group's executive management team, as needed.
- Ensure that the Group's financial, managerial, and operating information is accurate, reliable, and timely.
- Oversee the compliance of employee actions with internal policies, rules, procedures, and relevant laws and regulations.
- Ensure that the Group's medical and non-medical resources are acquired economically, used efficiently, and protected adequately.
- Foster quality and continuous improvement across the Group's control process.
- Ensure that significant legislative or regulatory issues impacting CHG are recognised and appropriately addressed.
- Identify and seize opportunities to improve management controls, profitability, and the organisation's brand equity.

The appointment, dismissal, or replacement of top executives in the department is the sole responsibility of the Audit Committee in consultation with the Board's Remuneration Committee. Its reports, findings, recommendations, and overall effectiveness are reviewed periodically by the Audit Committee.

Department Functions

Driving System Integration

In its efforts to actively support process automation and system integration, the Internal Audit department developed a pilot costing accounting system in 2020 that captures key activities and enables the organisation to conduct efficient pricing decisions and insightful margin analyses. The department is also supporting the rollout of ERP implementation across four of the Group's facilities.

Driving Process Excellence

To continuously improve governance, risk, and compliance, the department created a Partnered Revenue Cycle Management (RCM) system to close backlogs and increase efficiency, developed full process documentation for warehousing, fixed assets, and other document retention processes, and streamlined the authority matrix across CHG, with full management engagement underway. It also now leads a continuous Group-wide upgrade of the governance system and internal control maturity profile.

Risk Assessment

The department rolled out a strategic five-year plan to set focus on direction when identifying and evaluating risks currently facing the Group. In parallel, it proactively performs risk assessments for new processes, outlines entity-level risk management plans, and focuses on business continuity planning to safeguard the Group's operations in the face of uncertainty.

Business Control Activities

To reduce risks through sound business controls, the department focuses on introducing key controls such as authority matrices, documented HR manuals, and process documentation. As part of the general IT and fraud controls, it introduced a fraud risk assessment framework in 2020 to safeguard assets, monitor access controls, and protect sensitive information. It also hosted a series of internal control awareness sessions to include employees in the process and bolster their knowledge.

Monitoring Efficiency

Ensuring that controls placed across the Group's operations are relative and effective is done through periodic monitoring activities and self-assessments, control remediation, and outlining clear control roles and responsibilities. This is done through diverse activities that include but are not limited to monthly business and functional reviews, monthly progress reports versus forecasted budgets, reviewing patient safety standards, internal audit remediation action plans and follow-ups, and more.

Information and Communication

Using the Group's newly launched ERP system, KPI and profitability reports, policies and procedures folders, internal communication materials, in-touch sessions, and more, the department aims to communicate pertinent and timely information to its stakeholders as needed.

Control Environment

The department cultivates a robust control environment by reinforcing the Group's tones and values through awareness campaigns and encouraging stakeholders to utilise the whistleblowing programme if needed. It also emphasises a clear and strong organisational structure that serves the strategic goals of the Group, and invests in people-centric processes that include specialised trainings, talent development, and succession planning.

Sustainability

Guided by its stakeholder-centric strategies, CHG's commitment to increase its sustainable practices stems from the Group's desire to drive environmental and social progress while maximising returns for its shareholders. Under the umbrella of Environment, Social, and Governance (ESG) metrics, the Group has been relentless in creating shared value for different groups of stakeholders; conserving resources and embracing greener operations; and operating the company responsibly, transparently, and accountably.

Sustainability

CHG integrates sustainability across its operational frameworks to increase positive environmental and social impact, and derive value for its people, patients, and communities at large

Guided by its stakeholder-centric strategies, CHG's commitment to increase its sustainable practices stems from the Group's desire to drive environmental and social progress while maximising returns for its shareholders. Recognising the central role that sustainability now plays in driving markets forward has encouraged the Group to regularly seek solutions and strategies that capitalise on world-class frameworks and guidelines and tailor them to its diversified operations. As such, and under the umbrella of Environment, Social, and Governance (ESG) metrics, the Group has been relentless in creating shared value for different groups of stakeholders; conserving resources and embracing greener operations; and operating the company responsibly, transparently, and accountably. Furthermore, CHG operates in alignment with several of the 17 Sustainable Development Goals, at the forefront of which is SDG 3, "Good health and well-being". Building a resilient and innovative institution that puts people first remains the central goal, as the Group also continues to navigate shifting market conditions, such as the onset of COVID-19, to deliver achievements that consistently and positively impact its communities at large.

CHG's daily operations have grown to prioritise resource efficiency and energy conservation in an effort to control the Group's environmental footprint and increase the integration of green solutions. Next to compliance with the IFC's Performance standards and the World Bank Group's EHS Guidelines, the Group is working to align its facilities' operations with the globally renowned Joint Commission International (JCI) standards. Moreover, it continues to seek opportunities for improvement year after year, and has taken several steps toward increasing overall resource efficiency, which includes increased reliance on solar energy, replacing HVAC air cooling units, and rolling out the Clinisys HIS/ERP system, which benefits the Group's general consumption trends and facilitates paperless transactions. In parallel with such varied efforts, CHG continues to hone its most impactful efforts under three primary areas of environmental consciousness.

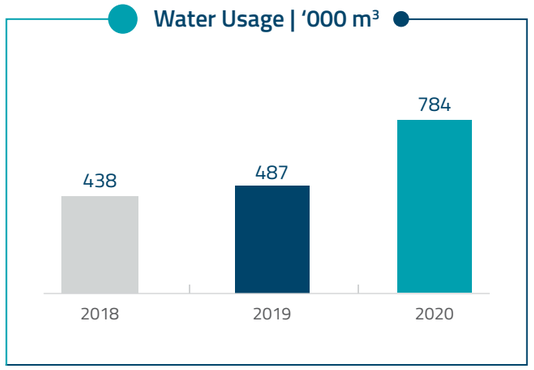
11.0
Energy consumption (MwH)

427,584
Total medical waste (Kgs)

784.0
Water usage (000s m3)

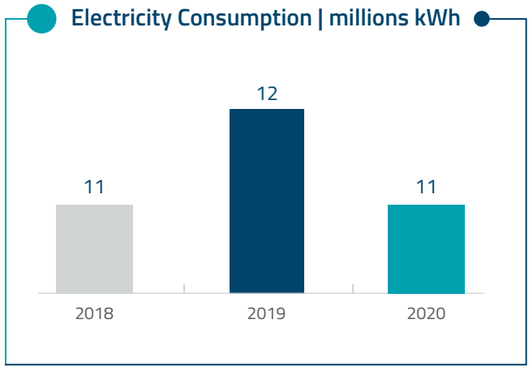
Water Preservation

The Group remains unwavering in its stance on responsible water consumption, and tracks its use closely across its operations using thorough policies that ensure resource preservation while maintaining correct health and sanitation levels. The Group also tracks the utilisation of water, electricity, and hydrocarbon fuel simultaneously as their consumption is linked operation-wide.



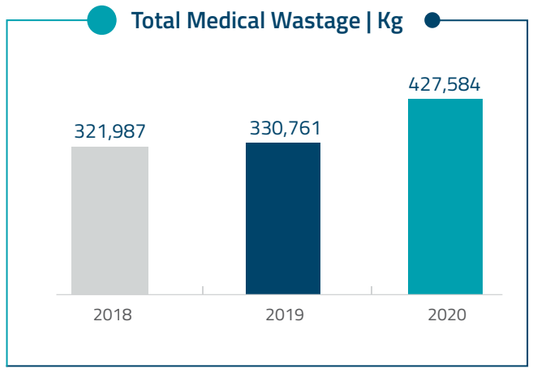
Energy Efficiency

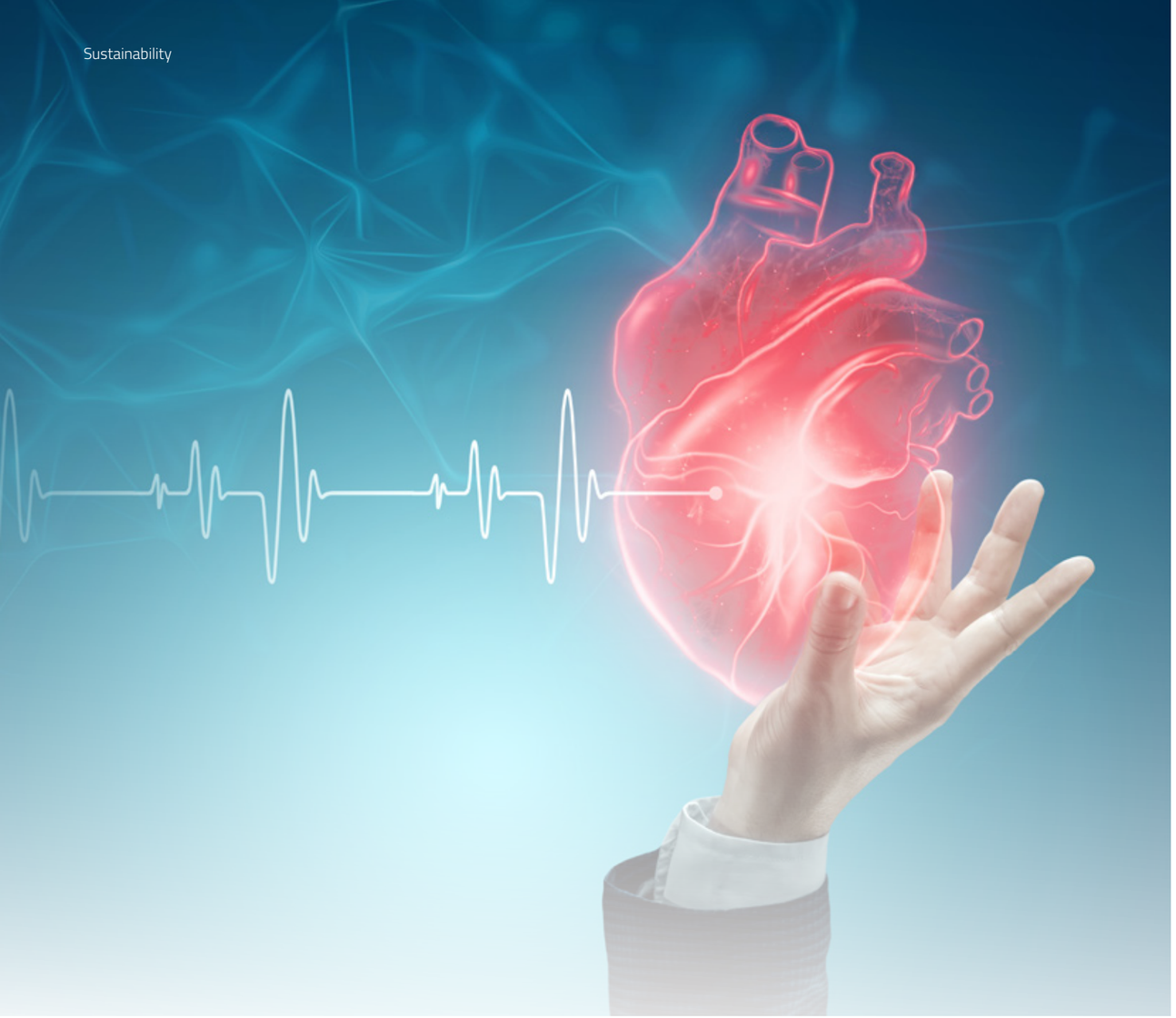
Reducing energy consumption in 2020 was made possible thanks to CHG closely monitoring use across its operations to identify appropriate areas for conservation. Despite heavy reliance on energy to power multiple day-to-day devices, rooms, and technologies, the Group conserved energy in 2020 on the back of its increased use of solar power to heat water, and replacing old HVAC systems across some facilities. New methods to increase efficiency are also regularly considered and examined.



Waste Management

Medical waste poses great health, safety, and environmental risks if not disposed of correctly, and so CHG utilises specialised systems for healthcare waste management and minimisation across its operation. The systems identify and segregate waste to key categories that include pharmaceutical, infectious, chemical, and regular to be able to handle each with the appropriate degree of care. In 2020, waste expectedly increased by 29% y-o-y as part of the ramifications of COVID-19, with stricter waste management protocols implemented to effectively manage all material connected with the virus.





Social Responsibility

People are at the core of CHG's operations, with stakeholder wellbeing and satisfaction central to the Group's standing as a top-tier healthcare provider and member of its community. Multiple policies and programmes are put in place to ensure correct handling of all matters pertaining to the Group's different stakeholders, from patients to employees, business partners, and community members. In addition, short- and long-term initiatives and projects are regularly backed to increase social contribution and welfare. The goal is to ensure that the Group's support is extended where most needed, whether internally or externally, to improve quality of life everywhere it operates.

4,628
Employees across all hospitals and polyclinics

123 USD MN
Total turnover from CHG hospitals and polyclinics

4
Philanthropic projects backed

Patient Management

Key to CHG's operational framework is the importance of clear, consistent patient communication, which the Group believes is central to successful patient care. As such, and despite a slowdown in the second quarter of 2020 due to the pandemic, patient volumes made a rebound in Q3 and Q4 due to the Group's commercial strategy and campaigns, and its relentless efforts in upkeeping patient communication, promoting safety and infection control, and increasing focus on the digital consultations system and home visits programme. The Group's strong dedication to patient care and support reinforced its efforts throughout the year and solidified trust in its operations.

Patient Confidentiality

CHG keeps comprehensive databases that include its patients' personal and medical information, and so it employs the highest standards of information safety and security in keeping them and holds itself fully accountable for ensuring the correct use of records. It also trains all employees, with emphasis on patient-facing personnel, on strict confidentiality in information handling. As a result, no breaches of patient confidentiality were reported this year.

Complaints and Grievances

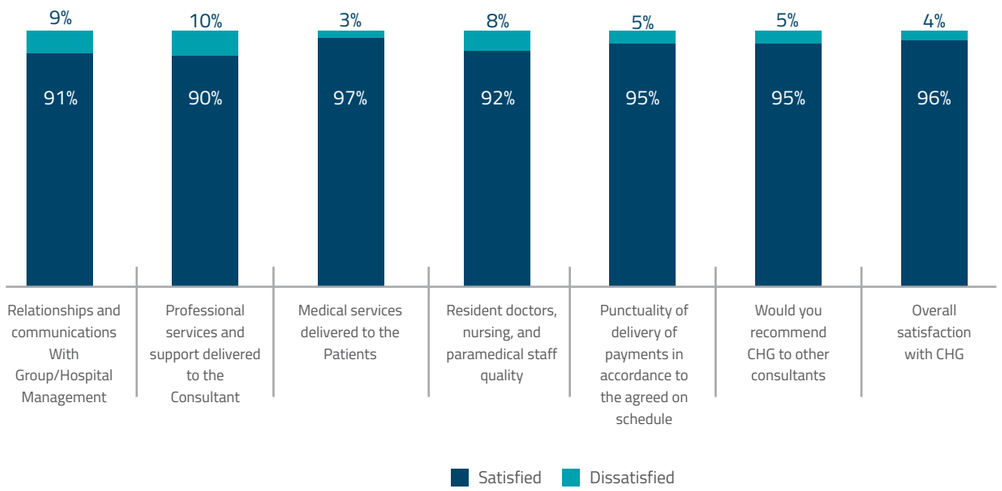
Channels for submitting complaints and grievances are made available to patients and members of the community, with an operation-wide service recovery policy now in place to facilitate proactive responses by the Group's management and other concerned parties. This has allowed CHG to decrease turnaround periods for resolving grievances, and identify and resolve weak links across the operation.

