



DOCTORS HOSPITAL HEALTH SYSTEM

GROWING + GLOWING



ANNUAL SHAREHOLDER'S REPORT
FYE JANUARY 31ST, 2024

ABOUT DOCTORS HOSPITAL HEALTH SYSTEM

MISSION

Doctors Hospital Health System exists to provide a network of healthcare facilities which meet and exceed the healthcare needs and expectations of our patients, provides an enriching and rewarding professional work environment for our Associates and Physicians, makes a positive contribution to the advancement of healthcare in the region, and provides increasing value to our shareholders.



OUR BRAND PROMISE

To provide a safe, high-touch, high-tech, high quality and upscale healthcare experience.



VISION

Doctors Hospital Health System will be the best healthcare provider in the region.



WORDS WE OWN

"Trusted and Best Care Now, Isn't Your Health Worth It?"

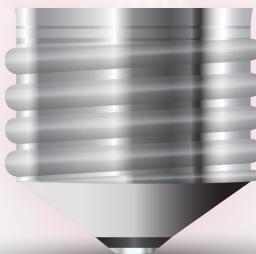


STRATEGIC PRIORITIES

Using the acronym **G.L.O.W.** (see below) and outlined in the G.L.O.W. Vision 2025 and beyond, Doctors Hospital has focused its strategic priorities to produce enhanced growth and development within the health system.

THE GLOW TENETS REPRESENT:

- G** - GROW
- L** - LEARNING
- O** - OUTREACH
- W** - WOW!



OUR CORE VALUES

The phrase "**WE CARE**" is more than just a slogan to us, it is an acronym for the behaviors we believe are essential to our business:

- W** - WELCOMING
- E** - EMPATHETIC
- C** - COMMITTED
- A** - ACCOUNTABLE
- R** - RESPECTFUL
- E** - (PURSUING) EXCELLENCE

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CHAIRMAN'S REPORT

As Chairman of the Board for Doctors Hospital Health System (DHHS), I am pleased to reflect on the remarkable achievements of the past fiscal year ending January 31, 2024. Our journey this year has been one of resilience, innovation, and unwavering dedication to excellence in healthcare delivery, marked by significant growth and advancements despite unprecedented challenges.

In partnership with the exceptional leadership of our executive team and the tireless efforts of our dedicated healthcare professionals, we have navigated a dynamic and often unpredictable healthcare landscape. Our commitment to providing compassionate, high-quality care remains unwavering as we continue to innovate and elevate our standards, ensuring that DHHS not only meets but exceeds the expectations of our patients and communities.

This year, we have achieved numerous milestones. We introduced a seventh strategic goal: achieving systemwide operational efficiencies. This initiative has streamlined our processes, optimized resource allocation, and reduced costs, thereby enhancing the sustainability and growth of our organization. Our focus on operational excellence has translated into tangible improvements in patient care and organizational effectiveness.

We are particularly proud of the successful launch of new facilities, including the DH Pharmacy @ Mackey Street Plaza and the outpatient clinics in Georgetown, Exuma, and Freeport Medical Center. These expansions underscore our commitment to increasing accessibility and delivering comprehensive healthcare services to the communities we serve.

The past year also saw the initiation of transformative programs such as the GLOW initiative, which emphasizes growth, learning, outreach, and innovation among our associates. Establishing the Applied Management Accelerator Program (AMAP) further demonstrates our commitment to leadership development, equipping our emerging leaders with the necessary skills to drive our mission forward.



FELIX STUBBS

CHAIRMAN OF THE BOARD

We have embraced cutting-edge technology, as evidenced by our advancements in electronic health records, telemedicine capabilities, and the integration of state-of-the-art equipment at our flagship facility, Doctors Hospital East (DHE). These investments improve patient care and position us at the forefront of healthcare innovation.

Our dedication to associate well-being and professional development remains a cornerstone of our strategy. Initiatives like the associate childcare program and the comprehensive Soft Skills training course offered through DH-TIOL exemplify our belief that a supportive, engaged workforce is essential to delivering exceptional patient care.

We are excited about the opening of the DH Paradise Island outpatient facility and the DH Village Road Outpatient Diagnostic Imaging Center soon. These new locations will further enhance our ability to provide accessible, high-quality healthcare services and reinforce our long-term vision for growth and excellence.

As we embark on the next phase of our journey, we remain committed to driving positive change, embracing digital transformation, and enhancing access to healthcare services. Our strategic focus on delivering the best value to our patients through innovation, efficiency, and a relentless pursuit of excellence will continue to guide us toward a brighter, healthier future for all we serve.

I extend my heartfelt gratitude to our Board of Directors, executive team, and every member of the DHHS family. Your dedication and hard work make our achievements possible, and together, we will continue to make a meaningful impact in the lives of our patients and communities.

FELIX STUBBS

CHAIRMAN OF THE BOARD

Doctors Hospital Health System Limited

PRESIDENT'S MESSAGE

It is with great enthusiasm that I present the annual report for Doctors Hospital Health System (DHHS) for the fiscal year ending January 31, 2024, encapsulating a year of remarkable growth, progress and innovation in our pursuit of delivering exceptional healthcare care services to the communities in which we operate. In a year marked by unprecedented challenges and opportunities, DHHS has remained steadfast in our mission to provide compassionate, high-quality care to our patients and communities. Amidst the dynamic landscape of healthcare, DHHS has embraced change as an opportunity to innovate, collaborate, and elevate the standard of care we provide. Our organization has demonstrated resilience and adaptability, navigating challenges with a steadfast commitment to our mission and values. Our dedicated healthcare professionals, leaders, and associates have demonstrated resilience, innovation, and a tireless dedication to delivering exceptional outcomes for those we serve.

Encapsulating our collective journey over the past year, this report highlights our achievements, challenges, and strategic initiatives undertaken to advance our mission of exceeding the healthcare needs and expectations of our patients, while providing an enriching and rewarding professional environment for our associates and physicians. We have made progress in key areas of strategic importance, including operational excellence, patient-centered care, financial stewardship, and community impact. Transformative initiatives and technological advancements continue to shape our journey toward healthcare excellence, where healthcare innovation meets compassion.

To ensure alignment with the healthcare system's mission and vision, providing a clear path forward to achieve overarching objectives related to patient care, community impact, and



DR. CHARLES DIGGISS
PRESIDENT & CHIEF EXECUTIVE OFFICER

organizational growth, this year, the executive team, in collaboration with the Board of Directors, introduced a seventh strategic goal: Achieving systemwide operational efficiencies. We promote operational efficiency by streamlining processes, optimizing resource allocation, and reducing costs. This efficiency contributes to the sustainability of healthcare delivery and supports the long-term growth of the organization.

As we reflect on our achievements over the past year, we look ahead with optimism and determination to achieve our vision for growth, innovation, and sustainability, guiding us toward greater impact and excellence

in healthcare. Navigating the evolving healthcare landscape, DHHS continues to adapt and innovate to meet the evolving needs of our patients and communities. We are committed to driving positive change, embracing digital transformation, and enhancing access to healthcare services while upholding the highest standards of quality, safety, and patient experience.

Our commitment to excellence extends beyond clinical care to encompass innovation, compassion, and a relentless pursuit of improvement and excellence. We have embraced new technologies, enhanced patient experiences, and fostered a culture of collaboration and continuous learning throughout our organization. We are dedicated to advancing healthcare quality, enhancing access to services, and strengthening our partnerships with stakeholders to drive meaningful impact, shape the future of healthcare delivery and make a positive difference in the lives of our patients and communities.

Emphasizing the importance of prioritizing and supporting the well-being, engagement, and professional development of physicians and associates, DHHS maintains an associate first approach consistent with our 'Best Place to



PRESIDENT'S MESSAGE

Work' strategic priority. This approach recognizes that engaged and satisfied associates directly contribute to improved patient care, operational efficiency, and organizational success. This approach contributes to improved operational efficiency by fostering a culture of innovation, problem-solving, and collaboration, while fostering positive organizational culture characterized by trust, transparency, and mutual respect through a supportive culture that enhances teamwork, communication and morale throughout the healthcare system.

In this vein, as we continue to prioritize our associate's needs, we embarked upon an associate childcare program. Partnering with a trusted childcare provider to offer subsidized, convenient childcare services tailored to the needs of our associates, this initiative allows for flexible options to accommodate the different shifts and work patterns, enabling parents to balance their work responsibilities with family commitments. The completion of this initiative is expected by April 2024.

Our GLOW initiative program, which introduces associates to GLOW Tenets (Grow, Learn, Outreach, WOW) while reiterating the health system's core values (Welcoming, Empathetic, Committed, Accountable, Respectful, and [in pursuit of] Excellence) saw the introduction of a new, innovative leadership team - Janelle Cambridge and Edward Russell - brimming with fresh perspectives and bright ideas. This signifies a transformative leap forward in our approach to associate growth and development. This new team embodies a spirit of creativity and forward thinking, poised to challenge conventional norms and ignite innovative solutions that drive impactful change within our organization. The GLOW initiative has relaunched several programs, namely:

- Journey To Best (JTB), which represents a transformative approach to professional development and organizational culture, emphasizing growth, continuous learning, community outreach, and the pursuit of excellence. By immersing associates in the GLOW Tenets and core values, the initiative aims to cultivate a workforce that embodies these principles in every interaction and decision. Through this program, associates embark on a

journey of personal and professional growth, gaining valuable insights and skills that enhance their capabilities and impact.

- Management training for new and emerging leaders within our organization is a key initiative of the GLOW team through the Applied Management Accelerator Program (AMAP). This comprehensive program is designed to equip our leaders with the essential skills, knowledge, and insights needed to navigate complex challenges and drive organizational success.
- As an ongoing initiative, the GLOW team is further focused on assisting with the remediation of results of the associate experience survey while seeking to increase our Employee Net Promoter Score (eNPS).
- The GLOW Awards Ceremony was held on November 16 with a Great Gatsby themed gala. This special occasion provided the opportunity to recognize, celebrate, and reward the outstanding contributions and achievements of our dedicated associates. It was a truly memorable evening filled with camaraderie, appreciation, and inspiration.