Ethical Marketing

Corporate ethics and policies guide CHG's marketing efforts, which state that only accurate and complete information about facilities, solutions, and products should be relayed, and that the Group must remain aligned with local regulations at all times. Each facility's marketing department is required to seek sign-off from concerned medical experts before making submissions for regulatory approval and proceeding with a campaign. Due to strict operation-wide compliance with these stipulations, none of the Group's marketing campaigns were rejected by regulatory authorities in 2020.

Patient Health and Safety

Consultants Relationships - Satisfaction Survey dated December 2020

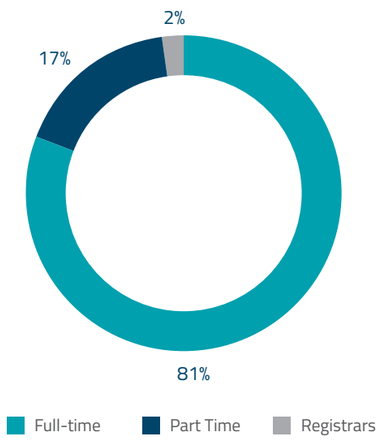


To ensure patient health and safety across its facilities, CHG currently limits its COVID-19 operations to Queens and Al Katib hospitals, with the rest safely catering to existing or new patients outside the scope of the pandemic. The Group also signed an agreement to form a joint venture with Egypt's EFS Facilities Services (EFS) to create the Egyptian Healthcare Facilities Services (EHFS) company. CHG has outsourced its non-core hospitality functions including security, cleaning, laundry, kitchen, and maintenance, with EFS assuming management of the venture.

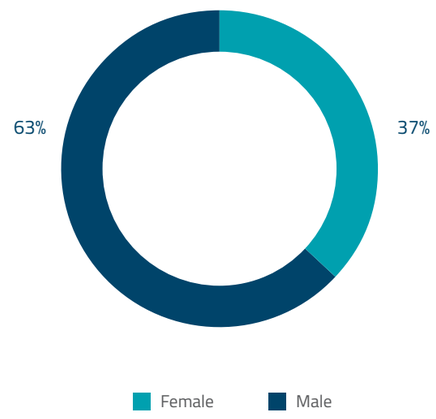
> People are at the core of CHG's operations, with stakeholder wellbeing and satisfaction central to the Group's standing as a top-tier healthcare provider and member of its community.

Employee Affairs

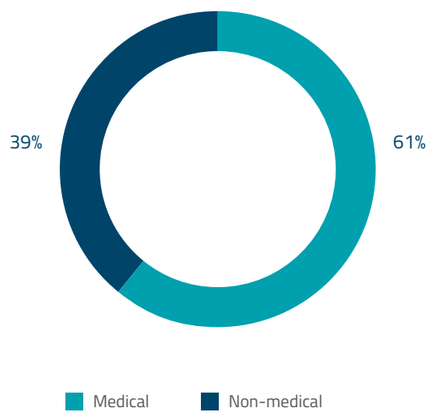
Employee Breakdown | 2020



Staff Gender Breakdown | 2020



Medical vs Non-medical Breakdown | 2020



72% of employees receive annual performance reviews

25% of management are women

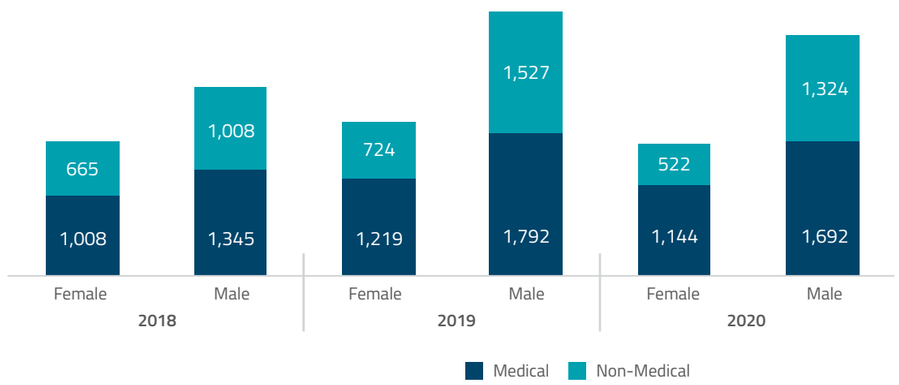
27% of employees have long-term contracts

19% of employees receive annual trainings

36% of the workforce are women

6,524 hours of training were conducted in 2020

Employee Breakdown by Sector and Gender



> CHG makes continuous investments and partners with varied organisations to implement health awareness campaigns and medical education programmes to deliver long-term impact.

Employees are part and parcel of CHG's successes, and so the Group strives to create a safe, stimulating, and rewarding work environment by prioritising their well-being and fair compensation, as well as investing in their learning and development to strengthen their capabilities.

Compensation and Benefits

CHG fully complies with local labour laws, and offers its employees inclusive compensation, benefits, and a rewarding work environment that attracts a pool of competent and highly skilled professionals. It also regularly examines its frameworks and standards, and incorporates changes when needed for the benefit of its people.

Performance Management

CHG overhauled its incentive mechanisms over the last three years, with changes including annual increases of up to 25%, better health and life insurance policies, and the introduction of a new, merit-based incentives system. The system states that high performers are to receive a multiplier of one month's salary as per their performance, in addition to individual, project-based incentives when applicable. The responsible evaluation system also assesses employees' core competencies to determine succession plans at hospital and Group level, as well as determine training and career development needs for each employee. Discussions to track performance are regularly conducted and improved resulting objectives, activities, and deliverables.

Diversity and Inclusion

Fostering a tolerant and diverse work environment free from all forms of discrimination is a fundamental part of the Group's operational strategies, with anti-discrimination and anti-sexual harassment reporting mechanisms outlined for employees to use when or if needed. Additionally, CHG consistently monitors its diversity metrics to ensure the provision of equal employment opportunities to members of its community.

Continuous Education

CHG regularly conducts courses, workshops, and seminars in diverse specialisations and fields, in fulfilment of the Group's HR growth plans for each of its people. These programmes aim to expand on each individual's knowledge, skills, and capabilities, allowing them to increase their scope of work and further their careers with the Group. Around 900 employees received trainings in 2020.

Community Development

As an active member of its community and a supporter of its people, CHG aims to facilitate access to healthcare services through and beyond its primary offerings. The Group therefore makes continuous investments and partners with varied organisations to implement health awareness campaigns and medical education programmes to deliver long-term impact.

Skill Enhancement Programme with MoHP

CHG collaborates with Egypt's Ministry of Health and Population to deliver the Skills Enhancement Programme under the ministry's new Health Insurance Initiatives, currently in its first phase and set to roll out across the nation. The programme complements the 2019 Universal Health Insurance Initiative that provided medical, technical, and managerial skills trainings to employees at public hospitals, and aims to guarantee access to high-quality public healthcare across the nation. Through the programme, CHG conducted medical and non-medical, practical and non-practical trainings in alignment with JCI and National Safety Requirements that increase service quality in facilities associated with the initiative.

The Group also supports the ministry by managing three hospitals in Port Said governorate, namely El Tadamon Hospital, El Nasr Specialised Hospital, and El Nesa Hospital. It provides employees with medical and administrative workshops and passes on best practices used across its own facilities. Technical trainings are delivered to medical staff, who are also provided with the Group's official medical form system to assist in maximising operational efficiencies. Trainings in an array of administrative fields that include supply chain, human resources, and facility management are also delivered, as the Group aims to introduce its administrative protocols across all hospitals participating in the National Healthcare Act, as upgraded organisational structures and a first-of-its-kind Egyptian public hospitals attendance system.

Joint Medical Scholarship Programme

CHG signed a Memorandum of Understanding (MoU) with Nahda University in Beni Suef (NUB) to establish the Joint Medical Scholarship Programme at the university's faculty of medicine starting the academic year 2020/2021. The programme aims to promote and increase access to high-quality medical education among Upper Egypt students with limited financial capabilities. It also prioritises students whose fathers were injured or martyred during their service with the Egyptian Army or Egyptian Police forces. Five female candidates and three male candidates with exceptional academic records and humanitarian ambitions were selected for the programme.

Expanding Service Offerings

Home Visits: "We Will Come to You" Campaign

CHG launched a new home visits service to facilitate access to healthcare to as many Egyptians as possible, curb lower outpatient volumes, and serve patients who were unwilling to make in-person visits due to the threats posed by COVID-19. It promoted the service through its "We Will Come to You" marketing campaigns, which stressed on benefits that include but are not limited to round the clock home visit services, medical care for the elderly, 24/7 pharmacy delivery, and at-home COVID-19 follow-up.

Telehealth

CHG invested EGP 5 million and partnered with Ellbalto, Egypt's first telemedicine mobile app, to offer patient consultations and follow-ups using video calls. CHG's health experts and consultants are available through the app, which allows patients to book appointments, review diagnostics and follow up on their medical cases from any location, thus also relieving pressure on outpatient facilities due to the spread of COVID-19.

600

Employees trained on medical and non-medical functions

Financial Statements

Auditor's report

To: The Shareholders of Cleopatra Hospital Company "S.A.E." and its subsidiaries

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Cleopatra Hospital Company "S.A.E." ("Company") and its subsidiaries (the «Group»), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and in light of the prevailing Egyptian laws. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleopatra Hospital Company "S.A.E." and its subsidiaries, as at 31 December 2020, its consolidated financial performance, and its consolidated cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Wael Sakr
R.A.A. 26144
F.R.A. 381

21 March 2021
Cairo

Consolidated statement of financial position

At 31 December 2020

(All amounts in Egyptian Pounds)

	Note	2020	2019
Assets			
Non-current assets			
Fixed assets	6	1,205,195,860	908,495,300
Right of use	32	18,824,508	10,247,595
Investments in associates	8	1,143,591	-
Goodwill	7	369,263,334	369,263,334
Intangible assets	7	58,321,679	44,354,000
Total non-current assets		**1,652,748,972**	**1,332,360,229**
Current assets			
Inventories	9	66,307,150	49,260,610
Trade receivables	10	418,760,499	337,153,648
Due from related parties	29	386,827	2,019,705
Debtors and other debit balances	11	94,560,254	105,227,154
Treasury bills	12	220,565,830	50,099,258
Cash on hand at banks	13	329,951,754	791,267,839
Total current assets		**1,130,532,314**	**1,335,028,214**
Total assets		**2,783,281,286**	**2,667,388,443**
Equity			
Share capital	17	800,000,000	800,000,000
Reserves	18	281,336,162	284,394,548
Retained earnings		984,874,111	746,183,287
Total equity of the parent company		**2,066,210,273**	**1,830,577,835**
Non-controlling interests	19	107,725,535	103,926,707
Total equity		**2,173,935,808**	**1,934,504,542**
Liabilities			
Non-current liabilities			
Lease liability	32	7,979,393	5,834,432
Deferred tax liabilities	27	77,894,362	74,794,486
Purchased investment liability	33	17,940,000	-
Total non-current liabilities		**103,813,755**	**80,628,918**
Current liabilities			
Provisions	14	21,630,407	15,558,340
Due to related parties	29	597,889	-
Creditors and other credit balances	15	441,953,184	442,334,530
Employee incentive plan	16	-	129,072,581
Lease liability	32	5,295,687	2,651,440
Current income tax liabilities	26	36,054,556	62,638,092
Total current liabilities		**505,531,723**	**652,254,983**
Total liabilities		**609,345,478**	**732,883,901**
Total equity and liabilities		**2,783,281,286**	**2,667,388,443**

- The accompanying notes from (1) to (34) are integral part of these consolidated financial statements.
- Auditor's report is attached

Mr. Ahmed Adel Badr Eldin	Dr. Ahmed Ezz Eldin Mahmoud	Mr. Ahmed Gamal
Non Executive Chairman	CEO & Managing Director	Group CFO

18 March 2021

Consolidated statement of profit or loss

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)

	Note	2020	2019
Operating revenue	20	1,989,543,291	1,798,143,113
Less:			
Operating costs	21	(1,299,969,135)	(1,172,654,741)
Gross profit		**689,574,156**	**625,488,372**
Add / (Less):			
General and administrative expenses	24	(308,919,509)	(337,971,990)
Costs of acquisition activities		(13,158,521)	(6,281,828)
Provisions	15	(24,664,233)	(7,447,777)
Other income	26	6,699,983	10,742,207
Finance income	27	49,139,077	93,345,412
Finance expenses	27	(2,448,702)	(6,891,047)
Pre-operating expenses	28	-	(3,438,741)
Profit for the year before income tax		**396,222,251**	**367,544,608**
Current tax	26	(95,477,101)	(94,261,191)
Deferred tax	27	(3,099,876)	(7,925,336)
Profit after income tax		**297,645,274**	**265,358,081**
Profit for:			
Owners of the parent company		286,922,017	257,408,062
Non-controlling interests	21	10,723,257	7,950,019
		297,645,274	**265,358,081**
Earning per share	31	**0.15**	**0.14**

- The accompanying notes from (1) to (34) are integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)

	2020	2019
Profit for the year	297,645,274	265,358,081
Other comprehensive income	-	-
Comprehensive income for the year	**297,645,274**	**265,358,081**
Comprehensive income for:		
Owners of the parent company	286,922,017	257,408,062
Non-controlling interests	10,723,257	7,950,019
	297,645,274	**265,358,081**

- The accompanying notes from (1) to (34) are integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)

	Share capital	Reserves	Retained earnings	Total Shareholders equity of the parent Company	Non-controlling interest	Total equity
Balance at 1 January 2019	**800,000,000**	**274,181,651**	**529,815,360**	**1,603,997,011**	**74,719,570**	**1,678,716,581**
Minority interest share in subsidiaries capital increase	-	-	-	-	22,526,489	22,526,489
Dividends for employees and board members	-	-	(30,825,264)	(30,825,264)	(1,526,345)	(32,351,609)
Reserves formed	-	10,212,897	(10,214,871)	(1,974)	1,974	-
Minority interest share in acquisition of subsidiaries	-	-	-	-	255,000	255,000
Comprehensive income for the year	-	-	257,408,062	257,408,062	7,950,019	265,358,081
Balance at 31 December 2019	**800,000,000**	**284,394,548**	**746,183,287**	**1,830,577,835**	**103,926,707**	**1,934,504,542**
Balance at 1 January 2020	**800,000,000**	**284,394,548**	**746,183,287**	**1,830,577,835**	**103,926,707**	**1,934,504,542**
Dividends for employees and board members	-	-	(37,375,630)	(37,375,630)	(6,456,678)	(43,832,308)
Reserves formed	-	(3,058,386)	(10,855,563)	(13,913,949)	970,419	(12,943,530)
Minority interest share in acquisition of subsidiaries	-	-	-	-	(1,438,170)	(1,438,170)
Comprehensive income for the year	-	-	286,922,017	286,922,017	10,723,257	297,645,274
Balance at 31 December 2020	**800,000,000**	**281,336,162**	**984,874,111**	**2,066,210,273**	**107,725,535**	**2,173,935,808**

- The accompanying notes from (1) to (34) are integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)

	Note	2020	2019
Cash flows from operating activitiesA7:A7:F53			
Profit before tax		396,222,251	367,544,608
Adjustments to reconcile net income to cash flows from operating activities			
Fixed assets depreciation	6	82,401,609	64,604,062
Right of use depreciation	35	1,959,857	398,578
Profit from sale of fixed assets	7	(475,170)	(1,003,717)
Amortization of intangible assets	26	3,972,321	-
Impairment of trade receivables	10	51,051,444	58,354,758
Impairment of inventories	9	308,894	(94,617)
Impairment of other debit balances	11	-	(767,506)
Provisions	14	24,664,232	7,447,777
Interests and commissions	27	2,163,984	3,732,773
Interests payable	27	(49,139,077)	(93,345,412)
Employee incentive plan	16	7,761,024	83,840,084
Losses of investments in associate companies	8	81,399	-
Operating profits before changes in assets and liabilities		**520,972,768**	**490,711,388**
Changes in assets and liabilities			
Change in inventories		(17,355,434)	(7,139,624)
Change in trade receivables		(132,658,295)	(92,666,915)
Changes in due from related parties		1,632,878	5,093,223
Change in debtors and other debit balances		36,687,470	6,050,475
Change in due to related parties		597,889	-
Change in creditors and other credit balances		45,347,103	140,477,758
Utilized provisions during the year	14	(18,592,166)	(16,791,112)
Income tax paid	26	(122,060,637)	(101,021,359)
Payment under rent		(5,747,562)	(2,160,301)
Payment from the employee incentives plan	16	(136,833,605)	-
Net cash flows generated from operating activities		**171,990,409**	**422,553,533**
Cash flows from investing activities			
Payments for purchase fixed assets	6	(159,512,190)	(90,463,258)
Payments for projects under construction	6	(221,106,145)	(194,091,983)
Proceeds from sale of fixed assets		1,991,335	1,627,380
Down payments for purchase of fixed assets		(27,333,334)	(64,831,211)
Treasury bills (Maturity 183 days)	13	50,099,258	(50,099,258)
Interests received		50,451,841	97,217,897
Payments for investments in associates,		(1,224,990)	-
payments on account of long-term investments		(41,080,212)	-
payments for the acquisition of subsidiaries		(14,381,700)	-
Payments for acquisition of investment		-	(160,080,000)
Net cash flows (used in) generated from investing activities		**(362,096,137)**	**(460,720,433)**
Cash flows from financing activities			
Payments for capital increase		-	22,526,489
Proceeds from borrowings and overdraft		-	85,171,461
Interests and commissions paid		(2,163,984)	(20,034,504)
Payments of borrowings and overdraft		-	(180,275,329)
Dividends paid		(48,480,544)	(31,938,472)
Net cash flows (used in) generated from financing activities		**(50,644,528)**	**(124,550,355)**
Change in cash and cash equivalents during the year		**(240,750,256)**	**(162,717,255)**
Cash and cash equivalents at the beginning of the year		791,267,839	953,422,594
Cash held by subsidiaries at acquisition date		-	562,500
Cash and cash equivalents at the end of the year	14	**550,517,583**	**791,267,839**

- The accompanying notes from (1) to (34) are integral part of these consolidated financial statements.

Notes to the consolidated financial statements -

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)

1. Introduction

Cleopatra Hospital Company (Lasheen and Partners) was established as a limited partnership on 19 July 1979.The decision of the Chairman of Investment Authority No. 4092 of 2005 was issued on 27 June 2005 authorising the conversion of the legal type of Cleopatra Hospital (Lasheen and Partners) from a «limited partnership» into Cleopatra Hospital Company «S.A.E.» in accordance with the provisions of Law No. (8) Of 1997 and Law No. (95) Of 1992.

The Company›s purpose is to establish a private hospital to provide advanced modern health and medical services, as well as the medical care of inpatients. The Company may have interest or participate in any manner in companies or other firms which carry on similar activities in Egypt or abroad. The Company may acquire, merge or affiliate such entities under the General Authority for Investment.

The Company is located at 39, 41 Cleopatra Street, Heliopolis, Cairo.

Care Health is the shareholder in the company with a 37.87% shareholding.

On 16 September 2015, Cleopatra Hospital S.A.E. acquired 52.7% of the total shares of Cairo Specialised Hospital. Cleopatra Hospital S.A.E share in Cairo Specialised Hospital has changed to reach 53.67% due to the write off of treasury shares, As of 28 September 2017, the shareholding rate has become 53.88% as a result of the company purchasing shares of non-controlling interests in Cairo Specialist Hospital. As of 14 November 2019, the percentage of the contribution of Cleopatra Hospital Company S.A.E. has changed to 54.58% for the subscription in the capital increase of Cairo Specialist Hospital Company. On 1 April 2020 Cleopatra Hospital Company "S.A.E" purchased 66,430 shares of non-controlling interest of Cairo Specialist Hospital, to become the sharing of Cleopatra Hospital to 55.54% Cleopatra Hospital purchased 18,998 shared of the non-controlling interest of Cairo Specialist Hospital. To become the sharing of Cleopatra Hospital 55,69%.

On 22 September 2015, Cleopatra Hospital S.A.E. acquired 99.92% of the total shares of Nile Badrawi Hospital Company, According to the decision of the Board of Directors of the Nile Hospital Badrawi on 13 March 2019 and the approval of the Board of Directors of the Cleopatra Hospital Company on
14 March 2019, the authorized capital of the Nile Badrawy Company has been increased by EGP 180 million to become EGP 200 million and this has been subscribed in the amount of EGP 121 million to make the paid-up capital EGP 141 million. The amount of the capital increase has been paid in full by the Cleopatra Hospital Company, and consequently, the contribution of Cleopatra Company is 99.989%.

On 24 January 2016, Cleopatra Hospital S.A.E. acquired 99.99% of the total shares of Al-Shorouk Hospital.

On 6 August 2017 CHG Medical Services was established with a capital of EGP 250,000 and on
22 March 2018, the Extraordinary General Assembly approved the amendment of some articles of the company›s articles of association as follows:

- Amending the authorized capital from EGP 250,000 to EGP 2,000,000, the issued and the paid up from EGP 250,000 to EGP 312,500 with a value of EGP 10 per share.
- The capital was underwritten by Cleopatra Hospital Company through preferred shares that entitles the owner to three times the ordinary share in the profits and voting on general assembly decisions.
- According to the above, the Cleopatra Hospital Company's contribution to the capital amounts to 20%, entitling it to 60% in voting rights and dividends as preferred shares.

On 23 December 2018, CHG Pharma was established to manage pharmacies with a capital of EGP 250,000 and Cleopatra Hospital Company›s contribution is 98% of the capital.

On 18 March 2019, Cleopatra Hospital S.A.E acquired the fixed assets, operations and management of Queens Hospital.

On 1 November 2019, Cleopatra Hospital Company finalized the acquisition of Al Kateb Hospital Operations, land and building, and on 27 November, Cleopatra Hospital Company established CHG for Hospitals with a capital of EGP 30 million with ownership percentage of 99.99%.

On September 29, 2020, the company signed a partnership agreement with EFS specialised in serving facilities in Egypt. And that is to establish Egypt Healthcare Facilities Services to manage the facilities. Under this agreement, the total share of Cleopatra Hospital Company is 49% of the capital of the new entity, provided that EFS will obtain the controlling share of 51%. The company was established on October 12, 2020. With issued capital 5,000,000 EGP and 2,500,000 EGP was paid.

On 20 September 2020, the New Bedaya Company for Medical Centers and Hospitals was established in order to acquire the business and assets of Bedaya Hospital with a paid and issued capital of 105 million Egyptian pounds, and the contribution of the Cleopatra Hospital Company is 99.99% of the capital.

These consolidated financial statements have been approved for issuance by the Board of Directors of the Parent Company on 18 March 2021.

2. Accounting policies

The principal accounting policies used in the preparation of these consolidated financial statements are set out below.

A. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards (EASs) and the relevant laws. The consolidated financial statements have been prepared under the historical cost basis.

The preparation of the consolidated financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas where the most significant accounting estimates and judgements applied in preparation of the consolidated financial statements are disclosed in Note 4.

The EAS›s require the reference to the most recent issues by other parties with which they are associated, which are responsible for setting accounting standards and use similar scopes and concepts to develop accounting standards and philosophies and other procedures accepted in the industry, to the extent at which these concepts do not conflict with the requirements of the Egyptian Standards on Auditing, which deal with similar related subjects, definitions, basis of recognition, concepts on the measurement of assets, liabilities, revenue and expenses included in the scope of the preparation and presentation of the financial statements when there is no Egyptian standard on accounting or legal requirements that explain the accounting process for certain balances or transactions.

Matters that have not been addressed in the Egyptian Standards are subject to the International Financial Reporting Standards (IFRS) until the Egyptian Standards that address such matters are issued.

B. New Egyptian Accounting Standards ("EAS") and interpretations adopted

In 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. The group has applied the following accounting standards, amendments and interpretations for the first time on its annual reporting periods starting from 1 January 2019.

Adopted standards

- Egyptian Accounting Standard No. (22) - "earning per share" - All establishments that apply the Egyptian accounting standards should calculate and display earning per share in the profits according to Egyptian Accounting Standard No. (22).
- Egyptian Accounting Standard No. (49) - "Lease Contracts" - First Stage (Lease Contracts subject to Law 95 of 1995 is recognized in the statement of the financial position as an asset (the right to use the leased asset) and a financial obligation to pay the lease payments. Except for the short-term and the small valued lease contracts.

New standards to be adopted

- Some new and revised accounting standards have been published that are not mandatory for the financial statements for the financial years beginning on or after 1 January 2020. On 20 September 2020 the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the financial statements and limit them to the annual financial statements by the year 2021.

(1) EAS No. (47) – "Financial instruments":

Standard name	EAS 47 "Financial instruments"
Nature of change	EAS 47, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has reviewed its financial assets and liabilities and expects the following impact from the application of the new standard on 1 January 2020. On 20 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the financial statements and limit them to the annual financial statements by the year 2021. The company's financial assets consist of the following: • Trade receivables • Time deposits • Cash and cash equivalents • Related parties

Standard name	EAS 47 "Financial instruments"
Impact	Trade receivables and amounts due from related parties and bank balances are debt instruments currently classified as loans and receivables and are measured at the cost consumed under Egyptian Accounting Standard No. 26. The Group has estimated that it meets the terms of the classification at the cost consumed according to Egyptian Accounting Standard No. 47, where it's cash flows from principle payments and interest payments only, and the company's business model is to maintain and collect debt instruments. There will be no impact on the Group's registration of financial obligations, as the new requirements affect the recording of financial liabilities recorded at fair value through profit or loss and the Group does not have any of these obligations. The rules for de-recognition have been transferred from the Egyptian Accounting Standard 26 "Financial Instruments: Measurement and Recognition" and have not been changed. The new impairment model requires recognition of provisions for impairment based on expected credit losses instead of credit losses incurred only, as is the case in accordance with the Egyptian Accounting Standard 26. It applies to financial assets classified at amortized cost and debt instruments measured at fair value through other comprehensive income and contract assets Under Egyptian Accounting Standard 48, "Revenue from Contracts concluded with Clients", Debt Lease Balances, Loan Commitments, and Some Financial Guarantee Contracts. And based on the evaluations implemented to date. The new standard also introduces extended terms of disclosure and changes in presentation. It is expected to change the nature and size of the Group's disclosures regarding its financial instruments, especially in the year in which the new standard is applied. The management did not conclude the assessment for the impact over the Financial statement for the Group.
Mandatory application date/ Date of adoption by group	On 20 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the financial statements and limit them to the annual financial statements by the year 2021.

(2) EAS No. (48) – "Revenue from contracts with customers":

Standard name	EAS 48 "Revenue from contracts with customers"
Nature of change	It issued a new standard for revenue recognition, replacing Egyptian Accounting Standard No. 11 covering contracts for sales of goods and services and Egyptian Accounting Standard No. 8 covering construction contracts. The new standard is based on the principle of revenue recognition when transferring control of goods or services to a customer.
Impact	The effects of applying the new standard on the company's financial statements are being evaluated, and revenue is measured for all existing contracts in force under Egyptian Accounting Standard Model 48 consisting of five steps. The management did not conclude the assessment for the impact over the Financial statement for the group.
Mandatory application date/ Date of adoption by group	On 20 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the financial statements and limit them to the annual financial statements by the year 2021.

(3) EAS No. (49) – "Leases":

Standard name	EAS 49 "Lease contracts" stage two (lease contract) except for those which were subject to Law 95 for the year 1995.
Nature of change	Egyptian Accounting Standard No. (49) for rental contracts was issued, which requires two-stage implementation. The first stage relates to leasing contracts that were subject to Law 95 of 1995 and is applicable in the financial periods beginning on or after 1 January 2019. The explanation above shows the impact of the application of the first stage on the financial statements. The second stage is related to leasing contracts other than those that were subject to Law 95 of 1995 and is applicable for financial periods beginning on or after 1 January 2020. In accordance with the new standard, at the statement of financial position an asset is recognised as (the right to use the leased asset) and a financial obligation to make the lease payments. Except for the short-term and small-valued leasing contracts.
Impact	Egyptian Accounting Standard No. (49) for rental contracts was issued, which requires two-stage implementation. The first stage relates to leasing contracts that were subject to Law 95 of 1995 and is applicable in the financial periods beginning on or after 1 January 2019. The explanation above shows the impact of the application of the first stage on the financial statements. The second stage is related to leasing contracts other than those that were subject to Law 95 of 1995 and is applicable for financial periods beginning on or after 1 January 2020. In accordance with the new standard, at the statement of financial position an asset is recognised as (the right to use the leased asset) and a financial obligation to make the lease payments. Except for the short-term and small-valued leasing contracts.
Mandatory application date/ Date of adoption by group	The group will apply the second stage of Egyptian Accounting Standard No. 49 to operating lease contracts from the mandatory date of application from 1 January 2020. The group intends to use the practical means provided by the standard and the comparison numbers for the year will not be modified before the initial application of the standard. The right of use assets arising from operating lease contracts will be measured at the amount of the lease liability at the date of the initial application (adjusted for any advance or due rental expense). On 20 September 2020, the Financial Supervisory Authority decided to postpone the application of amendments to the Egyptian Accounting Standards to the financial statements and limit them to the annual financial statements by the year 2021.