Doctors Hospital The Institute of Learning (DH-TIOL) spearheaded several initiatives throughout the course of the year. Most notably, representing our strategic goal of being the best place to work, our commitment to nurturing talent and fostering growth among our associates has led to the successful implementation of a comprehensive Soft Skills training course. This initiative is designed to equip our associates with essential interpersonal and professional skills, including communication, teamwork, adaptability, problem-solving, and leadership. Collaborating with industry experts to develop a tailored curriculum, the DH-TIOL team developed the program to address specific needs identified within our organization. This underscores our belief in the importance of holistic professional development, empowering our associates to excel in their roles and contribute positively to our organizational culture.

Hosted by the Quality department, Patient Experience Survey celebration week was held March 12 – 18 as we hosted daily activities, events, and giveaways to show appreciation to physicians and associates

PRESIDENT'S MESSAGE

for achieving an impressive annual score of 96% of patients who would recommend DHHS. Throughout the week, we hosted a series of engaging activities, events and giveaways to express our gratitude for the exceptional care and dedication demonstrated by each member of the DHHS team. These initiatives not only celebrated our achievements but also reinforced our commitment to delivering exceptional patient experiences.

To ensure that we offer our associates the optimal workplace experience while achieving operational efficiencies, in August 2022, we engaged the services of Ernst and Young (E&Y) for a workplace assessment. This past year, we remained committed to ongoing remediation efforts following this workplace assessment, which served as a valuable opportunity for us to identify areas for improvement and implement meaningful changes to our workplace environment and culture. Throughout the year, we have diligently addressed the findings and recommendations outlined in the assessment report. Our remediation efforts have been guided by a steadfast commitment to fostering a positive and efficient work environment. As we reflect on the past year, we acknowledge the progress made through our remediation efforts while recognizing that our journey toward continuous improvement is ongoing.

A significant milestone in our journey towards operational excellence and strategic focus is the transformative initiative to ensure system-wide alignment with our organizational strategic goals.

- This past year, we engaged in strategic, collaborative, and insightful discussions with our department and service line leaders. These discussions, focused on Prioritizing for Optimal Effectiveness (POE), were aimed at optimizing our priorities for maximum impact and efficiency.
- Coupled with the POE initiative is our executive benchmarking program, a strategic initiative aimed at enhancing leadership effectiveness and organizational performance. DHHS executives align with peers at Health City Cayman Islands (HCCI) and The Cleveland Clinic for collaboration and identification of opportunities for improvement and innovation. Cleveland Clinic conducted a

Quality assessment of DHHS, while two teams from DHHS visited HCCI on separate occasions during FY2024 to develop opportunities for Quality enhancements, oxygen generation, as well as clinical services access for services not available at DHHS.

- Our executive development and succession (CEO) planning ramped up in earnest as we initiated the consulting engagement with Jeff Manchester of Shift180. Quarterly 'deep dive' in person offsite sessions with our clinical and executive leadership team are interspersed with virtual monthly 'check ins'. This is a significant initiative which builds and sustains success for our future.

The past year saw the successful opening of several new locations within our healthcare system. These expansions represent a significant milestone in our ongoing commitment to extending quality healthcare services within the community. Each new location embodies our dedication to accessibility and excellence in patient care.

- DH Meldon Pharmacy – To complement our existing healthcare offerings while providing convenient access to essential medications and pharmaceutical services, we inaugurated a state-of-the-art pharmacy facility in the Meldon Plaza. The opening of this new pharmacy allows us to promote medication adherence and facilitate seamless coordination between healthcare providers and patients as we seek to optimize health outcomes and improve overall wellness within the community. By aligning convenient pharmacy services with our existing healthcare offerings, we consistently provide a holistic approach to healthcare that addresses the unique needs of each individual.
- Reaffirming our commitment to excellence, innovation, and convenient healthcare, we opened an outpatient clinic in Georgetown Exuma, allowing us to deliver a wide range of comprehensive healthcare services, including preventive care, primary care, and wellness programs. By establishing a presence in Exuma, we aim to provide residents with access to high-quality healthcare services closer to home. This delivery of an integrated continuum of care,

PRESIDENT'S MESSAGE

empowers patients to proactively manage their health and well-being.

- Grand Bahama saw the addition of Freeport Medical Center (DH FMC), offering patient-centered primary care and specialist clinics within the Grand Bahama community. Through ongoing investment in healthcare infrastructure and continuous quality improvement initiatives, we remain steadfast in our pursuit of delivering BEST CARE NOW. Yet another initiative in our providing the best healthcare experience for our patients.
- An exciting development of the past year was the reopening of the DH West Urgent Care location. This was a momentous occasion for us as we expand our healthcare services to better serve our community with accessible and timely care. Conveniently located on Blake Road, DH West provides easy accessibility for patients in the western New Providence community and surrounding areas with urgent care needs, specialist physician visits, Lab and imaging services.

During FY2024, we remained committed to upgrading and enhancing our flagship facility, representing a significant investment in the achievement of our strategic goals, the future of our organization, and the quality of care we provide to our community. Through these upgrades, we reaffirm our commitment to excellence in healthcare delivery and patient satisfaction. We invested in critical infrastructure upgrades to ensure the safety, efficiency, and functionality of our Doctors Hospital East (DHE) flagship facility. This included:

- Enhancements to electrical systems, plumbing, and HVAC
- Building structure upgrades, most notably, a complete rebuild of the facility roof.
- Embracing the latest advancements in healthcare technology, we integrated state-of-the-art equipment and digital systems into our facility. This included upgrading equipment, electronic health records (EHR) systems (Meditech Expanse), and telemedicine capabilities to improve patient care and operational efficiency.

- Our upgrades prioritized patient-centered design principles to create a welcoming and healing environment. We focused on improving wayfinding, enhancing privacy and comfort, and incorporating elements to promote wellness.
- Our concierge service is now more visible and readily available at the entrance of DHE. Patients and visitors can easily locate our concierge desk, where friendly staff members are dedicated to assisting with inquiries, providing directions, and offering personalized assistance. With the enhanced visibility of our concierge service, response times have improved. Patients and visitors receive prompt attention and assistance upon arrival, creating a positive first impression and reducing wait times.

At DHE especially, we demonstrate our commitment to providing the best healthcare experience for our patients.

Also in keeping with our strategic goal of providing the Best healthcare experience for patients, our team launched an executive physical program, which was specifically designed to prioritize the health and well-being of those within our community. The initial launch focused on members of the Royal Bahamas Police Force (RBPF) but soon grew to include the wider community. In today's fast-paced and demanding environment, this proactive and personalized approach to healthcare is tailored to meet the needs of the community through comprehensive health assessments, personalized care plans, concierge-level service, confidentiality and privacy, and health education and lifestyle counseling. To further achieve the goal of providing the very Best healthcare experience for patients, DHHS continues to work closer toward an ETS dispatcher presence within the RBPF control room, enabling us to improve our awareness of and response to emergencies with a focus on timeliness and efficiency as we coordinate and collaborate with the National response to emergencies.

With a dedicated focus on our seventh strategic priority, we have successfully streamlined numerous administrative processes, resulting in significant cost savings and improved operational effectiveness. This

PRESIDENT'S MESSAGE

achievement was made possible through the strategic implementation of lean methodologies aimed at optimizing workflows and enhancing efficiency across our organization.

- **Process Analysis and Mapping:** We have conducted comprehensive reviews of existing administrative processes, identifying areas of inefficiency and waste. Through detailed process mapping, we gained valuable insights into workflow bottlenecks and opportunities for improvement.
- **Lean Methodologies Implementation:** Leveraging lean principles and continuous improvement cycles has enabled us to streamline processes while maintaining quality and compliance standards.
- **Cross-Functional Collaboration:** Our lean initiatives fostered cross-functional collaboration among different departments and teams. By breaking down silos and promoting communication, we achieved better alignment of goals and improved coordination in delivering services.
- **Metrics and Performance Monitoring:** We established key performance indicators (KPI) to monitor the impact of process improvements. Regular performance reviews allowed us to track progress, identify areas for further improvement and optimization, and sustain improvements over time.
- **Prioritizing for Optimal Effectiveness (POE):** In order to systematically prioritize initiatives based on impact, feasibility, and alignment with strategic goals, we embarked upon a series of POE sessions with leaders to maximize effectiveness and focus resources on activities that drive meaningful outcomes and sustainable success. This prioritization is aimed to foster strategic alignment, resource optimization, and agility, enabling us to navigate complexities and achieve desired results efficiently.

We have further expressed our commitment to enhance operational efficiencies across the organization through the identification of new opportunities for efficiency gains and sustainable growth:

- Our JCI accreditation survey 2025 preparation

saw the expanded scope of audits (SOP) by our Quality and Risk Management teams. Practices, processes and policies were examined as well as site tours through our many facilities.

- We identified a need to initiate the Journey to College of American Pathologists (CAP) accreditation by our Laboratory services. The leadership of our Lab and Pathology services have wholeheartedly stepped up enthusiastically to this preparation with a proactive approach to driving positive outcomes.

Our strategic focus on delivering the best value to our customers by leveraging technology and expertise, through the merging of innovation and industry knowledge, is apparent through our Loyalty Advantage Membership Program (LAMP), which has seen exponential growth in the past year. To date, LAMP has 1,245 active paying members, 8,031 NHI enrollees, 4,500 Baha Mar associates, and 5,000 RBPF members. LAMP is working toward becoming a viable alternative financing arrangement to manage care at all levels. Via LAMP, we have realized increased affordability of our services by our customers/patients. This financial access tool is one way we optimize our fiscal performance.

Recognizing the importance of giving back and supporting the well-being of those we serve beyond our hospital walls, DHHS, through our community engagement initiatives, aims to make a positive impact and address key health and social needs. With a deep commitment to fostering healthier tomorrows while achieving our strategic goal of sustaining success for the future, our dedicated team of physicians and associates actively participate in volunteer programs, offering their time and expertise to support local community organizations, schools, and events. Whether it's providing health screenings, blood drives, leading educational workshops, or participating in community clean-up efforts, our volunteers are passionate about making a difference. We completely buy in to the power of philanthropy in an effort to drive meaningful change. Supporting various charitable organizations and initiatives focused on healthcare, education, social services, and more, our charitable donations contribute to vital resources and programs that benefit individuals

PRESIDENT'S MESSAGE

and families in need. In this vein, this past year, we partnered with

Angel's Care, an initiative that seeks to assist single mothers through various campaigns and giveaways. In May, at the Angel's Care "More Than Enough" seminar, DHHS offered a scholarship to one single mother to any course offered at our Doctors Hospital Institute of Learning (DH-TIOL). We provide ongoing support and collaboration to the Kix Academy soccer team, which caters to soccer players of all levels with the goal of assisting them in reaching their full potential through child-centered coaching philosophy. Our mission-driven culture.

WHAT'S NEXT FOR US?

- The opening of the DH Paradise Island outpatient facility, which is slated to be located just north of the exit roundabout at the eastern bridge, is imminent. This strategic location has been carefully chosen to provide convenient access for our patients and visitors, offering easy accessibility from Paradise Island and surrounding areas while allowing for potential future expansion and development, supporting our long-term vision for delivering comprehensive healthcare services and meeting the evolving needs of our community. We are excited about this important milestone and the positive impact it will have on expanding our healthcare footprint in the country. The DH Paradise Island outpatient facility represents our commitment to delivering exceptional care in convenient and accessible locations.
- The DH Village Road Signature Outpatient Diagnostic Imaging Center, scheduled for opening in FY26, will be equipped with state-of-the-art imaging technology, including advanced MRI, CT scan, ultrasound, X-ray, and mammography systems. This technology allows for precise diagnostics and enhances the accuracy of medical imaging. The launch of this Imaging Center represents a transformative step forward in elevating healthcare standards and advancing diagnostic capabilities within our organization. We are elated about the positive impact this facility will have on improving patient outcomes and enhancing the overall quality of care.
- The new Rockwell hospital in Grand Bahama is set to open its doors in FY26, and we couldn't be more thrilled to begin this new chapter in healthcare excellence. Rockwell will feature state-of-the-art medical technology, modern amenities, and specialized care units to provide the highest quality of healthcare services to our patients in the Grand Bahama community and surrounding areas. As we approach this exciting milestone, I encourage you to share in the anticipation and excitement surrounding the opening of our new hospital.
- In a move aimed at expanding DHHS's service offerings and solidifying our position as a market leader in the healthcare sector, we plan to acquire the Kidney Center Limited (KCL) as we enhance the delivery of quality hemodialysis services within The Bahamas. KCL will operate as a wholly owned subsidiary of DHHS with all of its operations in The Bahamas (New Providence, Grand Bahama, and Abaco) included within the scope.
- As we seek to leverage advanced analytics to drive clinical decision-making, population health management, and personalized care, we are exploring opportunities in artificial intelligence (AI), robotics, and precision medicine to improve patient outcomes. We recognize the transformative potential of artificial intelligence (AI) in revolutionizing healthcare delivery through enhanced patient care, optimized workflows, and operational efficiency across the organization.
- We plan to increase our virtual visit options for routine care, follow-ups, and specialist consultations to enhance patient convenience and reduce barriers to healthcare access. Harnessing AI-enabled devices to remotely monitor patients with chronic conditions, detect early signs of deterioration and enable timely interventions, will be a focus for us in the coming years.
- As a part of our commitment to delivering exceptional care, we will focus on improving our care coordination processes to ensure seamless transitions and continuity of care for our patients. Our teams will develop comprehensive care transition plans tailored to each patient's needs, ensuring a smooth transfer of care between

PRESIDENT'S MESSAGE

different settings and providers, ensuring that every patient receives safe, effective, and compassionate care. We will enhance patient engagement strategies to empower patients and their families with the information and resources necessary for active participation in care decisions.

- As we continue to support and empower our dedicated healthcare professionals and associates, we will invest in comprehensive workforce development initiatives aimed at enhancing skills, promoting professional growth, and driving excellence in patient care. Key aspects of our workplace development include:
 - Professional Training and Education
 - Leadership Development
 - Tuition Reimbursement and Scholarships
 - Wellness and Resilience Programs
 - Cross-Functional Collaboration

No DHHS CEO's annual report is complete without a special reference to our DHH (Harbourside) facility. We progressed closer to the completion of this impressive state-of-the-art extended care facility featuring skilled nursing and inpatient rehab. DHH is slated to be completed and operational by mid-2024. This facility will offer extended accommodations for our inpatients as we continue to refine DHE for acute care, critical care, maternity, and operating room enhancements.

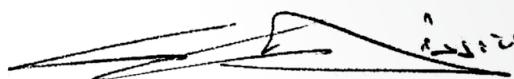
Similarly, we continue to advance our initiatives to realize the tenets of our EAGLE partner island implementations. More on this next year.

Our excitement with our Client-Med initiative converted into our locating an ETS station within Lyford Cay. This, in addition to one located in Albany. We refined our service offerings at Baha Mar and this remains a signature relationship in our Resort-Med initiative.

At DHHS, our strategic direction and achievements underscore our commitment to advancing healthcare excellence and making a positive impact on the communities we serve. By embracing innovation, collaboration, and continuous improvement, DHHS is

well- positioned to navigate industry challenges and drive meaningful change in healthcare delivery. As we embark upon the next phase of our journey, I am confident that DHHS is well- positioned to continue delivering exceptional care and driving positive impact in our community.

I am grateful for an extremely supportive DHHS team, who make all the foregoing happen.



DR. CHARLES DIGGISS

PRESIDENT & CHIEF EXECUTIVE OFFICER
Doctors Hospital Health System Limited

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

- **Meeting New Patient Care Needs Fuels Top-Line Expansion**
- **DHHS Positioned To Broadly Address National Healthcare Deficits**
- **Record Financial Provisions for Uncompensated Care, Muting Net Income Progress**

1. Revenue and Utilization drivers

Consolidated total revenues grew to \$119.9m for the fiscal period ending January 31, 2024 (“FY 2024”) vs \$101.7m in the prior period, or +17.9%. Doctors Hospital Health System (“DHHS” or “The Group”) saw significantly increased penetration in its outpatient segments, based on prior year executions to establish a community-based clinic and retail network.

Core utilization, a proxy for Group level activity, is broadly defined as outpatient clinic and emergency room visits and inpatient days. As a gross metric, core utilization grew by 61.1% year over year (“YoY”). Outpatient clinic visits in particular spiked dramatically due in part to the penetration effects attributed to the newly established urgent care centers in Freeport, Grand Bahama as well as in Georgetown, Exuma and the conversion of Doctors Hospital West on Blake Road to an urgent care center and specialist clinic. Excluding new sites and across comparable outpatient clinics which were fully operational in the fiscal period ending January 31, 2023 (“FY 2023”), demand was also noteworthy, growing by +15,512 visits or 121.7%.

| Table 1 – Core Utilization | FYE 2023 | FYE 2024 | Change | % Change |
|-----------------------------------|-----------------|-----------------|---------------|-----------------|
| Outpatient Clinics Visits | 12,742 | 31,654 | 18,912 | 148.4% |
| Comparable Sites Only | 12,742 | 28,254 | 15,512 | 121.7% |
| ER Visits | 9,607 | 10,418 | 811 | 8.4% |
| Inpatient Days | 10,785 | 11,305 | 520 | 4.8% |
| Sub-total | 33,134 | 53,377 | 20,243 | 61.1% |

A prominent driver of higher outpatient clinic segment remains The Group’s Loyalty Advantage Membership Program (“LAMP”) which presents a more affordable alternative than conventional insurance, effectively lowering barriers to access for average Bahamians. LAMP enrollment grew to 42.2% YoY. In addition to the core growth in utilization enabled by LAMP, the Group saw a pronounced uptick in essential diagnostics tests. Laboratory tests and imaging studies combined grew by 54.1%. Improved access to such diagnostic capability, especially in a primary and urgent care setting, provides the capacity to deliver.

| Table 2 – Diagnostics | FYE 2023 | FYE 2024 | Change | % Change |
|------------------------------|-----------------|-----------------|---------------|-----------------|
| Laboratory Tests | 121,673 | 191,921 | 70,248 | 57.7% |
| Imaging Studies | 25,663 | 35,099 | 9,436 | 36.8% |
| Sub-total | 147,336 | 227,020 | 79,684 | 54.1% |

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

To provide essential care in strategically viable communities, the Group plans additional expansion of its outpatient network into Paradise Island and Eleuthera. For inpatient capacity, the Group plans the full opening of a twenty-five (25) bed hospital in Grand Bahama as well as completion of a thirty-eight (38) bed extended care/step-down facility in New Providence.

2. Rising Exposure To Uncompensated Care and Declining Payor Coverage/Reimbursement

Due to broad issues with inpatient capacity at the national level, and the spillover effects of those constraints as a driver of higher self-pay patients in New Providence, DHHS saw its related provision for expected credit losses ("ECL") under IFRS 9 grow to \$11.0m (vs. \$3.0m in the prior year). Notwithstanding these earnings challenges, the Group continues to stand affirmatively in the gap, bridging bottlenecks in the public system and working collaboratively with The Government of The Bahamas to define long-term solutions to its capacity challenges for uninsured patients.

In addition to growing self-pay financial risk, the Group saw increased exposure to declining reimbursement rates across large payors which also negatively impacted net income. The provision against third-party accounts receivables balances increased to \$1.7m in FYE 2024, up materially from \$0.5m in the period prior. Decreased reimbursement exists when payors remit less than what is invoiced for services or when higher financial risk is transferred to members/groups in the form of higher out of pocket obligations (i.e. co-payments, deductibles, etc), which are subsequently unmet.

Combined, the ECL expense (loss allowance) for FYE 2024 was \$13.3m, a material headwind to net income.

3. Cash And Liquidity

Cash and investments convertible to cash were \$1.98m at period end. Fixed income investments were \$7.1m, held mostly in Bahamas Government Registered Stock ("BGRS") either directly or through a 3rd party financial institution. Total cash and investments convertible to cash within 30 days, as well as investments were \$9.08m.