C. Basis of consolidation

1. Subsidiaries

Subsidiaries are the companies (including special purpose entities) with which the Group does not deal and shall not have rights in variable returns through its participation in the subsidiary and shall have the ability to impact such returns through its authority over its subsidiaries. The Group›s authority over the subsidiary arises when the Group has outstanding rights giving the Group the current ability to instruct relevant activities, such as activities that impact the subsidiary›s returns. Potential voting rights that may be practiced or transferred are taken into consideration when assessing the existence of authority over the subsidiary.

The acquisition method of accounting is used to account for the acquisition of a subsidiary from outside the group by the Group. The cost of an acquisition is measured at the fair value or consideration of assets given by the Company for acquisition and/ or equity instruments issued and/ or liabilities incurred by the Company, and/or the liabilities accepted on behalf of the acquire at the date of exchange plus any costs that are directly attributable to the acquisition. Net assets, including the identifiable contingent liabilities acquired at their fair value at the date of acquisition, are measured at fair value at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the mentioned net assets, the difference is recognised directly in the statement of profit and loss.

In case the acquisition process is carried out by an entity under joint control, subsidiaries are fully consolidated from the date on which control is transferred to the Group. The historical cost method is used where assets and liabilities are transferred from the consolidated financial statements to the highest joint control entity which consolidated the transferred company. If this is not possible, transfer will be made at the same value stated in the transferred company›s books. The difference between the carrying value of the net assets referred to and the cost of acquisition is recognised in equity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Inter-companies' transactions, balances and unrealised gains on transactions between the Group›s companies are excluded. Unrealised losses are eliminated and are considered as an indication of the impairment of the transferred assets.

Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted at the Group›s level.

The consolidated financial statements include the financial statements of the following subsidiaries:

	Country of incorporation	Percentage of ownership
Al-Shorouk Hospital Company S.A.E.	Egypt	99.99%
Nile Badrawi Hospital Company S.A.E.	Egypt	99.99%
Cairo Specialised Hospital Company S.A.E.	Egypt	56.46%
CHG for Medical Services Company S.A.E.	Egypt	20% (Preferred shares)
CHG Pharma for Pharmacies Management Company S.A.E.	Egypt	98%
CHG for hospitals	Egypt	99.99%
Investments in new Bedaya for Medical Centers and Hospitals	Egypt	99.99%

2. Sale, acquisition and non-controlling interests

The Group recognises sales and acquisitions made with the minority, as transactions with parties outside the Group. Gains or losses on disposal of equity to the minority, are recognised in the consolidated equity. Where purchase is made from minority, the difference between the consideration paid and the carrying value of the share purchased in the subsidiary›s assets is recognised as a reserve in the consolidated equity.

3. Associates

- Associates are entities over which the Group has significant influence but not control. A shareholding in these entities ranges between 20% and 50% of the voting rights.
- Investments in associates are accounted for by the equity method of accounting, investments are initially recognised at cost.
- Goodwill arising from shareholding in associates is stated within investment cost net of accumulated impairment.
- The Group's share of its associates' post-acquisition profit and loss is recognised in the profit and loss statement, and its share of post-acquisition movements in associates› reserves is recognised in reserves, in exchange for the adjustment of carrying value of investment against the Group›s share in post-acquisition changes in equity after the acquisition date.
- When the Group's share of losses in associates equals or exceeds its interest in the associate, including any other receivables or unsecured borrowings, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies applied in the associates are adjusted when necessary to ensure consistency with the policies adopted by the Group.

D. Segment reporting

Business segments are reported in line with the reports provided internally to the senior management, which makes decisions related to resources allocation and evaluation of segments› performance in the Group. The senior management is represented in Group›s executive management committee. The segment reports are provided to the Group based on each company, as each subsidiary is considered a separate business segment.

E. Foreign currency translation

(1) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds (EGP), which is the Group's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions during the year are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at the consolidated financial position date are recognised in the consolidated statement of profit or loss.

F. Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing it to a ready-for-use condition.

All expenses attributed to the acquisition and establishment of fixed assets are recognised at the accounts of projects under construction. When the fixed asset is complete and brought to a ready-for-use condition, the asset›s amount is transferred to the account of fixed assets.

All repair and maintenance costs are charged to the statement of profit and loss for the fiscal year in which they are incurred. Major renovation costs are capitalised over the asset›s cost when they are expected to raise the expected pattern of the Company›s future economic benefits over the estimated original benefits of the asset acquisition. These costs will be depreciated at the lower of the asset›s remaining useful life or the expected useful life of these renovations, the net carrying amount of the disposed part is eliminated.

The straight-line method is used to calculate the depreciation by reducing the asset›s value to its salvage value over the estimated useful life except the land that is not considered a depreciable asset. The fixed assets› salvage value and useful life are reviewed annually and adjusted if appropriate.

The depreciation rates by type of asset are as follows:

Machinery, equipment and devices	10%
Furniture	15%
Buildings	2.5%
Vehicles	20%
Computers	25%
Leasehold improvement	Remaining of the lease contract
Acquired assets	Over the remaining productive years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the amount estimated to be recovered from operation. Gains and losses on disposals are determined by comparing the realisable value with the net carrying amount, and the difference is recognised in the statement of profit or loss.

G. Intangible assets

1. Goodwill

Goodwill results from the acquisition of subsidiaries and represents the excess of the cost of acquisition of shareholding in subsidiaries over the fair value of the Group's share of the net assets of the acquired associate at the date of acquisition. Goodwill resulting from the acquisition of a subsidiary is included within intangible assets.

The Group›s management conducts analysis annually or at shorter intervals, where there is an indication for impairment, to estimate whether the carrying value of goodwill is expected to be fully recovered, and reduce the carrying value of goodwill if it is higher than the expected recoverable amount. Any losses resulting from impairment of goodwill are charged to the statement of profit or loss and cannot be reversed subsequently.

Profits and losses resulting from the disposal of investments in subsidiaries or associates comprise the carrying value of the goodwill related to the investment.

Goodwill is allocated to cash generating units for the purpose of measurement of impairment. Allocation is made on cash generating units or a group of cash generating units that are expected to directly benefit from goodwill.

2. Trade name

Trade name is included within intangible assets, and represents the trade name of both Nile Badrawi Hospital S.A.E. and Al-Shorouk Hospital S.A.E., resulting from the acquisition at fair value at the date of acquisition.

3. Non-competition agreement

The fair value of the recognised asset is depreciated in such agreements over the period during which it is expected to beneficial. The period is specified to be two years long.

H. Inventories

Inventories are evaluated at the lower of actual cost or net realisable value. Cost is determined using the moving average method and includes purchase cost and other direct costs. The net realisable value comprises the estimated selling price in the ordinary course of business, less realisable expenses. Allowance is made for slow moving inventories based on management's assessment of inventory movements.

I. Financial assets

First – Classification:

The Company classifies its financial assets into the following categories at initial recognition depending on the purpose for which the financial assets were acquired. The management of the Company has classified its financial assets within the group of loans and receivables.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable values that are not quoted in an active market.

They are included in current assets, except for those with maturities greater than 12 months after the financial position date. In this case, they are classified as non-current assets.

Loans and receivables include accounts receivables, cash and bank balances, and due from related parties.

Second: Initial and subsequent measurement:

1. The financial assets are measured on acquisition at fair value plus transaction costs.
2. The financial assets are derecognised when the right to receive cash flows from such assets has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.
3. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

Third: Impairment of financial assets:

Assets recognised at amortised cost

The Company assesses, at the end of each financial period, whether there is evidence that a financial asset or a group of financial assets is impaired.

Impairment of a financial asset or group of financial assets is recognised if an impairment evidence exists as a result of one or more events that occurred after the initial recognition (a «loss event») and if the loss event (or events) has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably measured.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a decrease in the estimated future cash flows, such as future changes or economic conditions that correlate with the impairment evidence.

Fixed assets› impairment loss is measured at amortised cost, which is the difference between the asset›s carrying amount and the present value of the estimated future cash flows (after eliminating future losses that have not occurred) discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment decreases and the decrease can be related to an event occurring after the initial recognition (such as an improvement in the debtor's credit rating), the reversal of the impairment is recognised in the statement of profit or loss.

J. Impairment of non-financial assets

Intangible assets that have an indefinite useful life, and so are not depreciated, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal of the asset or the value expected to be recovered its use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash inflows.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that impairment losses recognised for the asset no longer exist or have decreased. Loss of impairment, which should not exceed the fair value that will be determined (net of depreciation), is reversed. Such reversal is recognised in the statement of profit or loss, excluding goodwill.

K. Share capital

Ordinary shares are classified as equity.

L. Legal reserve

As required by the parent Company, 5% of the net profit shall be transferred to constitute the legal reserve, once the financial statements are approved by the Company›s ordinary general assembly meeting. Such transfer may be discontinued when the reserve equals 50% of the Company›s issued and paid up capital. Whenever this reserve is lower than this percentage, the deduction should be continued. This reserve is not available for distribution.

M. Provisions

Provisions are recognised when the Company has a (legal or constructive) obligation as a result of past events. It is expected that this settlement will result in an outflow of the Company›s resources, which ensures that economic benefits will arise, and it is probable that the resource usage will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

N. Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Trade payables are initially recognised at fair value of products and services received from others, whether they have been billed or not. Long term liabilities are recognised at their present value, and trade payables are subsequently shown at amortised cost using the effective interest method.

O. Borrowings and advances

Borrowings are initially recorded at received amounts less the cost of obtaining the loan. Borrowings are subsequently stated at amortised cost using the effective interest method; any difference between proceeds (net of borrowing cost) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective yield method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of this asset. The cost of borrowing, which is capitalised, is determined based on actual borrowing costs, which are incurred by the Group during the year due to borrowing process, less any income realised from the temporary investment of funds borrowed.

Borrowings and advances are classified as current liabilities unless the Group has an unconditional right to defer the settlement of such obligations for a period of not less than 12 months after the date of the financial statements.

P. Employees' benefits

(1) Pension and insurance scheme

The Group pays contributions to the Public Authority for Social Insurance on a mandatory basis in accordance with the rules of Social Security Law. The Group has no further obligations other than the payment of its obligations. The regular contributions are recognised as periodic costs for the period in which they are due and as such are included in staff costs.

(2) Employee incentive plan

Cleopatra Hospital grants units of cash bonus to the selected employees of the Group according to the criteria, basis, and rules established by the Remuneration Committee to activate this plan. To connect the interests of the beneficiaries of the system with the interest of the shareholders and to ensure that the participants with high efficiency obtain the appropriate incentive to support the growth and stability and maintain the high-efficiency workers within the management team.

The remuneration committee of the Company supervises the implementation of the system under the control and supervision of the Company›s Board of Directors.

System elements

Each beneficiary shall be given units of monetary reward or a fixed percentage of the amounts allocated to the system in accordance with the award of the remuneration committee.

The remuneration committee shall determine the date of grant.

Amounts due to the plan are determined according to a specific mechanism and include the following:

A) Payments calculated on the basis of the difference between the average market value of the Parent Company›s shares on 2 June 2020 during the six months preceding the date of the financial position and the share price at the date of its public offering on the Stock Exchange on 2 June 2016.

B) Payments are calculated on the basis of the difference between earnings before interest, tax depreciation and amortization (EBITDA) on the maturity date 2 June 2020 and 2 June 2016.

- The beneficiaries› entitlements from the system shall be paid within one month of the end of the fourth year of the system («maturity date» or within one month from the date of any entitlement to the system in accordance with its terms and conditions).
- This system is not a system of remuneration and motivation for the employees of the Company by granting or giving any rights in the shares of the Company as this system is a system of monetary incentives.
- The Remuneration Committee shall be entitled to amend the mechanism for calculating amounts due in light of any developments related to the Company›s activities or achieving its objectives and after the presentation to the Board of Directors for approval and clarification of the justifications for this amendment. The Remuneration Committee is entitled to reallocate units that have not been used or are available in general to existing or new beneficiaries.
- The Group recognizes the cost of incentives related to the services rendered by the employees under the system over the period in which the service is performed. The Group recognizes the liability for the system at the date of each financial position in accordance with the fair value of the consideration expected to be paid to the employees on the grant date. The fair value of these liabilities is estimated at the date of the financial position taking into account all the circumstances relating to the expected discounted cash flows at the effective rate of return applicable.
- The Group recognises the fair value of the employees› services received as expenses in the statement of profit or loss.
- The system expired on June 2, 2020, and the full value was paid to the beneficiaries on June 9, 2020.

Q. Share based payment

- On 15 October 2020, the company's general assembly agreed to approve the system of reward and motivation for employees, managers, and executive board members of the company, by promising to sell shares, to be effective from July 1, 2020, taking into account obtaining the approval of the Financial Regulatory Authority first so that the company can announce and apply The system, the system was approved by the Financial Regulatory Authority on 31 December 2020.
- Definition of the system:

1- A promise to sell shares equivalent to 5% of the shares issued to the company is made to the employees, managers and members of the executive board of directors of the company and its subsidiary companies who are selected by the supervision committee, noting that the same beneficiary may be selected more than once during the term of the system within the limits of this percentage . The supervision committee may include other beneficiaries during the term of the system.
2- The term of the system is a maximum of seven years, starting from 1/7/2020, during which each beneficiary is allocated a specific number of units according to the decision of the supervision committee, with a maximum of five segments.
3- The shares allocated to the beneficiary are calculated according to the following equation:

The difference between (1) the share price determined on the basis of the weighted average (Volume Weighted Average Price) in the month prior to the date of allotment and (2) the share price determined on the basis of the weighted average (Volume Weighted Average Price) in the month preceding the date of commencement of exercise Right, which is the date that one year has passed since the date of each allocation ("the share price upon exercising the right"). Then the result is multiplied by the number of units allocated to each particular segment for each beneficiary, and the indicated output is divided by the share price upon exercising the right, resulting in the final number of shares allocated to the beneficiary («the final number of shares»), which links the economic interest of the beneficiaries of the system with the interest of the shareholders of the company (An illustrative example is attached). In the event that the total percentage of the output of the number of shares for all the beneficiaries of the system exceeds 1% of the total shares issued to the company annually at any time, the percentage increase will be reduced to 1% in proportion and proportionality to all the beneficiaries of the system who have not exercised their right on the shares allocated to them.