4. Fiscal Position and Outlook of The Group At January 31, 2024 Remains Optimistic

The Group's significant investments in both inpatient and outpatient capacity has fundamentally reshaped the healthcare delivery landscape nationally. The corresponding impact on turnover and utilization is evident. Net income challenges relate mostly to rising uncompensated care, an increasing fiscal burden stressing profitability. In this environment, the Group held labor costs in check in relative terms. Revenues per full-time equivalent, a rough proxy for turnover efficiency grew to \$140,005 vs. \$84,891 on a pre-COVID-19 basis.

| Table 3 – Labor Snapshot | FYE 2019 | FYE 2023 | FYE 2024 | Year Over Year | |
|----------------------------|----------|----------|-----------|----------------|----------|
| | | | | Change | % Change |
| Personnel Costs (Millions) | \$26.3 | \$39.8 | \$47.0 | \$7.2 | 18.0% |
| % of Revenue | 43.20% | 39.17% | 39.21% | 0.0% | 0.1% |
| Revenue per FTE | \$84,891 | \$97,246 | \$140,005 | \$42,758 | 44.0% |

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The Group saw total employment levels of up to 996, which included 796 full-time and 200 contracted in FYE 2024. DHHS remains a large and significant private employer in The Bahamas. Further, The Group ratified its annual profit-sharing program, which tangibly allows for associate participation in the fiscal performance of the company. In FYE 2024, profit sharing involved an accrual of \$0.6 million.

Recognizing the importance of prioritizing associate engagement and development, spending for incentives and associate award programs, and education related to his priority were \$1.4m in FYE 2024, a noteworthy increase YoY, and a greater than four-fold increase compared to pre-COVID-19 levels.

As the Group ramps up inpatient capacity online both in Grand Bahama and New Providence, the Group anticipates pressure in labor productivity as staffing levels are increased in advance of the full revenue ramp-up.



KPMG (Bahamas) Ltd.
PO Box N-123
Montague Sterling Centre
13 East Bay Street
Nassau, Bahamas

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Doctors Hospital Health System Limited

Opinion

We have audited the consolidated financial statements of Doctors Hospital Health System Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at January 31, 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at January 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – comparative information

We draw attention to Note 30 of the consolidated financial statements which indicates that the comparative information presented as at for the year ended January 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The consolidated financial statements of the Group as at and for the years ended January 31, 2023 and January 31, 2022 (from which the statement of financial position as at February 1, 2022 has been derived), excluding the adjustments described in Note 30 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on August 25, 2023 and June 30, 2022, respectively.

As part of our audit of the consolidated financial statements as at and for the year ended January 31, 2024, we audited the adjustments described in Note 30 that were applied to restate the comparative information presented as at and for the year ended January 31, 2023 and the statement of financial position as at February 1, 2022. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended January 31, 2023 or January 31, 2022 (not presented herein) or to the consolidated statement of financial position as at February 1, 2022, other than with respect to the adjustments described in Note 30 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 30 are appropriate and have been properly applied.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <i>Impairment of Trade receivable</i> | |
|---|---|
| <i>The key audit matter</i> | <i>How the matter was addressed in our audit</i> |
| <p>Impairment of trade receivable was considered to be a key audit area primarily for the following reasons:</p> <p>Inadequate allowance for impairment losses could have a material financial impact on the Group's consolidated financial statements, should a material impairment loss occur without adequate allowance for ECL being made.</p> <p>The impairment assessment of trade receivables i.e. measurement of ECL requires the use of subjective estimates and significant judgments such as estimating Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD"), , Significant Increase in Credit Risk ("SICR"), discount rate and Forward Looking Information ("FLI").</p> | <p>In assessing the impairment of trade receivable, our main audit procedures included:</p> <ul style="list-style-type: none"> • Obtained an overall understanding of the Group's methodology to determine the allowance for ECL including the associated processes and systems used. Further tested design and implementation of the controls used by the Group to determine the accuracy of the allowance for ECL; • On a sample basis, we validated the accuracy of the ECL data inputs. To validate the data inputs, we inspected source documents and compared the information from source documents to inputs used in the ECL calculation. The primary data inputs include monthly trade receivable aging, roll rate, loss rate, write-offs and recoveries; • Using our own Financial Risk Management specialists, we evaluated the appropriateness of the Group's ECL model and methodology and the reasonableness of the Group's subjective estimates and significant judgements made in applying the ECL requirements in accordance with the relevant accounting standards which included the selection and application of significant assumptions and data sources used in the ECL model, including PD, LGD, EAD, SICR, discount rate and FLI; • Using our own Financial Risk Management specialists, we evaluated the reasonableness and reliability of the forward-looking information by performing benchmarking analysis in reference to Gross Domestic Product ("GDP") rate, unemployment rate and inflation rate; and |

| | |
|--|--|
| | <ul style="list-style-type: none"> Evaluated the completeness, accuracy and relevance of ECL related disclosures required by the relevant accounting standards, including disclosures about assumptions concerning the future, and other major sources of estimation uncertainty. |
|--|--|

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2024 Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The 2024 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other matter relating to supplementary information

We draw attention to the fact that the supplementary information included in Schedule 1 does not form part of the audited consolidated financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Diveane Bowe.

KPMG (Bahamas) Ltd.

Nassau, Bahamas

November 29, 2024

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31, 2024 (Expressed in Bahamian dollars)

| | 2024 | 2023 (restated) | February 1, 2022 (restated) |
|--|-----------------------|-----------------------|-----------------------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents (Note 7) | \$ 1,980,686 | \$ 18,668,220 | \$ 6,760,452 |
| Trade receivable, net (Note 8) | 42,041,440 | 41,700,006 | 56,870,862 |
| Inventories (Note 9) | 6,470,174 | 5,405,305 | 8,197,722 |
| Other assets (Note 10) | 4,342,465 | 5,849,979 | 2,942,448 |
| Total current assets | <u>54,834,765</u> | <u>71,623,510</u> | <u>74,771,484</u> |
| NON-CURRENT ASSETS: | | | |
| Other assets (Note 10) | 539,428 | 457,373 | 300,891 |
| Investments (Note 11) | 7,097,515 | 6,908,114 | 19,453,277 |
| Investment property (Note 12) | 954,913 | 1,007,964 | 1,061,015 |
| Goodwill (Note 13) | 430,902 | 430,902 | 430,902 |
| Other intangible assets (Note 14) | 245,704 | 266,351 | 230,869 |
| Right of use assets (Note 16) | 3,759,013 | 3,468,727 | 1,937,532 |
| Property and equipment (Notes 15 and 24) | <u>62,677,785</u> | <u>42,769,940</u> | <u>29,298,927</u> |
| Total non-current assets | <u>75,705,260</u> | <u>55,309,371</u> | <u>52,713,413</u> |
| TOTAL ASSETS | <u>\$ 130,540,025</u> | <u>\$ 126,932,881</u> | <u>\$ 127,484,897</u> |

(Continued)

The notes on pages 12 to 47 form an integral part of the consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

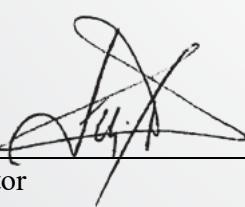
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31, 2024 (Expressed in Bahamian dollars)

| | 2024 | 2023 (restated) | February 1, 2022 (restated) |
|--|-----------------------|-----------------------|-----------------------------------|
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable and other liabilities (Notes 17 and 24) | \$ 19,868,237 | \$ 22,940,261 | \$ 25,988,176 |
| Current portion of lease liabilities (Note 16) | 1,447,312 | 1,172,892 | 564,031 |
| Current portion of long-term debt (Note 18) | 261,558 | 249,462 | 238,021 |
| Total current liabilities | <u>21,577,107</u> | <u>24,362,615</u> | <u>26,790,228</u> |
| NON-CURRENT LIABILITIES: | | | |
| Lease liabilities (Note 16) | 2,570,966 | 2,502,761 | 1,511,240 |
| Long-term debt (Note 18) | 7,693,403 | 2,954,961 | 3,204,423 |
| Total non-current liabilities | <u>10,264,369</u> | <u>5,457,722</u> | <u>4,715,663</u> |
| TOTAL LIABILITIES | <u>31,841,476</u> | <u>29,820,337</u> | <u>31,505,891</u> |
| EQUITY | | | |
| Share capital: | | | |
| Authorized 18,750,000 common shares at par value of \$0.04 (2023: 12,500,000); issued and fully paid | | | |
| 11,971,634 (2023: 11,971,634) | 478,865 | 478,865 | 478,865 |
| Contributed surplus | 25,778,030 | 25,778,030 | 25,778,030 |
| Retained earnings | <u>72,441,654</u> | <u>70,855,649</u> | <u>69,722,111</u> |
| Total equity | <u>98,698,549</u> | <u>97,112,544</u> | <u>95,979,006</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 130,540,025</u> | <u>\$ 126,932,881</u> | <u>\$ 127,484,897</u> |

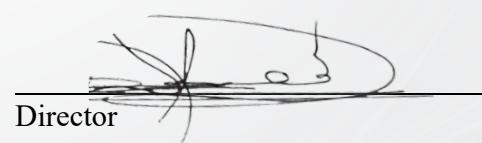
(Concluded)

The notes on pages 12 to 47 form an integral part of the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on November 13, 2024, and are signed on its behalf by:



Director



Director

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JANUARY 31, 2024 (Expressed in Bahamian dollars)

| | 2024 | 2023 (restated) |
|---|--------------------|---------------------|
| REVENUE: | | |
| Patient services revenue, net (Note 19) | \$ 117,485,028 | \$ 99,796,174 |
| Other income, net (Note 19) | <u>2,405,554</u> | <u>1,923,455</u> |
| Total revenue | <u>119,890,582</u> | <u>101,719,629</u> |
| EXPENSES: | | |
| Salaries and benefits (Notes 20, 24 and 25) | 47,010,452 | 39,845,007 |
| Medical supplies (Note 9) | 12,847,382 | 14,700,146 |
| Medical services (Note 24) | 12,309,996 | 10,348,058 |
| Contracted services | 6,894,358 | 8,138,955 |
| Other operating expenses (Note 21) | 8,286,197 | 7,093,704 |
| Loss allowance (Note 8) | 13,286,535 | 5,404,478 |
| Depreciation and amortization (Notes 14, 15 and 16) | 4,977,295 | 4,184,793 |
| Government taxes and fees (Note 22) | 2,025,134 | 1,994,182 |
| Repairs and maintenance (Note 24) | 3,068,399 | 2,118,187 |
| Utilities | 2,852,455 | 2,101,182 |
| Insurance | 1,953,066 | 1,356,515 |
| Dietary expenses | 901,441 | 682,997 |
| Rent (Note 16) | 427,485 | 361,795 |
| Interest expense (Notes 16 and 18) | 323,414 | 322,934 |
| Legal expenses | 750,834 | 258,834 |
| Loss/(gain) on disposal of property and equipment | <u>30,985</u> | <u>(1,705)</u> |
| Total expenses | <u>117,945,428</u> | <u>98,910,062</u> |
| PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR | <u>1,945,154</u> | <u>\$ 2,809,567</u> |
| EARNINGS PER SHARE (Note 26): | | |
| Basic and diluted | \$ <u>0.16</u> | \$ <u>0.23</u> |

The notes on pages 12 to 47 form an integral part of the consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JANUARY 31, 2024

(Expressed in Bahamian dollars)

| | Number of shares | Share capital | Contributed surplus | Retained earnings | Total |
|--|---------------------|------------------|------------------------|----------------------|---------------|
| Balance at January 31, 2022 | | | | | |
| as previously reported | 11,971,634 | \$ 478,865 | \$ 25,778,030 | \$ 66,422,400 | \$ 92,679,295 |
| Restatement adjustment (Note 30) | - | - | - | 3,299,711 | 3,299,711 |
| Balance at January 31, 2022, as restated | 11,971,634 | 478,865 | 25,778,030 | 69,722,111 | 95,979,006 |
| Total comprehensive income for the period | | | | | |
| Total comprehensive income, restated | - | - | - | 2,809,567 | 2,809,567 |
| Total comprehensive income for the period | - | - | - | 2,809,567 | 2,809,567 |
| Transactions with owners of the Group | | | | | |
| Dividends paid | | | | | |
| (\$0.14 per share (Note 23)) | - | - | - | (1,676,029) | (1,676,029) |
| Total transactions with owners of the Group | - | - | - | (1,676,029) | (1,676,029) |
| Balance at January 31, 2023 | 11,971,634 | 478,865 | 25,778,030 | 70,855,649 | 97,112,544 |
| Total comprehensive income for the period | | | | | |
| Total comprehensive income | - | - | - | 1,945,154 | 1,945,154 |
| Total comprehensive income for the period | - | - | - | 1,945,154 | 1,945,154 |
| Transactions with owners of the Group | | | | | |
| Dividends paid | | | | | |
| (\$0.03 per share (Note 23)) | - | - | - | (359,149) | (359,149) |
| Total transactions with owners of the Group | - | - | - | (359,149) | (359,149) |
| Balance at January 31, 2024 | 11,971,634 | \$ 478,865 | \$ 25,778,030 | \$ 72,441,654 | \$ 98,698,549 |

The notes on pages 12 to 47 form an integral part of the consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JANUARY 31, 2024 (Expressed in Bahamian dollars)

| | 2024 | 2023 (restated) |
|---|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Profit for the year | \$ 1,945,154 | \$ 2,809,567 |
| Adjustments to reconcile net profit to net cash provided by operating activities: | | |
| Interest income | (368,407) | (559,777) |
| Interest expense | 323,414 | 322,934 |
| Loss/(gain) on disposal of property and equipment | 30,985 | (1,705) |
| Loss allowance (Note 8) | 13,286,535 | 5,404,478 |
| Depreciation and amortization (Notes 14, 15 and 16) | <u>4,977,295</u> | <u>4,184,793</u> |
| Operating income before working capital changes | 20,194,976 | 12,160,290 |
| (Increase)/decrease in trade receivable | (13,627,969) | 9,766,378 |
| (Increase)/decrease in inventories | (1,064,869) | 2,792,417 |
| Decrease/(increase) in other assets | 1,425,459 | (3,064,013) |
| Decrease in accounts payable and other liabilities | <u>(3,072,024)</u> | <u>(3,047,915)</u> |
| Cash generated from operating activities | 3,855,573 | 18,607,157 |
| Interest paid | <u>(314,162)</u> | <u>(322,933)</u> |
| Net cash from operating activities | <u>3,541,411</u> | <u>18,284,224</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment (Note 15) | (23,390,326) | (16,526,375) |
| Proceeds from the sale of property and equipment | - | 1,705 |
| Purchase of intangible assets (Note 14) | (4,349) | (101,056) |
| Maturity of investments | 510,504 | 13,113,263 |
| Purchase of investments | (699,905) | (622,817) |
| Interest received | <u>368,247</u> | <u>614,494</u> |
| Net cash used in investing activities | <u>(23,215,829)</u> | <u>(3,520,786)</u> |

(Continued)

The notes on pages 12 to 47 form an integral part of the consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JANUARY 31, 2024 (Expressed in Bahamian dollars)

| | 2024 | 2023 (restated) |
|---|---------------------|----------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal repayment of long-term debt (Note 18) | \$ (258,714) | \$ (238,021) |
| Proceeds from issuance of long-term debt (Note 18) | 5,000,000 | - |
| Payment of lease liabilities (Note 16) | (1,395,253) | (941,620) |
| Dividends paid to shareholders (Note 23) | <u>(359,149)</u> | <u>(1,676,029)</u> |
| Net cash from/(used in) financing activities | <u>2,986,884</u> | <u>(2,855,670)</u> |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | (16,687,534) | 11,907,768 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | |
| | <u>18,668,220</u> | <u>6,760,452</u> |
| END OF YEAR (Note 7) | <u>\$ 1,980,686</u> | <u>\$ 18,668,220</u> |
| | | <i>(Concluded)</i> |

The notes on pages 12 to 47 form an integral part of the consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 2024 (Expressed in Bahamian dollars)

1. GENERAL

Doctors Hospital Health System Limited (“DHHS” or the “Company”) was incorporated under the laws of the Commonwealth of The Bahamas on July 1, 1986. Shares of the Group are publicly traded and listed on the Bahamas International Securities Exchange. The Group provides a broad range of healthcare services. The consolidated financial statements for the year ended January 31, 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) as described in Note 6.

The Group’s registered office is located at Sassoon House, Shirley Street and Victoria Avenue, Nassau, Bahamas.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current fiscal year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which were effective for annual reporting periods beginning on or after February 1, 2023. The adoption of these Standards and Interpretations has not led to any significant impact in the Group’s accounting policies, operations or financial statements.

a. Standards and Interpretations effective but not affecting the reported results or financial position

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

The above standards have not led to any material changes in the consolidated financial position of the Group during the current year.

b. New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective for accounting periods beginning on or after the date mentioned against each of them.

- IAS 1 Presentation of Financial Statements (amended)

- IFRS 16 Leases (amended)
- IAS 7 Statement of Cash Flows (amended) and IFRS 7 Financial Instruments: Disclosures (amended)
- IAS 21 The Effects of Changes in Foreign Exchange Rates (amended)
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (amended)
- Annual improvements to IFRS Accounting Standards
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS 10 Consolidated Financial Statements (amended) and IAS 28 Investments in Associates and Joint Ventures (amended)

At this time, management has not yet performed a comprehensive assessment but does not anticipate that the relevant adoption of these standards and interpretations in future periods will have a material impact on the consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICIES

a. ***Statement of compliance*** - The consolidated financial statements of DHHS have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

Certain comparative amounts in the consolidated statement of profit or loss and other comprehensive income have been reclassified as a result of changes in classification of certain revenues and expenses during the current year (see note 30).

b. ***Basis of preparation*** - The consolidated financial statements have been prepared on a historical cost basis except for revaluation of certain financial assets and liabilities.

c. ***Basis of consolidation*** - These consolidated financial statements incorporate the financial statements of the Parent Company, DHHS, and entities controlled by it, which comprise: Doctors Hospital (Bahamas) Limited, Doctors Hospital (East) Limited, Doctors Hospital (West) Limited, Bahamas Medical Center Limited, Doctors Hospital (Harbourside) Limited, Doctors Hospital (The Institute of Learning) Limited and Doctors Hospital (Grand Bahama) Limited. The Company and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.

The management accounts of the subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies. All intra-group transactions, balances,

income and expenses and unrealised income and expense arising from inter-group transactions are eliminated in full upon consolidation.

- d. **Cash and cash equivalents** - Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.
- e. **Foreign currency translation** - These consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Bahamian dollars, which is the functional and presentation currency.

In preparing the consolidated financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are denominated in foreign currencies and carried at fair value are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and carried at historical cost are translated at the rate prevailing at the date of the transaction.

- f. **Financial instruments** - Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income or at amortised cost. Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Group determines the classification of its financial assets on initial recognition and reclassification of financial assets is only allowed if the Group changes its business model for managing financial assets. No reclassification of financial liabilities is allowed.

A financial asset is classified as at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Financial assets classified at amortised cost are carried at the amount at which the asset was measured upon initial recognition, minus principal repayments, plus or minus the cumulative amortisation of any premium or discount, and minus any write-down for impairment or uncollectability.

A financial asset is classified as at fair value through other comprehensive income if both of the following conditions are met and is not designated as at fair value through profit or loss: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are

directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristic of the asset. The three measurement categories are as noted above.

After initial recognition financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

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

g. Impairment of financial assets - The Group recognises loss allowance for expected credit losses ("ECL") on financial assets, namely accounts receivable and investments, measured at amortised cost and measures impairment losses at an amount equal to lifetime ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In determining whether a significant increase in credit risk has occurred since initial recognition, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and forward-looking information.

The Group assumes that the credit risk on a financial asset has significantly increased if it is more than 30 days past due. The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held), or (2) the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For third-party payors, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

ECL Measurement

ECL is the product of the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) parameters defined as follows:

- PD – The estimate of the likelihood of default over a given period.
- LGD – The estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. LGD is expressed as a percentage of the EAD.
- EAD – The estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

The lifetime PD of financial assets carried at amortised cost is developed by applying a maturity profile based on how defaults develop on a portfolio from the point of initial recognition through the lifetime of the asset. PDs are then adjusted to incorporate forward looking information.

For accounts receivable balances and investments with the Government of The Bahamas, the Group uses its judgement in the assessment of a significant increase in risk and migration of balances to lifetime PD. The assessment takes into consideration the risk rating of external rating agencies and the economic environment of the country, which are then adjusted to incorporate forward-looking information.

h. Inventories - Inventories consist of pharmaceutical and medical supplies. Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on a first in, first out allocation basis and the costs incurred in bringing each product to its present location and condition (including freight and duty) are accounted for as a part of inventories. Net realisable value is the estimated selling price less costs to sell in the ordinary course of business, and is assessed at least annually to determine whether any impairment indicators exists.

Losses and damages incurred during the normal course of business are recognised in the consolidated statement of profit or loss and other comprehensive income at the time that such impairment is known.

i. Investment property – Investment property is initially measured at cost. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation.