4- The final number of shares allocated to each beneficiary is distributed over three years according to the allocation contract for each beneficiary.
5- In the event that the beneficiary does not exercise his right during the period of exercising the right, his right to these shares shall be forfeited.
6- The issuance of the increase in shares allocated to the application of the system is funded through a special reserve, share premium and / or retained earnings, and / or by converting the reserve money or part thereof into shares, the value of which is increased by the issued capital based on a decision by the company's board of directors or by cash purchase Of the company's shares traded on the Egyptian Stock Exchange, as treasury shares, and their allocation according to the system.
7- And the fair value of these liabilities is recognized in the statement of profit or loss.
8- The General Assembly may terminate this system, subject to obtaining the approval of the Financial Supervisory Authority, without any prejudice to the rights of the beneficiaries.

R. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, including cash balances, trade and notes payable for rendering medical services and sale of medicine throughout the Group›s ordinary course of business, and excluding sales taxes, deductions or discounts.

Revenues are recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits related to the sale process will flow to the Group; and when other specific criteria have been met for each of the Group's activities as described below. The revenue amount will not be considered reliably measurable unless all contingent liabilities are settled. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Medical services revenue

The Group renders several medical services, including surgeries, admission, medical supervision, analyses, investigations, x-rays and outpatient services. The medical service income is recognised when the service is rendered to the patient.

Sale of medicine revenue

The Group sells drugs through the hospital›s pharmacy or when giving them to inpatients admitted in the hospital. The Group recognises the revenues of medicines when the patient receives the medicine or when the medicine is used for the treatment of inpatients.

Rental income

The Groups rents spaces to others. Such rental is recognised in the statement of profit or loss over the period of contract.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable generated from the recognition of interest is impaired, the carrying amount will be reduced to its recoverable amount.

S. Leases

1. Lease in accordance to law 95 for the year 1995

Before 1 January 2019, leases were accounted in accordance to Law 95 for the year 1995, if the tenant is not obliged to purchase the asset at the end of the lease term; the lease is registered in the register of the Companies› Department; the lease grants the tenant the right to purchase the assets at a definite date and a definite amount; and the contract period represents at least 75% of the expected useful life of the asset, at least, or the present value of the total lease payments represents at least 90% of the value of the asset.

The cost of lease, including the cost of maintenance of the leased assets are recognised as an expense in the consolidated statement of profit or loss for the period in which they occurred. If the Group decides to exercise the right to purchase the leased assets, the cost of the right to purchase is capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

After 1 January 2019, the company evaluated the effect of applying the revised Egyptian rental standard No. (49) to all lease contracts subject to Law 95 of 1995.

On the date of the initial recognition, the company recognized the right of use asset in the statement of financial position with an amount equal to the value of the lease contract commitment after deduction of the rent paid in advance. Subsequently, the right of use is measured at cost less accumulated depreciation and impairment losses.

The right of use is depreciated using the straight-line method over the estimated useful life of these assets or the lease term, whichever is less - unless there is a right to the asset at the end of the contract since the company has a right at the end of the lease term.

The first measurement of the lease obligations is made at the present value of future payments discounted using the additional interest rate that the company borrows, and later is measured using the effective interest rate method.

The right of use, as well as lease obligations, are remeasured in the following cases:

1- Change in the rental price.
2- Amending the lease contract.
3- Adjusting the rental period.

2. Lease other the rent in accordance to Law 95 for the year 1995

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any discounts received from the lessor) are recognised as expense in the statement of profit or loss on a straight-line basis over the period of the lease.

T. Current and deferred income tax

The income tax for the period is calculated on the basis of the tax laws enacted at the financial position date. The management periodically evaluates the tax situation through tax returns, taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

Deferred income tax is fully recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income taxes are not accounted for if it arises from initial recognition of an asset or liability other than those arising from business combination that at the time of the transaction affects neither accounting nor taxable income.

Deferred income tax is determined using tax rates in accordance with the law prevailing at the consolidated financial position date that are expected to apply when the deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

U. Dividends

Dividends are recognised in the consolidated financial statements in the period in which the dividends are approved by the Company's General Assembly of Shareholders.

V. Cash and cash equivalents

For the purpose of preparation of consolidated statement of cash flows, cash and cash equivalents includes cash in hand, bank current accounts, and term deposits with maturities of three months of the date of deposit.

W. Fair value of financial instruments

Fair value is the price that would be obtained for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction of selling an asset or transferring a liability occurs either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market.

The Company must be able to reach the primary market or the most beneficial market.

The fair value of the asset or liability is measured using the assumptions that market participants might use when pricing the asset or liability by assuming that market participants act for their economic benefit.

Fair value measurement for a non-financial asset takes into consideration the market participant›s ability to generate economic benefits through the best and ultimate use of the asset, or by selling them to another market participant that would ensure the best and ultimate use of the asset.

The Company uses valuation techniques appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value of all assets and liabilities in the financial statements are measured and included in the fair value hierarchy below, on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Other valuation techniques where all lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
- Level 3 - Valuation techniques where all lowest level inputs that are significant to the fair value measurement are not observable.

As for assets and liabilities in the separate financial statements, on a periodic basis, the company determines the level, in the case of transfers between levels within the hierarchy during the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement in its entirety) at the end of each reporting period.

The management determines the policies and procedures for measuring the fair value either regularly or irregularly. External valuators are engaged in the valuation of significant assets. The criteria for selecting the valuator include their knowledge of the market, reputation, independence and compliance with the professional standards. The management determines the valuation techniques that should be applied on a case by case basis.

The management in cooperation with the Company›s external valuators compare the changes in fair value for each asset and liability with the relative external sources to assess whether these changes are reasonable.

The fair value of non-current investments is determined based on the discounted cash flows, pricing models, net assets of invested companies or prices in counterpart markets.

3. Financial risk management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including the risk of change in foreign currency and risk of change in interest rates), credit risk and liquidity risk. The Group is not exposed to any price risk as it does not have financial assets at fair value through profit and loss. The Group's management aims to minimise potential adverse effects of such risks on the financial performance of the Group by the monitoring process performed by the Finance Department, Company›s General Manager, and Executive Committee at the level of the Parent Company.

The Group does not use any derivative financial instruments to hedge specific risks.

A) Market risk

i. Risk of change in foreign currency rates

Foreign exchange risk arises from the foreign currency rates that affect the payments and receipts in foreign currency, as well as the valuation of assets and liabilities in foreign currencies. Given the nature of the Group›s activities, the Group does not undertake transactions denominated in foreign currencies as it carries out all purchases in the Egyptian Pound. The Group›s very limited revenue in foreign currencies are generated from certain foreign embassies. The management considers that foreign currency denominated balances are insignificant.

At the end of the year, the net financial assets of foreign currencies before impairment are denominated in Egyptian Pounds as follows:

	2020	2019
US Dollars	16,928,437	12,790,017
Euro	74,796	372,677
GBP	356,446	51,784

If the EGP had been more/ less by 10% against foreign currencies, with all other variables held constant, net profit after taxes would have increased / decreased as follows:

	2020	2019
US Dollars	1,692,844	1,279,002
Euro	7,480	37,268
GBP	35,645	5,178

ii. Fair value and cash flows risks resulting from the change in interest rates

The Parent Company obtained long-term loans at interest rates linked to the corridor rate declared by the Central Bank of Egypt, and therefore, it is exposed to cash flow risks.

B) Credit risk

Credit risk arises from cash and deposits with banks as well as credit risks associated with the Group›s customers. Risk management is monitored for the Group taken as a whole, through the executive management, the central finance department and the executive committee at the level of the Parent Company.

For banks, only highly credit rating banks with high solvency are dealt with and are subject to the control of the Central Bank of Egypt.

For customers, each Hospital›s management analyses the credit risks of each potential new customer before being approved as a credit customer by the Finance Director and the General Manager in accordance with the Group›s established policies, including Cleopatra Hospital Company or the subsidiaries. The Parent Company›s Executive Committee follows-up the compliance with credit terms, and reviews cases of default and debt ageing report to take the necessary decisions whether to cancel the credit or to refer the defaulted customer to the Legal Department for their necessary actions.

The management makes impairment of 100% for customers in default for more than 150 days as of the date of the invoice. After deducting the amounts that expected to be collected after calculating the loss given default rate. The management also establishes the Group-based provision for impairment at historical default rates. The management calculates historical default rates for each customer individually on a monthly basis for defaulted customer balances for more than 150 days until 360 days from the financial position date. Based on those rates, the management calculates a provision on defaulted customer's receivables for less than 150 days.

Cash at banks is placed with local banks that are subject to the supervision of the Central Bank of Egypt. Accordingly, management believes that credit risk resulting from the cash at bank is limited.

Below are the balances that are exposed to the credit risks:

	2020	2019
Cash at banks	327,624,413	788,913,329
Trade receivables	544,086,866	411,428,571
Accrued income	17,171	2,383,756
Employees loans custodies	1,375,596	1,597,912
Due from related parties	386,827	2,019,705
Treasury bills	220,565,830	50,099,258

C) Liquidity risk

The management makes cash flow projections on monthly basis, which are discussed during the Executive Committee›s meeting of the Parent Company, and takes the necessary actions to negotiate with suppliers, follow-up the collection process and manage the inventory balances in order to ensure sufficient cash is maintained to discharge the Company›s liabilities.

The table below shows the Company›s liabilities by maturity:

	Below 3 months	3 months to 1 year	1 year to 5 years
31 December 2020			
Suppliers and notes payable	196,230,413	41,147,349	-
Accrued expenses	153,314,241	13,684,914	-
Lease liability	1,425,422	3,870,265	7,979,392

	Below 3 months	3 months to 1 year	1 year to 5 years	Above 5 years
31 December 2019				
Suppliers and notes payable	155,265,956	83,502,779	-	-
Accrued expenses	157,677,465	27,453,496	-	-

(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 maximise returns for shareholders and provide benefits to the stakeholders, and to maintain an optimal capital structure to reduce the cost of capital, as is followed by other companies operating in the same industry.

The Group›s management monitors capital structure using the gearing ratio, which is calculated as the ratio of net debt to total borrowings, advances, notes payable, and due to related parties, less cash. The total capital represents the total net debt in addition to equity as shown in the consolidated financial position.

Net debt to total invested capital as at 31 December 2020 and 31 December 2019 is as follows:

	2020	2019
Creditors and other credit balances	441,953,184	442,334,530
Employee incentive plan	-	129,072,581
Due to related parties	597,889	-
Less: Cash on hand and at banks	(550,517,584)	(791,267,839)
Net debt	**(107,966,511)**	**(219,860,728)**
Total equity	2,173,935,808	1,934,504,542
Total invested capital	**2,065,969,297**	**1,714,643,814**
Net debts to total invested capital	**(5.23%)**	**(12.8%)**

(3) Estimations of fair values of financial instruments

The fair value of the current financial assets and liabilities approximate their carrying amount, after taking into account any impairment.

4. Critical accounting estimates, assumptions and judgements

Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group reviews the provision at the date of each financial position, and adjusts it to reflect the best current estimate by using the appropriate advisory expertise.

Impairment of goodwill and other intangible assets

The Group›s management evaluates goodwill and other intangible assets annually to determine any impairment in goodwill. The carrying amount of goodwill is reduced if it is higher than the expected recoverable amount. Any losses resulting from the impairment of goodwill is charged to the statement of profit or loss, and cannot be reversed subsequently, (Note 7) illustrates more information regarding this.

Impairment of trade receivables and customers

Impairment of receivables and customer balances is estimated by monitoring ageing of receivables. The Group›s management examines the credit position and ability of debtors and customers to make payments for their past due debts. Impairment is recognised for amounts due from debtors and customers whose credit position does not allow them to pay their dues as believed by the management. In addition, the Group calculates impairment on the Group basis for customers and balances that suffered impairment but not yet determined, by reference to historical default rates applicable to some of the Group companies.

Employee incentive plan

Cleopatra Hospital Group has an incentive plan for some employees of the parent company. The remuneration committee of the parent company oversees the implementation of the plan under the supervision of the parent company›s board of directors. Each beneficiary is granted a cash bonus or a fixed percentage of the amounts allocated to the plan.

This plan is not considered as a plan of remuneration and motivation for employees in the group by granting any rights in the shares of the parent company, as it is a plan of cash incentives based in part on the value of shares. The values of the components of the plan are calculated at current discount rates, either for share-based payments or for payments calculated on the basis of the difference between (EBITDA) and maturity as of 2 June 2020 and 2 June 2016. The discounts rates used in calculating the system values are also reviewed with the market discount rates and reviewing the calculated valued by system elements with the approved five years plans from the management yearly.

The plan consists of the following:

A) Payments calculated on the basis of the difference between the market value of the Parent Company›s shares on 2 June 2020 during the six months preceding the date of the financial position and the share price at the date of its public offering on the Stock Exchange on 2 June 2016.

B) Payments are calculated on the basis of the difference between earnings before interest, tax depreciation and amortization (EBITDA) on the maturity date 2 June 2020 and 2 June 2016.

- Liabilities are estimated at each financial position date based on the present value of the expected cash flows discounted at market rate of return.
- These estimates are calculated by an independent export and include the impact of market conditions using the total shareholders return (TSR) as well as other non-market conditions using earnings before interest, tax, depreciation and amortization (EBITDA).
- The assumption used, including the discount rates and expected performance are reviewed in accordance with approved management plans annually and assumptions adjusted if necessary.

5. Segment reporting

Business segments are reported in line with the reports provided internally to the senior management, which makes decisions related to resources allocation and evaluation of segments› performance in the Group. The senior management is represented in Group›s executive management committee. The segment reports are provided to the Group based on each company, as each subsidiary is considered a separate business segment.