Investment property is derecognised either when it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party, or completion of construction or development.

Rental income from investment property is recognised in other income on a straight-line basis over the term of the lease.

j. Goodwill - Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment is assessed as indicated under impairment of non-financial assets.

k. Intangible assets - Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Impairment is assessed as indicated under impairment of non-financial assets.

Intangible assets represent the core computer software application in the Group's healthcare information system and other related applications and are amortised using the straight-line method over a period of three to seven years.

l. Property and equipment - Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less accumulated impairment losses. Such cost includes the cost of replacing part of the fixed asset when that cost is incurred, if the recognition criteria are met. Work-in-progress is stated at cost, which approximates fair value, and includes, where appropriate, direct labor and material costs, supervision and engineering charges.

Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied and the replaced asset is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

| | |
|-------------------------|---------------|
| Buildings | 20 - 40 years |
| Leasehold improvements | 3 - 10 years |
| Furniture and equipment | 3 - 10 years |

Depreciation charge is deferred on the capital work-in-progress until project completion, at which time such assets are transferred to specific categories of property and equipment.

Interest associated with loan facilities directly attributable to the construction of work-in-progress projects is capitalized during the construction phase. The capitalized interest is recorded as part of the asset to which it relates and is amortized or depreciated over the estimated useful life of the assets.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

m. Impairment of non-financial assets - The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously

revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

In respect of the goodwill, the Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods. The Group performed its annual impairment test of goodwill as at January 31, 2024.

n. Leases – At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, the ROU asset is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case, the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on

the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

b) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of other revenue, net in the consolidated statement of profit or loss and other comprehensive income.

o. Revenue recognition - Net patient service revenue is recognised when healthcare services are delivered at established billing rates less any estimated variable consideration, which may be explicit or implicit as defined under IFRS 15, and adjusted for allowances for contractual discounts.

The delivery of care for each patient and medical episode is considered unique. There are many variables that are factored into the delivery of care as driven by clinicians in the healthcare environment i.e. diagnosis, co-morbidities, gender, blood type, disease stage, prognosis etc. Therefore, multiple treatments and/or interventions may be required and are administered during a single medical episode. As care is delivered, the items related to the delivery of care are considered fulfilled, and revenue is recognised day by day, as services are provided to patients for each medical episode.

Revenue earned by third party contracted physicians is recognised in the consolidated financial statements. For accounting purposes in accordance with IFRS 15, the Group is classified as a principal, as it delivers medical services to patients through contractual arrangements with physicians to satisfy some performance obligations on behalf of the Group.

Under IFRS 15, the Group is required to assess where it is probable that it would collect the consideration to which it is entitled under the exchange, among other factors which would evidence the existence of a contract. Management primarily analysed collectability for self-pay patients, which comprise approximately 21% of net patient services revenue. Management then considered various patient demographic factors in its assessment of collectability, principally the age of the patient and nature of service rendered (critical vs. non-critical and outpatient care), and the country of origin (local vs. non-local) of the patient. If the collection of consideration is not assessed as probable, revenue was only recognised to the extent that payment has been collected.

- p. Other income* - Other income comprises dividend income from investments which is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably), interest income which is recognised on an accrual basis, and revenue recognised from leases is described in note 3(m).
- q. Pension benefits* - The Group has a defined contribution pension plan. Contributions under the plan are recorded as an expense in the consolidated statement of profit or loss and other comprehensive income. The Group recognises a liability for their portion and employee contributions withheld which are unpaid at the reporting date. There are no further obligations beyond the contribution.
- r. Earnings per share* - Basic earnings and diluted earnings per common share are computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.
- s. Income taxes* - There are no income taxes imposed on the Group by the Commonwealth of The Bahamas.
- t. Taxation* - The Government of The Bahamas implemented Value Added Tax (VAT). Output VAT relates to sales of goods and services is payable to the Government upon its delivery to customers. Input VAT on goods and services purchased is generally recoverable against output VAT. VAT related to sales/purchases and services provision/receipt which are outstanding at the consolidated statement of financial position date is recognised in the consolidated statement of financial position on a net basis and disclosed within current liabilities (or current assets if applicable). The Group is required to pay VAT at a rate of 10% on goods and services as prescribed by the Value Added Tax Act.

The Group also pays business license fees in accordance with the Business License Act and real property tax in accordance with the Real Property Tax Act, and stamp duty.

- u. Provisions* - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The estimate is based on the quantum as assessed by Management, based in part on internal and

external legal advice, and considering if any other co-defendants are likely to be partially liable in a claim and the likely split between the Group and co-defendants.

Where some or all of the expenditure required to settle a provision is expected to be recovered, the recovery shall be recognised when, and only when, it is virtually certain that it will be received if the Group settles the obligation. Recoveries arising from a liability claim are recognised as a receivable.

Details of claims are not separately disclosed where sensitive in nature or where such disclosure may impact negotiations.

- v. **Contingencies** - A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated financial statements. They are not disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

- w. **Related parties** – A related party is a person or entity that is related to the reporting entity:
 - 1) A person or close member of that person's family is related to the reporting entity if the person:
 - a. Has control or joint control of the Group;
 - b. Has significant influence over the Group;
 - c. Is a close family member of an individual or those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Group; or
 - d. Is a member of the Group's key management personnel, including directors.
 - 2) An entity is related to the Group if any of the following conditions exist:
 - a. An entity is a member of the Group
 - b. An entity is associated with, or is a joint venture partner with the Group;
 - c. An entity is a post-employment benefit plan for the benefit of the employees of the Group;
 - d. An entity can control or exercise significant influence over the Group in making financial or operational decisions; and
 - e. An entity is jointly controlled or significantly influenced by parties described in 1) above.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party. Transactions with related parties are disclosed in note 24.

- x. **Events after the reporting date** – Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant accounting judgments and estimates - The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities, income and expenses and disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

a. Contractual discounts

Estimates of contractual allowances are based upon the payment terms specified in the related contractual agreements. The estimated reimbursement amounts are subject to adjustment in subsequent periods as final settlements are determined based on a detailed review of bills submitted for payment. Variable consideration, both explicit and implicit are considered in accordance with IFRS 15.

b. Allowance for doubtful accounts

The development of an ECL model is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). ECL is defined as the weighted expected probable value of the credit loss determined by evaluating a range of possible outcomes and future economic conditions. It represents the value of the difference between the contractual cash flows and the expected cash flows.

The process for determining the allowance involves significant quantitative and qualitative assessments. Particularly, a number of critical judgments in selecting and applying accounting policies for measuring ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for self-pay patients and insurance patients and the associated ECL; and
- Developing default and loss rates based on historical data.

IFRS 9 requires the use of forward-looking information including reasonable and supportable forecasts of future economic conditions. The requirement to consider a range of economic scenarios and their possible impacts on loss allowances is a subjective feature of the IFRS 9

ECL model. The Group continues to develop its capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes.

Limitations on the Group's ECL model have been previously identified through the ongoing assessment and validation of the output of the model. In these circumstances, management makes appropriate adjustments to the Group's loss allowance to ensure the overall allowance adequately reflects all material risks.

The Group assessed ECL for third-party payors and self-pay patients separately. The assessment is based on five (5) years historical loss rates for each patient class, considering actual bad debt (credit) experience (2023: 5 years). Based on management's judgment and historical experience, any accounts with receivable balances aged greater than 365 days are fully provisioned.

c. Contingencies

The Group is currently a defendant in a number of cases involving claims and disputes mainly related to medical practice. The key assumptions with respect to these cases relate to the likelihood and magnitude of an outflow of resources. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling defense in these matters and is based upon an analysis of potential results.

Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's consolidated financial position and financial performance as stated. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

5. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief executive officer and chief financial officer in order to allocate resources to the segments and to assess their performance.

For management purposes, the Group is organized into units based on material operating facility and has two reportable operating segments which are Doctors Hospital (Bahamas) Limited ("DHB") and Bahamas Medical Center Limited ("BMC"). For management accounting purposes, included along with the activity of DHB are Doctors Hospital Health System, Doctors Hospital (East) Limited, Doctors Hospital (Harbourside) Limited, Doctors Hospital (The Institute of Learning) Limited and Doctors Hospital (Grand Bahama) Limited. Doctors Hospital (West) Limited ("DHW") and Bahamas Medical Center Limited ("BMC") are included in the operating segment of BMC for management accounting purposes.

| 2024 | | | |
|--|--|--|-----------------------|
| | Doctors Hospital (Bahamas) <u>Limited</u> | Bahamas Medical Center <u>Limited</u> | <u>Consolidated</u> |
| ASSETS | | | |
| | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 1,935,804 | \$ 44,882 | \$ 1,980,686 |
| Trade receivables, net | 42,041,440 | - | 42,041,440 |
| Inventories | 6,394,334 | 75,840 | 6,470,174 |
| Other assets | 4,089,804 | 252,661 | 4,342,465 |
| Total current assets | 54,461,382 | 373,383 | 54,834,765 |
| NON-CURRENT ASSETS: | | | |
| Other assets | 539,428 | - | 539,428 |
| Investments | 7,097,515 | - | 7,097,515 |
| Investment property | - | 954,913 | 954,913 |
| Goodwill, net | 430,902 | - | 430,902 |
| Other intangible assets | 245,704 | - | 245,704 |
| Right of use assets | 3,759,013 | | 3,759,013 |
| Property and equipment | 59,736,125 | 2,941,660 | 62,677,785 |
| Total non-current assets | 71,808,687 | 3,896,573 | 75,705,260 |
| TOTAL ASSETS | \$ 126,270,069 | \$ 4,269,956 | \$ 130,540,025 |
| LIABILITIES | | | |
| | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable and other liabilities | \$ 19,648,348 | \$ 219,889 | \$ 19,868,237 |
| Current portion of lease liabilities | 1,447,312 | - | 1,447,312 |
| Current portion of long-term debt | 261,558 | - | 261,558 |
| Total current liabilities | 21,357,218 | 219,889 | 21,577,107 |
| NON-CURRENT LIABILITY: | | | |
| Lease liabilities | 2,570,966 | - | 2,570,966 |
| Long-term debt | 7,693,403 | - | 7,693,403 |
| TOTAL LIABILITIES | \$ 31,621,587 | \$ 219,889 | \$ 31,841,476 |

Non-current asset additions:

| | | | |
|-------------------------|---------------|------|---------------|
| Property and equipment | \$ 23,390,326 | \$ - | \$ 23,390,326 |
| Other intangible assets | \$ 4,349 | \$ - | \$ 4,349 |
| Right of use assets | \$ 1,728,574 | \$ - | \$ 1,728,574 |

(Continued)

| | 2023 (restated) | | |
|--|--|--|-----------------------|
| | Doctors Hospital (Bahamas) <u>Limited</u> | Bahamas Medical Center <u>Limited</u> | Consolidated |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 18,598,060 | \$ 70,160 | \$ 18,668,220 |
| Trade receivables, net | 41,020,317 | 679,689 | 41,700,006 |
| Inventories | 5,315,870 | 89,435 | 5,405,305 |
| Other assets | 5,614,380 | 235,599 | 5,849,979 |
| Total current assets | 70,548,627 | 1,074,883 | 71,623,510 |
| NON-CURRENT ASSETS: | | | |
| Other assets | 457,373 | - | 457,373 |
| Investments | 6,908,114 | - | 6,908,114 |
| Investment property | - | 1,007,964 | 1,007,964 |
| Goodwill, net | 430,902 | - | 430,902 |
| Other intangible assets | 266,351 | - | 266,351 |
| Right of use assets | 3,468,727 | - | 3,468,727 |
| Property and equipment | 39,724,122 | 3,045,818 | 42,769,940 |
| Total non-current assets | 51,255,589 | 4,053,782 | 55,309,371 |
| TOTAL ASSETS | \$ 121,804,216 | \$ 5,128,665 | \$ 126,932,881 |
| LIABILITIES | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable and other liabilities | \$ 22,485,431 | \$ 454,830 | \$ 22,940,261 |
| Current portion of lease liabilities | 1,172,892 | - | 1,172,892 |
| Current portion of long-term debt | 249,462 | - | 249,462 |
| Total current liabilities | 23,907,785 | 454,830 | 24,362,615 |
| NON-CURRENT LIABILITY: | | | |
| Lease liabilities | 2,502,761 | - | 2,502,761 |
| Long-term debt | 2,954,961 | - | 2,954,961 |
| TOTAL LIABILITIES | \$ 29,365,507 | \$ 454,830 | \$ 29,820,337 |
| <u>Non-current asset additions:</u> | | | |
| Property and equipment | \$ 15,948,180 | \$ 153,195 | \$ 16,101,375 |
| Other intangible assets | \$ 101,056 | \$ - | \$ 101,056 |
| Right of use assets | \$ 2,542,001 | \$ - | \$ 2,542,001 |

All of the Group's assets are located in The Commonwealth of The Bahamas, the Group's country of domicile.

(Continued)

| | 2024 | | |
|--|---|-------------------------------------|-----------------------|
| | Doctors | Bahamas | |
| | Hospital (Bahamas) <u>Limited</u> | Medical Center <u>Limited</u> | <u>Consolidated</u> |
| Patient services revenue, net | <u>\$ 113,825,402</u> | <u>\$ 3,659,626</u> | <u>\$ 117,485,028</u> |
| Salaries | 46,134,479 | 875,973 | 47,010,452 |
| Medical supplies | 12,505,422 | 341,960 | 12,847,382 |
| Medical services | 12,221,425 | 88,571 | 12,309,996 |
| Other operating expenses | 8,140,202 | 145,995 | 8,286,197 |
| Depreciation and amortisation | 4,575,605 | 401,690 | 4,977,295 |
| Utilities | 2,585,294 | 267,161 | 2,852,455 |
| Government taxes and fees | 1,868,909 | 156,225 | 2,025,134 |
| Contracted services | 6,557,799 | 336,559 | 6,894,358 |
| Repairs and maintenance | 2,596,463 | 471,936 | 3,068,399 |
| Insurance | 1,952,568 | 498 | 1,953,066 |
| Dietary expenses | 897,788 | 3,653 | 901,441 |
| Loss allowance, net of recoveries | 12,880,071 | 406,464 | 13,286,535 |
| Rent | 413,985 | 13,500 | 427,485 |
| Interest expense | 323,414 | - | 323,414 |
| Gain on disposal of property and equipment | 30,985 | - | 30,985 |
| Legal expenses | 750,834 | - | 750,834 |
| Total expenses | <u>114,435,243</u> | <u>3,510,185</u> | <u>117,945,428</u> |
| Segment profit | (609,841) | 149,441 | (460,400) |
| Other income | <u>2,098,884</u> | <u>306,670</u> | <u>2,405,554</u> |
| Net income | <u>\$ 1,489,043</u> | <u>\$ 456,111</u> | <u>\$ 1,945,154</u> |

(Continued)

| | 2023 (restated) | | |
|--|--|--|---------------------|
| | Doctors Hospital (Bahamas) <u>Limited</u> | Bahamas Medical Center <u>Limited</u> | <u>Consolidated</u> |
| Patient services revenue, net | \$ 95,817,106 | \$ 3,979,068 | \$ 99,796,174 |
| Salaries | 39,049,584 | 795,423 | 39,845,007 |
| Medical supplies | 14,399,195 | 300,951 | 14,700,146 |
| Medical services | 10,253,817 | 94,241 | 10,348,058 |
| Other operating expenses | 6,999,295 | 94,409 | 7,093,704 |
| Depreciation and amortisation | 3,781,956 | 402,837 | 4,184,793 |
| Utilities | 1,947,795 | 153,387 | 2,101,182 |
| Government taxes and fees | 1,612,120 | 382,062 | 1,994,182 |
| Contracted services | 7,839,533 | 299,422 | 8,138,955 |
| Repairs and maintenance | 1,876,403 | 241,784 | 2,118,187 |
| Insurance | 1,356,515 | - | 1,356,515 |
| Dietary expenses | 682,358 | 639 | 682,997 |
| Loss allowance, net of recoveries | 5,109,521 | 294,957 | 5,404,478 |
| Rent | 361,795 | - | 361,795 |
| Interest expense | 322,934 | - | 322,934 |
| Loss on disposal of property and equipment | (8,851) | 7,146 | (1,705) |
| Legal expenses | 258,834 | - | 258,834 |
| Total expenses | <u>95,842,804</u> | <u>3,067,258</u> | <u>98,910,062</u> |
| Segment profit | (25,698) | 911,810 | 886,112 |
| Other income | <u>1,648,712</u> | <u>274,743</u> | <u>1,923,455</u> |
| Net income | <u>\$ 1,623,014</u> | <u>\$ 1,186,553</u> | <u>\$ 2,809,567</u> |

(Concluded)

All revenues are earned and attributable to the Commonwealth of The Bahamas, the Group's country of domicile. The Group does not have any single customer from which it derives more than 10% of its revenues.

6. INVESTMENTS IN SUBSIDIARIES

| Name | Country of incorporation | Percentage of equity interest | |
|--|--------------------------|-------------------------------|------|
| | | 2024 | 2023 |
| Doctors Hospital (Bahamas) Limited | Bahamas | 100 | 100 |
| Bahamas Medical Center Limited | Bahamas | 100 | 100 |
| Doctors Hospital (East) Limited | Bahamas | 100 | 100 |
| Doctors Hospital (West) Limited | Bahamas | 100 | 100 |
| Doctors Hospital (Harbourside) Limited | Bahamas | 100 | 100 |
| Doctors Hospital (The Institute of Learning) Limited | Bahamas | 100 | 100 |
| Doctors Hospital (Grand Bahama) Limited | Bahamas | 100 | 100 |

Doctors Hospital (Bahamas) Limited - provides health care services inclusive of in-patient, out-patient and ambulatory services.

Bahamas Medical Center Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, provides health care services inclusive of out-patient and ambulatory services.

Doctors Hospital (East) Limited - a holding company that has ownership of the land and building that facilitates the operations of Doctors Hospital (Bahamas) Limited.

Doctors Hospital (West) Limited - a holding company that has ownership of the land and building that facilitates the operations of Bahamas Medical Center Limited.

Doctors Hospital (Harbourside) Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, established for the development of a skilled nursing facility and medical residence.

Doctors Hospital (The Institute of Learning) Limited – provides healthcare and non-healthcare related courses to the general public.

Doctors Hospital (Grand Bahama) Limited - established to provide health care services inclusive of in-patient, out-patient and ambulatory services.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

| | 2024 | 2023 |
|--------------------------|----------------------------|-----------------------------|
| Cash at bank and in hand | \$ 1,903,726 | \$ 18,459,480 |
| Short-term deposits | <u>76,960</u> | <u>208,740</u> |
| | <u><u>\$ 1,980,686</u></u> | <u><u>\$ 18,668,220</u></u> |

Short-term deposits are made for varying periods of between 30 days and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group held short-term deposits in the amount of \$76,960 (2023: \$208,740) in the form of an externally managed treasury account, which is available upon demand within 7-10 business days without penalty to meet any operational cash requirements.

8. TRADE RECEIVABLE, NET

Trade receivable - patients represent amounts due primarily from self-pay patients and balances due from insured patients after settlements by their insurers. Trade receivable - third-party payors represent amounts due from insurance companies, Government of The Bahamas entities and other third-party entities for which guarantees of payments have been received.

| | 2024 | 2023 (restated) |
|---------------------------------------|-----------------------------|-----------------------------|
| Trade receivable - patients | \$ 18,379,423 | \$ 20,904,722 |
| Allowance for doubtful accounts | <u>(11,001,856)</u> | <u>(2,997,387)</u> |
| | <u><u>\$ 7,377,567</u></u> | <u><u>\$ 17,907,335</u></u> |
| Trade receivable - third-party payors | \$ 36,325,983 | \$ 24,341,948 |
| Allowance for doubtful accounts | <u>(1,662,110)</u> | <u>(549,277)</u> |
| | <u><u>\$ 34,663,873</u></u> | <u><u>\$ 23,792,671</u></u> |

Movement in the allowance for doubtful accounts was as follows:

| | 2024 | 2023 (restated) |
|---|-----------------------------|----------------------------|
| Balance at beginning of the year | \$ 3,546,664 | \$ 3,814,553 |
| Loss allowance recognized in the current year | 13,615,244 | 6,029,684 |
| Doubtful receivables written off in the year | <u>(4,497,942)</u> | <u>(6,297,573)</u> |
| Balance at end of the year | <u><u>\$ 12,663,966</u></u> | <u><u>\$ 3,546,664</u></u> |

During the year, the Group recovered amounts previously written-off amounted to \$310,442 (2023: \$625,206) which is presented as loss allowance expense in the consolidated statement of profit or loss and other comprehensive income.