Below is a summary of each segment, which is presented for the year ended 31 December 2020 for each segment:

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	New Bedaya company for medical centers and hospitals	Consolidated adjustment	Total
Statement of financial position												
Non-current assets	1,418,884,666	185,546,891	232,651,248	220,339,339	347,376	-	12,622,947	122,225,650	90,160,307	(630,029,452)	1,652,748,972	
Current assets	530,084,089	197,326,460	169,825,905	160,698,651	20,468,765	11,968,554	47,762,788	48,764,069	38,950,241	(119,580,377)	1,130,532,314	
Total assets	**1,948,968,755**	**382,873,351**	**402,477,153**	**381,037,990**	**20,816,141**	**11,968,554**	**24,263,169**	**60,385,735**	**170,989,719**	**129,110,548**	**(749,609,829)**	**2,783,281,286**
Current liabilities	151,198,029	105,298,366	99,238,465	98,421,376	67,027,382	16,004,900	57,212,796	33,352,594	9,538,283	(132,157,180)	505,531,723	
Non-current liabilities	24,382,481	10,345,616	15,411,827	6,757,977	(7,463,572)	-	275,514	163,769	3,671,446	50,268,697	103,813,755	
Total Liabilities	**175,580,510**	**115,643,982**	**114,650,292**	**105,179,353**	**59,563,810**	**16,004,900**	**396,712**	**57,488,310**	**33,516,363**	**13,209,729**	**(81,888,483)**	**609,345,478**
Statement of profit or loss:												
Operating revenue	748,360,588	364,532,064	338,389,450	319,742,799	43,848,094	15,546,382	1,716,421	59,997,377	122,684,904	10,326,846	(35,601,634)	1,989,543,291
Operating costs	(424,924,706)	(252,052,581)	(238,181,370)	(227,733,985)	(49,953,840)	(16,328,664)	-	(37,454,147)	(78,719,467)	(5,496,719)	30,876,344	(1,299,969,135)
Gross profit	**323,435,882**	**112,479,483**	**100,208,080**	**92,008,814**	**(6,105,746)**	**(782,282)**	**1,716,421**	**22,543,230**	**43,965,437**	**4,830,127**	**(4,725,290)**	**689,574,156**
Other expenses and revenues	(133,256,708)	(78,841,897)	(63,743,396)	(59,775,938)	(3,602,115)	(1,549,638)	(386,194)	(11,211,058)	(26,800,708)	(8,414,307)	(4,346,923)	(391,928,882)
Profit for year	**190,179,174**	**33,637,586**	**36,464,684**	**32,232,876**	**(9,707,861)**	**(2,331,920)**	**1,330,227**	**11,332,172**	**17,164,729**	**(3,584,180)**	**(9,072,213)**	**297,645,274**
Other Items												
Capital expenditure	57,537,645	57,776,449	94,341,350	82,422,502	369,415	-	6,220,772	4,970,096	76,980,106	-	380,618,335	
Fixed assets depreciation	27,834,253	19,624,167	9,471,532	10,460,560	22,039	-	2,467,399	3,051,579	787,477	8,682,603	82,401,609	

Below is a summary of each segment, which is presented for the year ended 31 December 2019 for each segment:

	Cleopatra Hospital Company	Cairo Specialised Hospital	Nile Badrawi Hospital	Al Shorouk Hospital	CHG for Medical Services	CHG Pharma for pharmacies management	CHG for Hospitals	Queens Hospitals	Al Kateb Hospitals	Consolidated adjustment	Total
Statement of financial position											
Non-current assets	1,239,529,345	147,428,234	140,238,484	148,468,614	-	-	-	8,869,573	120,307,129	(472,481,150)	1,332,360,229
Current assets	705,330,892	233,370,563	232,500,663	185,150,667	8,202,583	4,574,484	7,546,748	10,833,205	18,553,824	(71,035,415)	1,335,028,214
Total assets	**1,944,860,237**	**380,798,797**	**372,739,147**	**333,619,281**	**8,202,583**	**4,574,484**	**7,546,748**	**19,702,778**	**138,860,953**	**(543,516,565)**	**2,667,388,443**
Current liabilities	331,437,965	123,655,876	108,908,634	83,174,425	37,242,391	6,278,910	10,518	26,056,373	15,902,066	(80,412,175)	652,254,983
Non-current liabilities	8,631,269	8,957,602	8,114,485	2,703,279	-	-	-	-	-	52,222,283	80,628,918
Total Liabilities	**340,069,234**	**132,613,478**	**117,023,119**	**85,877,704**	**37,242,391**	**6,278,910**	**10,518**	**26,056,373**	**15,902,066**	**(28,189,892)**	**732,883,901**
Statement of profit or loss:											
Operating revenue	750,271,506	373,955,142	322,735,021	301,279,547	21,477,331	3,974,128	46,748	13,632,520	16,933,494	(6,162,324)	1,798,143,113
Operating costs	(425,681,171)	(245,185,932)	(216,204,117)	(214,177,237)	(29,088,570)	(5,263,040)	-	(20,365,644)	(11,633,772)	(5,055,258)	(1,172,654,741)
Gross profit	**324,590,335**	**128,769,210**	**106,530,904**	**87,102,310**	**(7,611,239)**	**(1,288,912)**	**46,748**	**(6,733,124)**	**5,299,722**	**(11,217,582)**	**625,488,372**
Other expenses and revenues	(123,212,785)	(86,052,780)	(73,891,594)	(57,391,467)	(21,741,069)	(665,514)	(10,519)	175,711	(2,416,988)	5,076,714	(360,130,291)
Profit for year	**201,377,550**	**42,716,430**	**32,639,310**	**29,710,843**	**(29,352,308)**	**(1,954,426)**	**36,229**	**(6,557,413)**	**2,882,734**	**(6,140,868)**	**265,358,081**
Other Items											
Capital expenditure	203,200,992	78,286,089	97,547,569	88,322,348	-	-	-	10,516,616	193,536	-	478,067,150
Fixed assets depreciation	21,822,250	15,868,122	7,071,582	8,676,920	-	-	-	1,647,042	106	9,518,063	64,604,063

6. Fixed assets

	Lands	Machinery, equipment and devices	Furniture	Buildings	Vehicles	Computers	Projects under	Total
At 1 January 2019								
Cost	173,240,262	489,137,866	59,672,162	361,825,614	12,564,952	69,845,176	137,321,664	1,303,607,696
Accumulated depreciation	-	(229,829,413)	(32,238,441)	(98,780,850)	(5,785,973)	(28,477,719)	-	(395,112,396)
Net book Amount	**173,240,262**	**259,308,453**	**27,433,721**	**263,044,764**	**6,778,979**	**41,367,457**	**137,321,664**	**908,495,300**
Year ended 31 December 2019								
Opening net book amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Additions	-	39,200,245	6,928,725	373,894	3,413,235	8,936,109	159,140,783	217,992,991
Disposals	-	(2,118,007)	(1,356,061)	-	(208,515)	(366,771)	-	(4,049,354)
Transfers from projects under construction	-	721,130	225,800	3,299,137	-	11,792,581	(16,038,648)	-
Depreciation for the year	-	(29,173,341)	(4,753,314)	(12,167,933)	(1,227,630)	(12,673,675)	-	(59,995,893)
Accumulated depreciation of disposal	-	2,113,847	1,328,841	-	197,602	362,431	-	4,002,721
Closing net book amount	**173,240,262**	**270,052,327**	**29,807,712**	**254,549,862**	**8,953,671**	**49,418,132**	**280,423,799**	**1,066,445,765**
At 31 December 2019								
Cost	173,240,262	526,941,234	65,470,626	365,498,645	15,769,672	90,207,095	280,423,799	1,517,551,333
Accumulated depreciation	-	(256,888,907)	(35,662,914)	(110,948,783)	(6,816,001)	(40,788,963)	-	(451,105,568)
Net book Amount	**173,240,262**	**270,052,327**	**29,807,712**	**254,549,862**	**8,953,671**	**49,418,132**	**280,423,799**	**1,066,445,765**
At 31 December 2020								
Opening net book amount	173,240,262	259,308,453	27,433,721	263,044,764	6,778,979	41,367,457	137,321,664	908,495,300
Additions	-	69,890,814	11,075,483	61,398,088	3,339,000	13,808,805	221,106,145	380,618,335
Disposals	-	(9,376,396)	(1,592,247)	-	(212,215)	(739,763)	-	(11,920,621)
Transfers from projects under construction	-	76,515,656	36,636,664	125,781,156	-	19,773,567	(258,707,043)	-
Depreciation for the year	-	(39,258,065)	(7,342,580)	(16,217,097)	(1,744,302)	(17,839,565)	-	(82,401,609)
Accumulated depreciation of disposal	-	7,974,341	1,526,062	-	201,302	702,750	-	10,404,455
Balance at 31 December 2020	**173,240,262**	**365,054,803**	**67,737,103**	**434,006,911**	**8,362,764**	**57,073,251**	**99,720,766**	**1,205,195,860**
Cost	173,240,262	626,167,940	105,792,062	549,004,858	15,691,737	102,687,785	99,720,766	1,672,305,410
Accumulated depreciation	-	(261,113,137)	(38,054,959)	(114,997,947)	(7,328,973)	(45,614,534)	-	(467,109,550)
Net book amount at the end of the year	**173,240,262**	**365,054,803**	**67,737,103**	**434,006,911**	**8,362,764**	**57,073,251**	**99,720,766**	**1,205,195,860**

7. Business combination and intangible assets

Cost	Non-competition agreement	Trade name	Total	Goodwill
Balance at 1 January 2019	-	44,354,000	44,354,000	196,676,034
Acquisition of Queens Hospital	-	-	-	14,071,000
Acquisition of Al-Kateb Hospital	-	-	-	158,516,300
Balance at 31 December 2019	**-**	**44,354,000**	**44,354,000**	**369,263,334**
El Bedaya El Gedida for Medical Centers and Hospitals	13,967,679	-	13,967,679	-
	13,967,679		**58,321,679**	**369,263,334**

The good will is as follows:

	Balance at 1 January 2020	Balance at 31 December2020
Nile Badrawi Hospital	75,853,020	75,853,020
Al Shorouk Hospital S.A.E.	120,823,014	120,823,014
Queens Hospital Works	14,071,000	14,071,000
Al-Kateb Hospital Works	158,516,300	158,516,300
Total	**369,263,334**	**369,263,334**

Goodwill

To calculate goodwill, Nile Badrawi Hospital Company S.A.E. and Al-Shorouk Hospital S.A.E. were considered as a cash generating unit, and goodwill resulting from acquisition was allocated.

Recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by the management, which cover a period of five years maximum. The management determines the specific assumptions of cash flow forecasts based on revenues, past experience and expectations of the market.

Estimates have been made in terms of sales growth, operating costs and expected gross profit. Future capital expenditures for future replenishment plans have been taken into account for the same outstanding assets. A discount rate and a long-term growth rate have been used to reflect the specific risks associated with the activity and economy sector.

Trade name

The fair value of the trade name is estimated using relief from royalty method. This method determines the value by referring to the nominal royalty payments, which are provided when acquiring the asset compared with the license of the asset and trade name by a third party.

As a result of the effects of the emerging corona virus the management has evaluated the goodwill impairment and the intangible assets on the date of the financial statements by using adjusted cash flow that reflect the actual data till may 2020 and the expected changes in the following periods including revenue, operating & capital expenses and this didn't result any effect on the impairment of the goodwill or the intangible assets

Queens Hospital acquisition

On 16 January 2019, Cleopatra Hospital S.A.E signed a contract to transfer the activity of Queen›s Hospital. Cleopatra Hospital S.A.E acquired the assets, inventory and contracted with the employment of Queens Hospital from the date of acquisition 18 March 2019 with a total of EGP 25 million. The acquisition resulted in an increase in the cost of acquisition over the fair value of the net assets of the acquired company which was recognized as goodwill as shown in the table above. Cleopatra Hospital S.A.E has acquired fixed assets except for land and buildings. Cleopatra Hospital S.A.E has signed an 18-year lease contract for the Queens Hospital land and building.

The fair value of net assets was calculated at the acquisition date, which represents assets other than non-current tangible assets at the date of acquisition.

Queens Hospital was consolidated in accordance with the Egyptian Accounting Standard No. 29 on Business Combinations as of 18 March 2019, the date on which the acquire effectively controlled the business and assets acquired by the Company and transferred the ability to control the financial and operating policies of the Company. Assets acquired and goodwill are as follows:

	EGP
Acquisition cost	
Cash paid	25,000,000
Total acquisition cost	**25,000,000**
Total fair value of acquired assets	(10,929,000)
Intangible asset	**14,071,000**

	EGP
Fixed assets	8,567,000
Medical inventory	1,274,000
Debtors and other debit balances	1,088,000
Total fair value of acquired assets	**10,929,000**
Intangible asset	**14,071,000**

ElKateb Hospital acquisition

On 31 August 2017, the Company entered into an initial (conditional) contract for the purchase of the land and the building of Elkatib Hospital in the Arab Republic of Egypt. On 12 October 2017, the Company deposited an amount of EGP 143,550,000 under an ESCROW account contract which was concluded on 4 October 2017, on 13 December 2018, the ownership of the land and the building was transferred to the company under a public power of attorney and ESCROW account was released as part of the total acquisition, which includes management and operation of the hospital. On 3 December 2018, the Extraordinary General Assembly approved the acquisition of fixed assets, the management and operation of the hospital, and on 7 August 2019, the Cleopatra Hospital Company signed a contract to transfer the Elkateb activity from the Egyptian Hospital Company, and therefore an amount of EGP 135,080,000 was deposited under an ESCROW account, which It was concluded on 7 August 2019. On 1 November 2019, the company has completed the acquisition of the entire works, land and building of ElKateb Hospital.

The acquisition resulted in an excess of the acquisition cost over the fair value of the net assets acquired by the company which were recognized as goodwill.

The fair value of the net assets was calculated at the date of acquisition which represents other assets other than the non-current tangible assets at the date of acquisition. The net assets acquired and goodwill are as follows:

	EGP
Acquisition cost	
Cash paid	278,630,000
Total acquisition cost	**278,630,000**
Land	67,911,000
Buildings	28,350,000
Machinery and Equipment	23,852,700
Fair value of acquired assets	**120,113,700**
Goodwill	**158,516,300**

New Bedaya company for medical centers and hospitals

On September 2020, the Cleopatra Hospital Company signed an agreement to transfer the assets and activities of the Bedaya Hospital Company, owned by its founder, Dr. Ismail Aboul Fotouh. Under the new agreement, the assets and operational activity of Bedaya Hospital will be transferred to a new company - The New Bedaya Company for Medical Centers and Hospitals- at the start of October 2020.

Provided that the total share of the Cleopatra Hospital Company is 60% of its capital, while the share of Dr. Aboul Fotouh reaches the remaining 40%. The value of the deal is fully completed in June 2023. The deal estimated the value of medical equipment, assets, and real estate at approximately 105 million Egyptian pounds, which were paid as capital in the new company, provided that the remainder of the deal›s value will be determined and paid based on the results of the new company's business during 2021 and 2022. And an appointment contract was signed between the New Beedaya Company for Medical Centers and Hospitals and Dr. Ismail Aboul Fotouh (note 33).

Liabilities are estimated at each financial position date based on the present value of the cash flows expected to be repaid, discounted at the market rate of return.

The fair value was calculated for net assets at the date of acquisition, which represents other assets other than tangible non-current assets at the date of acquisition. The net assets acquired and goodwill were as follows:

	EGP
Acquisition cost	
Cash paid	105,000,000
Purchase of investments creditors	14,485,000
Total acquisition cost	**119,485,000**
Fair value of the assets acquired	
Buildings	60,000,000
Machinery and Equipment	15,099,000
Furniture	789,000
Computers	145,000
Inventory	3,967,000
Cash	25,000,000
Fair value of acquired assets	**105,000,000**
Non-competition agreement	**14,485,000**

8. Investments in subsidiaries

	2020	2019
Egypt Healthcare Facilities Services for facility management	1,143,591	-
	1,143,591	**-**
Amount recoginized in profit or loss:		
Egypt Healthcare Facilities Services for facility management	(81,399)	-
	(81,399)	

The statement below clarifies the sister companies of the company on 31 December 2020, and the share capital of the below sister companies consists of ordinary shares only, in which the company contributes directly.

Company name	The main business place Country of incorporation	Measurement	Group contribution method
Egypt Healthcare Facilities Services for facility management	Egypt	Equity method	49%

The following is the most important summarized financial information on the sister companies as of 31 December 2020:

	Total assets	Total equity	Total revenues	Loss for the year
Egypt Healthcare Facilities Services for facility management	6,532,429	2,333,879	5,023,679	(166,121)

9. Inventories

	2020	2019
Medical supply inventory	34,173,334	29,073,827
Medicine inventory	27,915,858	15,672,268
Maintenance and spare parts inventory	1,795,624	2,370,177
Stationary inventory	1,705,403	1,429,697
Hospitality inventory	1,089,636	750,298
Food and beverage inventory	93,845	121,999
	66,773,700	**49,418,266**
Less: Impairment of inventory	(466,550)	(157,656)
	66,307,150	**49,260,610**

Movement in the provision for inventory is as follows:

	2020	2019
Balance at the beginning of the year	157,656	252,273
Provisions formed during the year	418,250	178,439
Provisions no longer required during the year	(57,087)	(221,970)
Write-offs during the year	(52,269)	(51,086)
Balance at the end of the year	**466,550**	**157,656**

10. Trade receivables

	2020	2019
Due from customers	526,889,175	404,257,833
Income from inpatients	17,197,691	7,170,738
	544,086,866	**411,428,571**
Less:		
Impairment of customers› balances	(125,326,367)	(74,274,923)
	418,760,499	**337,153,648**

The income from inpatients comprises the revenues that have not been billed at the financial position date for their stay while the procedures of the medical services have not been completed. Such income is calculated net of the amounts collected in advance during the year of their stay.

Movement in the provision for impairment is as follows:

	2020	2019
Balance at the beginning of the year	74,274,923	15,920,165
Provision formed during the year	81,459,592	90,136,850
Provision no longer required during the year	(28,992,298)	(31,538,796)
Used during the year	(1,415,850)	(243,296)
Balance at the end of the year	**125,326,367**	**74,274,923**

Trade receivable balances, which have not been due till the financial position date and have no impairment indicators, amounted to EGP 226,325,482 (2019: EGP 175,266,224).

At the financial position date, the balances that were past due but not impaired amounted to EGP 170,531,383 (2019: EGP 139,528,894) regarding customers and transactions with no history of default. The ageing analysis of these balances is as follows:

	2020	2019
Less than one month	94,400,135	54,114,665
From one to five months	76,131,249	85,414,229

The management creates a 100% impairment for customers who are overdue for more than 150 days from the claim date. After deducting the amounts that expected to be collected after calculating the loss given default rate. It also creates a group-based provision based on historical failure rates. The management calculates historical failure rates for each customer per month on the accounts of customers whose debts exceed 150 days to 360 days from the date of the financial position. Based on these rates, the management calculates a provision for debts of customers whose debts are not more than 150 days old. The trade receivables balance which their ages exceeded 150 days as of 31 December 2019 amounted to EGP 132,032,310 (2019: EGP 89,462,094).

In addition, due to the circumstances of the emerging corona virus. The management determined some of the customers who they faced problems matching their balances. An extra impairment provision has been formed against the risk of defaulting.

11. Debtors and other debit balances

	2020	2019
Advances to suppliers	53,558,633	85,296,087
Prepaid expenses	21,636,545	6,584,551
Withholding taxes	4,737,285	817,251
Employees custodies	1,375,596	1,597,912
Deposits with others	4,782,505	4,039,506
Accrued income	17,171	2,383,756
Other debtors	8,494,721	4,651,825
	94,602,456	**105,370,888**
Less: Impairment in other debit balances during year	(42,202)	(143,734)
	94,560,254	**105,227,154**

The movement of the provision for impairment during the year is as follows:

	2020	2019
Balance at 1 January	143,734	911,240
No longer required	(101,532)	(767,506)
	42,202	**143,734**

12. Treasury bills

	2020	2019
Treasury bills (Maturity 182 days)	-	53,600,000
Treasury Bills (Maturity 61 days)	30,000,000	-
Treasury bills (Maturity 91 days)	191,300,000	-
Less: Unearned revenue	(734,170)	(3,500,742)
	220,565,830	**50,099,258**

Treasury bills are entitled to a constant annual return of 8.96% and 9.6% after tax on 31 December 2020 (2019: 9% and 9.50%).

13. Cash and cash equivalents

	2020	2019
Time deposit	4,699,290	177,021,887
Current accounts	322,925,123	611,891,442
Cash on hand	2,327,341	2,354,510
	329,951,754	**791,267,839**

The time deposits item includes an amount of EGP zero (2019: EGP 167,426,027) deposited in local banks in the Egyptian pound and payable within one month from the date of deposit.

The time deposits item includes an amount EGP 4,699,290 at 31 December 2020 (2019: EGP 9,595,860) are denominated in local banks in US dollars and are payable within one from the date of deposit and are subject to a fixed annual return of 0.75%.

Current accounts deposited in Egyptian Pounds are subject to a fixed annual rate of 6.5% to 7% (2019: from 9.5% to 10%).

For the purpose of preparation of the cash flow statements, cash and cash equivalents consist of:

	2020	2019
Cash and bank balances	329,951,754	791,267,839
Treasury bills with maturities of 3 months or less	220,565,830	-
Total	**550,517,584**	**791,267,839**

14. Provisions

	2020	2019
Provision for claims	8,780,774	7,297,337
Provision for human resources	12,849,633	8,261,003
	21,630,407	**15,558,340**

Movement in the provision during the year is as follows:

	2020				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	8,261,003	33,003,435	(12,970,476)	(15,444,329)	12,849,633
Provision for claims	7,297,337	7,205,127	(5,621,690)	(100,000)	8,780,774
Total	**15,558,340**	**40,208,562**	**(18,592,166)**	**(15,544,329)**	**21,630,407**

	2019				
	Balance at the beginning of the year	Formed during the year	Utilised during the year	Provisions no longer required	Balance at the end of the year
Provision for human resources	12,942,032	27,238,314	(11,908,806)	(20,010,537)	8,261,003
Provision for claims	11,959,643	220,000	(4,882,306)	-	7,297,337
Total	**24,901,675**	**27,458,314**	**(16,791,112)**	**(20,010,537)**	**15,558,340**

Provision for human resources

Other provisions for human resources include provisions for the restructure of the Company›s employees, the employees leave provision and the provision for the benefits of the employees over 60 years old in accordance with the law.

Provision for claims

Other provisions represent provisions for contingent liabilities on potential claims from certain authorities and parties regarding the Company›s activity. The Company did not disclose the usual information on the provisions in accordance to the accounting standards as management believes that doing so may severely affect the outcome of the negotiations with those bodies and authorities. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

15. Creditors and other credit balances

	2020	2019
Suppliers and notes payable	237,377,762	238,768,735
Accrued expenses	166,999,155	185,130,961
Dividends payable	3,325,645	2,430,224
Social insurance	3,323,266	3,960,937
Other creditors	30,927,356	12,043,673
	441,953,184	**442,334,530**

Accrued expenses include an amount of 724,050 Egyptian pounds, which reflects the share-based employee incentive plan portion for the year 2020.

16. Employee incentive plan

	2020	2019
Employee incentive plan based on parent company's market value of shares	-	109,072,692
Employee incentive plan based on earning performance before interest, tax, depreciation and amortization	-	19,999,889
	-	**129,072,581**

On the 9 June 2020, the company paid an amount of 136,833,605 Egyptian pounds to those deserving the employee incentive plan which ends on 2nd of June 2020 according to the plan's conditions. The amount was calculated based on a study made by the management and presented to the committee of nominations which is delegated by the board which includes the method to calculate the final amount for the employee incentive plan in the light of the formed provision as well as the total number of units assigned to the plan which amount to 44 million units with a total of 136,833,605 Egyptian pounds. The nominee committee accepted the proposed study and accordingly the management hasn't changed the provision amount for this purpose as the change during the year was insignificant.

The movement during the year is as follows:

	Balance at 1 January 2020	Formed during the year	Used during the year	Balance at 31 December 2020
Employee incentive plan	129,072,581	7,761,024	(136,833,605)	-
Total	**129,072,581**	**7,761,024**	**(136,833,605)**	**-**

The movement during 2019 is as follows:

	Balance at 1 January 2019	Formed during the year	Balance at 31 December 2019
Employee incentive plan	45,232,497	83,840,084	129,072,581
Total	**45,232,497**	**83,840,084**	**129,072,581**

17. Share capital

Share capital of the Company is EGP 800,000,000 paid share capital distributed across 1,600,000,000 shares

Shareholders structure in 31 December 2020 and 31 December 2019 as follows:

Name	Percentage of ownership	Number of shares	Nominal value
Care Healthcare Ltd.	37.87%	605,969,377	302,984,689
Norgez Bank	4.99%	79,840,000	39,920,000
Other shareholders	57.14%	914,190,623	457,095,311
Total	**100%**	**1,600,000,000**	**800,000,000**

18. Reserves

Below is the movement on reserves during the year:

	2020		
	Balance at the beginning of the year	formed during the year	Balance at the end of the year
Legal reserve	64,340,195	9,885,144	74,225,339
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(76,532,044)	(12,943,530)	(89,475,574)
Other reserves	247,496,391	-	247,496,391
Total	**284,394,548**	**(3,058,386)**	**281,336,162**

	31 December 2019		
	Balance at the beginning of the year	formed during the year	Balance at the end of the year
Legal reserve	54,127,298	10,212,897	64,340,195
Special reserve	49,090,006	-	49,090,006
Acquisition reserve	(76,532,044)	-	(76,532,044)
Other reserves	247,496,391	-	247,496,391
Total	**274,181,651**	**10,212,897**	**284,394,548**

a) Legal reserve

In accordance with the Law No. 159 of 1981 and the Company›s Articles of Association, 5% of the net profit for the year shall be transferred to the legal reserve. Based on a proposal by the Board of Directors, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. The legal reserve is not available for distribution to shareholders.

b) Acquisition reserve

This reserve represents the difference between the value of the acquisition by Cleopatra Hospital Company S.A.E. and the carrying value of net assets and liabilities of Cairo Specialised Hospital Company S.A.E. at the acquisition date, as the two companies are under common control. The reason for the acquisition is the reorganisation of the group companies. Therefore, the assets and liabilities of the subsidiary were transferred at historical cost. Cleopatra Hospital Company S.A.E acquired additional 85,428 Shares from the none controlling interests of Cairo Specialised Hospital Company S.A.E which resulted additional EGP 7,688,520 added to the acquisition reserve represented in the difference between the fair value of the shares EGP 100 Per share and nominal value EGP 10 per share

c) Special reserve

The special reserve represents the amount that was due to Care Healthcare Ltd. (Parent Company). Valued at EGP 47,379,722 Under the letter issued by the Company on 12 April 2016, both parties have agreed that this amount shall be claimed only in the case of dissolution or liquidation of the Company, either voluntary or for any other legal reason. In that case, the due amount shall be divided between recent shareholders of the Company upon liquidation or dissolution at the same proportion of their shares in the Company›s share capital to the total number of shares issued. Accordingly, this amount has been recognised as special reserve in equity. In addition to the resulting reconciliation from treasury shares related to Cairo Specialised Hospital (Subsidiary Company). Valued at EGP 1,710,284.

d) Other reserves

The amount represents the amount transferred from share premium according to the requirements of Law No.159 of 1981, and there is no movement in this reserve during the year.

19. Non-controlling interests

	Share capital	Legal reserve	Retained earnings	Share of minority interest on settlement of acquisition	Total
Balance at 1 January 2019	12,731,320	7,012,203	54,855,863	120,184	74,719,570
Non-controlling interest share in capital increase of subsidiaries	22,526,489	-	-	-	22,526,489
Non-controlling interest share in the acquisition of subsidiaries	255,000	-	-	-	255,000
Employees dividends	-	-	(1,526,345)	-	(1,526,345)
Legal reserve	-	1,974	-	-	1,974
Comprehensive income for the year	-	-	7,950,019	-	7,950,019
Balance at 31 December 2019	**35,512,809**	**7,014,177**	**61,279,537**	**120,184**	**103,926,707**
Balance at 1 January 2020	35,512,809	7,014,177	61,279,537	120,184	103,926,707
Non-controlling interest in the acquisition of subsidiaries	(1,438,170)	-	-	-	(1,438,170)
Dividends of employees	-	-	(6,456,678)	-	(6,456,678)
Legal reserve	-	970,419	-	-	970,419
Comprehensive income for the year	-	-	10,723,257	-	10,723,257
Balance at 31 December 2020	**34,074,639**	**7,984,596**	**65,546,116**	**120,184**	**107,725,535**

20. Operating revenue

	2020	2019
Accommodation and medical supervision revenue	493,604,180	414,925,864
Surgeries revenue	387,821,985	376,551,349
Laboratories revenue	209,076,725	163,573,616
Outpatient clinics revenue	193,020,937	228,133,415
Cardiac catheterization revenue	164,520,780	149,192,691
Radiology revenue	153,502,628	98,938,095
Service charge revenue	144,407,984	130,900,812
Emergency revenue	67,706,622	73,090,379
Pharmacy revenue	65,363,121	47,804,913
Oncology centre revenue	36,316,154	38,441,409
Physiotherapy revenue	15,818,550	19,357,904
Endoscopy revenue	14,799,562	16,202,014
Dentistry revenue	13,692,660	17,059,885
Cardiac tests revenue	11,347,965	12,732,412
Other sections revenue	18,543,438	11,238,355
	1,989,543,291	**1,798,143,113**

21. Operating costs

	2020	2019
Medical and pharmaceutical supplies	393,121,948	353,781,682
Salaries, wages and benefits	357,935,645	308,508,307
Doctors› fees	329,433,546	325,952,198
Fixed assets depreciation and write-off	69,438,202	53,943,057
Maintenance, spare parts and energy expenses	55,846,831	45,018,891
Food, beverage and consumables costs	37,329,633	43,242,509
Rents	22,145,033	17,184,039
Other expenses	34,718,297	25,024,058
	1,299,969,135	**1,172,654,741**

22. General and administrative expenses

	2020	2019
Salaries, wages and benefits	153,715,362	202,112,318
Impairment of trade receivables	52,467,296	58,598,054
Professional and consulting fees	18,917,285	12,605,179
Fixed assets depreciation and write-off	14,923,264	11,059,581
Maintenance, spare parts and energy expenses	14,817,029	7,572,723
Rent	5,465,219	3,594,756
Intangible assets amortization	3,972,321	-
Food, beverage and consumables costs	3,191,808	3,474,972
Other expenses	41,449,925	38,954,407
	308,919,509	**337,971,990**

23. Expenses by nature

	2020	2019
Salaries, wages and benefits*	511,651,007	511,642,466
Medical and pharmaceutical supplies	393,121,948	353,781,682
Doctors› fees	329,433,546	325,952,198
Fixed assets depreciation and write of use	84,361,466	65,002,638
Maintenance, spare parts and energy expenses	70,663,860	52,636,071
Impairment of trade receivables	52,467,296	58,598,054
Food, beverage and consumables costs	40,521,441	46,717,477
Intangible assets amortization	3,972,321	-
Other expenses	122,695,759	99,734,883
	1,608,888,644	**1,514,065,476**

* Employees› costs

	2020	2019
Salaries and wages	445,916,776	453,281,063
Employees› benefits	42,915,203	37,874,461
Social insurance	22,819,028	20,486,942
	511,651,007	**511,642,466**

Miscellaneous expenses included an amount of EGP 4,166,000 Allowances of members of the Board of Directors (2019: EGP 4,351,667).

24. Other income

	2020	2019
Rent	1,715,110	3,790,011
Capital gains	475,170	1,003,717
Buffet income and cafeteria concession	-	258,673
Other income	4,509,703	5,689,806
	6,699,983	**10,742,207**

25. Finance income / (expenses)

	2020	2019
Finance income		
Interest income	49,139,077	93,345,412
Total finance income	**49,139,077**	**93,345,412**
Finance costs		
Interest receivable	(2,163,984)	(3,732,773)
Foreign currency valuation	(284,718)	(3,158,274)
Total finance expenses	**(2,448,702)**	**(6,891,047)**
Net finance (expenses) / income	**46,690,375**	**86,454,365**

26. Income taxes

	2020	2019
Current income tax for the year	95,477,101	94,261,191
Deferred tax (Note 27)	3,099,876	7,925,336
	98,576,977	**102,186,527**

The tax on profit before tax theoretically differs from the amount expected to be earned by applying the average tax rate applicable to the Company›s profits as follows:

	2020	2019
Net profit before tax	**400,194,572**	**367,544,608**
Income tax calculated based on the applicable local tax rate	89,985,482	89,741,554
Add/ (less):		
Non-taxable expenses	19,108,539	19,602,640
Income not subject to tax	(7,574,629)	(7,157,667)
Deferred tax assets on previous years losses	(3,600,000)	-
Deferred tax assets	657,585	-
Income taxes	**98,576,977**	**102,186,527**
Effective tax rate	**24.63%**	**27.87%**

	2020	2019
Current income tax liabilities		
Balance at 1 January	62,638,092	69,398,261
Payments during the year	(66,768,159)	(75,674,028)
Current year tax	95,477,101	(25,347,331)
Advance payments to tax authorities	(55,292,478)	94,261,190
	36,054,556	**62,638,092**

27. Deferred tax

Change in tax assets and liabilities during the year is as follows:

	Balance at 1/1/2020 (Liability)	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 2020 (Liability)
Liabilities			
Fixed assets	(25,051,476)	(13,585,065)	(38,636,541)
Fixed assets - Effect of fair value	(42,242,629)	1,953,586	(40,289,043)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	**(77,273,755)**	**(11,631,479)**	**(88,905,234)**
Assets			
Provisions (excluding claims provision)	2,479,269	1,068,031	3,547,300
Subsidiaries Accumulated losses	-	7,463,572	7,463,572
Net deferred tax - liability	**(74,794,486)**	**(3,099,876)**	**(77,894,362)**

	Balance at 1 January 2020 (Liability	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 2020 (Liability)
Liabilities			
Fixed assets	(25,051,476)	(13,585,065)	(38,636,541)
Fixed assets - Effect of fair value	(42,242,629)	1,953,586	(40,289,043)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	**(77,273,755)**	**(11,631,479)**	**(88,905,234)**
Assets			
Provisions (excluding claims provision)	2,479,269	1,068,031	3,547,300
Subsidiaries Accumulated losses	-	7,463,572	7,463,572
Net deferred tax - liability	**(74,794,486)**	**(3,099,876)**	**(77,894,362)**

	Balance at 1 January 2019 (Liability	(Expense)/ Income charged to the statement of profit or loss during the year	Balance at 31 December 2019 (Liability
Liabilities			
Fixed assets	(15,718,421)	(9,333,055)	(25,051,476)
Fixed assets - Effect of fair value	(44,754,796)	2,512,167	(42,242,629)
Intangible assets - Effect of fair value	(9,979,650)	-	(9,979,650)
Total Liabilities	**(70,452,867)**	**(6,820,888)**	**(77,273,755)**
Assets			
Provisions (excluding claims provision)	3,583,717	(1,104,448)	2,479,269
Net deferred tax - Liability	**(66,869,150)**	**(7,925,336)**	**(74,794,486)**

28. Earnings per share

The basic share of the profit for the year is calculated by dividing the net profit for the year for the company›s shareholders by the weighted average number of shares outstanding during the year after excluding the distribution of employee dividends.

	2020	2019
Distributable profit	301,617,595	264,489,131
Legal reserve	(10,930,688)	(9,885,144)
(Less) Employees and Board of Directors dividends	(47,283,997)	(35,761,547)
Number of shares issued	1,600,000,000	1,600,000,000
Earning per share	**0.15**	**0.14**

29. Related parties transactions

During the year the Group made transactions with certain related parties. The Balances with related parties at the financial statements date as well as the transactions during the year were as follows:

Balances of financial position

(Related parties)	Nature of transaction	Balance due from / (to) related parties 2020	Balance due from / (to) related parties 2019
Care HealthCare (Parent Company)	Expenses paid on behalf of the parent Company	-	1,764,705
Other parties	Expenses paid on behalf of the Company	386,827	-
Other parties	Expenses paid on behalf of related parties	(597,889)	255,000
		(211,062)	**2,019,705**

The transactions with the related parties are the Group's dealings with the parent company, whether by buying, selling or exchanging services. Prices, policies and conditions related to these operations are approved by the Group's management and are on the same basis as dealing with others.

30. Tax position

Cleopatra Hospital S.A.E.

(1) Corporate tax

- Inspected until 31 December 2019, and payment was made in fullTax returns were filed regularly in the legal deadlines.
- Tax returns are submitted regularly on legal dates.

(2) Salaries tax

- Inspected until 31 December 2019 and all dues have been paid.

(3) Stamp duty tax

- Inspected until 2013, and payment was made.
- The years from 2014 to 2018 are being inspected.

(4) VAT

- Inspected until 31 December 2015.
- The years 2016, 2017, 2018 and 2019 are being inspected.
- Monthly tax returns are submitted on legal dates.

(5) Advance payments

- A request has been submitted to the Tax Authority to approve the system for advance payments on account of tax from January 1, 2020 until 31 December 2020.
- The system of advance payments for the tax period from January 1, 2020 to 31 December 2020 has been approved.

Cairo Specialised Hospital «S.A.E.»

(1) Corporate tax

- The company was inspected from the beginning of the activity until the year 2019, and all dues were paid.

(2) Tax on salaries and wages

- The company was examined from the beginning of the activity until 2018, and all dues were paid.
- The year 2019 is under inspection.

(3) Stamp duty

- The company was inspected from the beginning of the activity until 2016, and all dues were paid.
- The years 2017, 2018 and 2019 are under inspection.

(4) VAT

- The registration took place as of April 2017.
- Tax returns were filed monthly on the legal dates.

(5) Advance payments

- A request has been submitted to the Tax Authority to approve the system for advance payments on account of tax from January 1, 2020 until 31 December 2020.
- The system of the advance payments for the tax period from January 1, 2020 to 31 December 2020 has been approved.

Nile Badrawi Hospital

(1) Corporate tax

- The years have been settled through 2019 and payment has been made in full.

(2) Salaries tax

- The years to 2016 have been checked and settled and the payment has been completed.
- The years 2017, 2018 and 2019 are under inspection.

(3) Stamp duty

- Inspected and paid until 2017.
- 2018 and 2019 were not inspected.

(4) VAT

- The company was registered as of April 2017.
- Monthly tax returns were submitted on legal dates.

(5) Advance payments

- A request has been submitted to the Tax Autority to approve the system for advance payments on account of tax from January 1, 2020 until 31 December 2020.
- The system of advance payments for the tax period from January 1, 2020 to 31 December 2020 has been approved.

Al Shorouk Hospital S.A.E.

(1) Industrial and commercial profits tax

- The inspection was completed and completed until 2019, and the tax differences were fully paid.

(2) Salaries tax

- Inspected until 31 December 2014, and payment was made in full.
- The years 2015 to 2018 are being inspected.

(3) Stamp duty tax

- Inspected until 31 December 2018, and payment was made
- The year 2019 is under inspection.

(4) VAT

- The company was registered as of April 2017.
- Tax returns are submitted on legal dates.

(5) Advance payments

- A request has been submitted to the Tax Autority to approve the system for advance payments on account of tax from January 1, 2020 until 31 December 2020.
- The system of advance payments for the tax period from January 1, 2020 to 31 December 2020 has been approved.

31. Commitments

Capital commitments:

Capital commitments related to fixed assets at financial year end, which are not yet due, amounted to EGP 178,323,784 (2019: EGP 78,994,121).

32. Right of use

Lease liabilities

Leasing liabilities represent the present value of the leasing obligations related to medical equipment that one of the group companies obtained in exchange for the lease contracts, measured at the present value of contractual lease payments discounted at an implicit rate of return

	2020	2019
During one year	6,731,920	3,068,741
More than a year	11,633,924	9,168,016
	18,365,844	**12,236,757**
The present value of the lease obligations is as follows:		
During one year	5,295,687	2,651,440
More than a year	7,979,393	5,834,432
Balance	**13,275,080**	**8,485,872**

Right of use:

The right of use is a lease contract related to medical equipment that was measured at the beginning of the contract at a value equal to the value of the lease obligations in addition to the rental expenses and is subsequently depreciated over the life of the lease using the straight line.

	2020	2019
Beginning balance	10,247,595	-
Additional during the year	10,536,770	10,646,173
Depreciation	(1,959,857)	(398,578)
	18,824,508	**10,247,595**

33. Purchase of investments creditors

The present value of the cash portion of the remainder of the deal value was estimated at 14,485,000 EGP, and the present value of the fair value of the part of the equity instruments (which represents 40% of the shares of the New Bedaya Company for Medical Centers and Hospitals) was estimated in June 2023 against the commitment of Dr. Abul-Fotouh with all the conditions for the contracts between the two parties, at an amount of 38,005,000 EGP, of whom an amount of 3,455,000 was recognized within the year's expenses, and it represents for the period from October 1, 2020 to 31 December 2020.

The present value of the cash portion of the remainder of the deal value was estimated at 14,485,000 EGP, and the present value of the fair value of the part of the equity instruments (which represents 40% of the shares of the New Beedaya Company for Medical Centers and Hospitals) was estimated in June 2023 in exchange for the continuity of the appointment contract. With an amount of 38,005,000 EGP , of whom 3,455,000 have been recognized, which represents the value of the period from October 1, 2020 to 31 December 2020, so the total remaining value of the deal becomes the value of the creditors for the purchase of investments, an amount of 17,940,000 EGP.

34. Significant events

On February 13, 2020, Cleopatra Hospital Company, the General Authority for River Transport and Nile Badrawi Hospital Company and the heirs of the late Engineer Hassan Badrawi signed a comprehensive and final settlement agreement according to which agreement was reached to resolve, settle and end all disputes and claims related to the land on which the Nile Badrawi Hospital is located, And it was also agreed that both the General Authority for River Transport and the Nile Badrawi Hospital Company will give up disputes arising from each of them regarding the land subject to settlement. The total settlement amounted to 36 million Egyptian pounds as part of the settlement located within the confiscated amounts from the sale of shares of the Nile Badrawi Hospital to the Cleopatra Hospital. Negotiations are also being held with the Nile Badrawi Hospital shareholders on the final settlement of any matters related to the company and the sellers.

When it comes to the outbreak of the emerging corona virus effect on the financial services from a financial perspective, the management has reviewed the decrease in receivables, and they formed extra provisions against the expected effects. As well as reviewing the non financial assets impairment using adjusted valuations to reflect the current circumstances and the expectation for those assets, resulting in no decrease in the assets.

The management also reviewed the working capital's position and liquidity in light of the increase of inventory retention to control the risk of supplies and medical services inflow, and the management thinks that the expected effect is going to be insignificant as there is adequate liquidity.

Regarding operation risks, the Group's number one priority is guaranteeing the safety and wellbeing of its staff, both medical and non-medical, and of its patients and their families. Across all eight of the Group's medical facilities and offices health and safety protocols have been tightened, with additional measures including:

- Daily deep cleaning and sterilization of all medical and non-medical facilities.
- Provision of necessary Personal Protective Equipment (PPE) for all staff and patients.
- Strict internal hygiene and sanitization protocols for all medical staff, patients, and visitors.
- Infrared temperature screening at all group hospital entrances.
- Switch to facial recognition and away from fingerprint identification across all CHG facilities.
- New patient engagement and visitor management protocols to minimize the risk of exposure.
- New ER and outpatient clinic protocols to ensure prompt detection, isolation, and reporting of all potential COVID-19-positive patients.
- Fourteen days of paid leave, with extensions granted on a case-by-case basis, for all staff working in high-risk departments and who are suspected of having encountered potential COVID-19-positive cases.
- Work-from-home arrangement for all non-medical staff with limited access to the Group's offices granted on a rotational basis.
- In parallel, the Group has enhanced its Hospital Incident Command System to guarantee CHG's ability to adapt to the evolving COVID-19 situation from an operational point of view. As of today, measures include:

  - The draw up of an emergency staffing plan to ensure the Group can meet round-the-clock staffing needs.
  - Back-office contingency planning to ensure business continuity.
  - Engagement programme with the Group's consultants to address any needs or concerns that may arise.
  - Applying protocols for supply chain management and ensuring that stores and warehouses are sufficient with the necessary medical resources and supplies to ensure that no disturbances occur in the group›s activities and operations.

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