At January 31, the aging analysis of patient and third-party receivables, net of loss allowance, was as follows:

| Patient | 2024 | | |
|----------------------------|-----------------------------|-------------------------------|--------------|
| | Gross carrying amount | Loss Allowance | Loss rate |
| Current (not past due) | \$ 7,801,517 | \$ (536,669) | 7% |
| 0 - 30 days past due | 405,199 | (357,207) | 88% |
| 31 - 60 days past due | 454,228 | (415,292) | 91% |
| 60 - 90 days past due | 319,510 | (293,719) | 92% |
| More than 90 days past due | 9,398,969 | (9,398,969) | 100% |
| | <u><u>\$ 18,379,423</u></u> | <u><u>\$ (11,001,856)</u></u> | |

| 2023 (restated) | | | | |
|----------------------------|-----------------------|----------------|-----------|-----------|
| Patient | Gross carrying amount | Loss | Allowance | Loss rate |
| Current (not past due) | \$ 17,988,341 | \$ (191,083) | | 1% |
| 0 - 30 days past due | 104,825 | (88,403) | | 84% |
| 31 - 60 days past due | 299,754 | (250,079) | | 83% |
| 60 - 90 days past due | 270,813 | (226,833) | | 84% |
| More than 90 days past due | 2,240,989 | (2,240,989) | | 100% |
| | \$ 20,904,722 | \$ (2,997,387) | | |

| 2024 | | | | |
|----------------------------|-----------------------|----------------|-----------|-----------|
| Third-Party payors | Gross carrying amount | Loss | Allowance | Loss rate |
| Current (not past due) | \$ 22,003,337 | \$ (100,742) | | 0% |
| 0 - 30 days past due | 501,288 | (160,348) | | 32% |
| 31 - 60 days past due | 416,674 | (199,805) | | 48% |
| 60 - 90 days past due | 276,222 | (150,402) | | 54% |
| More than 90 days past due | 1,423,836 | (1,050,813) | | 74% |
| | \$ 24,621,357 | \$ (1,662,110) | | |

| 2023 | | | | |
|----------------------------|-----------------------|--------------|-----------|-----------|
| Third-Party payors | Gross carrying amount | Loss | Allowance | Loss rate |
| Current (not past due) | \$ 23,089,835 | \$ (21,566) | | 0% |
| 0 - 30 days past due | 192,143 | (179) | | 0% |
| 31 - 60 days past due | 265,063 | (248) | | 0% |
| 60 - 90 days past due | 267,873 | (250) | | 0% |
| More than 90 days past due | 527,034 | (527,034) | | 100% |
| | \$ 24,341,948 | \$ (549,277) | | |

Management considers trade receivable due from Patients totaling \$1,178,937 (2023: \$675,392) to be past due but not impaired, and trade receivable due from Third-Party Payors totaling \$1,194,184 (2023: \$725,079) to be past due but not impaired.

Management developed an expected credit loss (ECL) model to provide relevant economic data for determining the factors that are specific to the debtors, the general economic conditions of the industry in which the debtors operate and the forecast direction of the conditions at the reporting date. Management used ECL model to measure the of trade receivables from self-pay and third-party patients for the year ended January 31, 2024.

Loss rates are calculated under a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to provision. Roll rates are calculated separately for exposure based on common criteria of the patients aging balance. Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which historical data has been recognized, current conditions and the Group's view of the economic conditions over the expected lives of the receivables.

Based on the modeling prepared by management, the expected credit losses on patient and third-party receivables as at January 31, 2024 is \$12,663,966 (2023: \$3,579,605).

The Group considers that any receivable balance that are more than 90 days past due is significantly impaired and a 100% provision is made against the balance unless the Group has reasonable and supportable information that demonstrates otherwise.

Included in the trade receivables – third party payors are the amounts due from the Government of The Bahamas totaling \$11,704,626 (2023: \$5,016,699). A general approach was used to determine provisioning at year end for these amounts. The expected weighted-average credit loss rate for the balances due from the Government of The Bahamas is 1.25% as of January 31, 2024 (2023: 1.09%). As at January 31, 2024 the allowance for doubtful accounts amounted to \$127,267 (2023: \$51,209).

9. INVENTORIES

Inventories are comprised of the following:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Medical supplies | \$ 4,189,482 | \$ 3,578,453 |
| Pharmaceuticals | <u>2,280,692</u> | <u>1,826,852</u> |
| Total inventories at the lower of cost and net realizable value | <u>\$ 6,470,174</u> | <u>\$ 5,405,305</u> |

The amount of write-downs of inventories recognised as an expense is \$2,692,908 (2023: \$314,525), which is recognised in medical supplies in the consolidated statement of profit or loss and other comprehensive income. The cost of inventories recognised as an expense during the year was \$12,847,342 (2023: \$14,700,146) and was recognized in medical supplies in the consolidated statement of profit or loss and other comprehensive income.

10. OTHER ASSETS

Other assets are comprised of the following:

| | 2024 | 2023 (restated) |
|------------------------------|---------------------|----------------------------|
| Prepaid expenses | \$ 3,365,506 | \$ 4,481,264 |
| Advances and other assets | <u>976,959</u> | <u>1,368,715</u> |
| Amounts due within 12 months | <u>4,342,465</u> | <u>5,849,979</u> |
| | | |
| Security deposits | <u>539,428</u> | <u>457,373</u> |
| Amounts due after 12 months | <u>539,428</u> | <u>457,373</u> |
| | | |
| | <u>\$ 4,881,893</u> | <u>\$ 6,307,352</u> |

11. INVESTMENTS

Total investments at January 31, 2024 is \$7,146,864 (2023: \$6,975,730), which includes both equity investments of \$30,000 (2023: \$30,000) and fixed income securities with maturities greater than three months in the amount of \$7,116,864 (2022: \$6,945,730). Fixed income securities are classified as financial assets at amortised cost.

| | 2024 | 2023 |
|-----------------------------|----------------------------|----------------------------|
| Equity investments | \$ 30,000 | \$ 30,000 |
| Fixed income investments | <u>7,116,864</u> | <u>6,945,730</u> |
| | 7,146,864 | 6,975,730 |
| Less expected credit losses | <u>(49,349)</u> | <u>(67,616)</u> |
| Total investments | <u><u>\$ 7,097,515</u></u> | <u><u>\$ 6,908,114</u></u> |

The movement in the expected credit losses was as follows:

| | 2024 | 2023 |
|--|-------------------------|-------------------------|
| Balance at beginning of the year | \$ 67,616 | \$ 196,932 |
| Loss allowance/(recovery) recognized in the current year | <u>(18,267)</u> | <u>(129,316)</u> |
| Balance at end of the year | <u><u>\$ 49,349</u></u> | <u><u>\$ 67,616</u></u> |

Equity investments, which are classified as at fair value through other comprehensive income, of \$30,000 (2023: \$30,000) represent a 10% ownership stake in Nassau Laboratory Partners, which is carried at fair value as a level 3 investment.

Fixed income investments are classified as at amortised cost and have interest rates of 3.20% to 6.50% (2023: 3.15% to 5.65%) and mature in four (4) months to twenty-eight (28) years. The fair value of the fixed income investments as January 31, 2024 was \$6,551,177 (2023: \$6,354,802). The expected credit loss rate on the fixed income investments is 0.70% (2023: 1.00%).

12. INVESTMENT PROPERTY

The Group's investment property consists of a portion of an owner-occupied building which is leased to a third party and is carried at cost less accumulated depreciation.

| | 2024 | 2023 (restated) |
|----------------------------------|--------------------------|----------------------------|
| Cost: | | |
| Balance at beginning of year | <u>\$ 2,171,395</u> | <u>\$ 2,171,395</u> |
| Balance at end of year | <u><u>2,171,395</u></u> | <u><u>2,171,395</u></u> |
| Accumulated depreciation: | | |
| Balance at beginning of year | 1,163,431 | 1,110,380 |
| Amortisation for the year | <u>53,051</u> | <u>53,051</u> |
| Balance at end of year | <u><u>1,216,482</u></u> | <u><u>1,163,431</u></u> |
| Net book value | <u><u>\$ 954,913</u></u> | <u><u>\$ 1,007,964</u></u> |

The fair value of investment property as at January 31, 2024 was \$3,922,294 (2023: \$3,922,294).

13. GOODWILL

Goodwill at January 31, 2024 is \$430,902 (2023: \$430,902). The goodwill recorded relates to the Group's acquisition of imaging subsidiaries related to magnetic resonance imaging ("MRI") and computerized tomography ("CT") scan modalities. The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill may be impaired. The recoverable amount of the cash generating units (CGU) which includes the goodwill is based on a value in use calculation. The value in use has been determined by discounting the future cash flows generated from the continuing use of the CGU.

The key assumptions used for the value in use calculations are as follows:

- Cash flows are projected based on actual operating results for FYE 2024 as a baseline;
- Cash flows for the further five year period are projected using expected annual growth rates based on the five (5) year historical growth rate of the modalities of 5.3% (2023: -4.4%); net of required capital expenditures; and
- A discount rate of 12% (2023: 20%) is used to estimate the present value of projected cash flow, as well as the present value of the terminal value.

The tests were performed at January 31 and no provision for impairment was deemed necessary.

14. OTHER INTANGIBLE ASSETS

Other intangible assets are comprised of the following:

| | 2024 | 2023 |
|----------------------------------|-------------------|-------------------|
| Cost: | | |
| Balance at beginning of year | \$ 4,472,967 | \$ 4,371,911 |
| Additions | 4,349 | 101,056 |
| Disposals | <u>(31,924)</u> | <u>-</u> |
| Balance at end of year | <u>4,445,392</u> | <u>4,472,967</u> |
| Accumulated amortization: | | |
| Balance at beginning of year | 4,206,616 | 4,141,042 |
| Amortization for the year | 24,996 | 65,574 |
| Disposals | <u>(31,924)</u> | <u>-</u> |
| Balance at end of year | <u>4,199,688</u> | <u>4,206,616</u> |
| Net book value | <u>\$ 245,704</u> | <u>\$ 266,351</u> |

Other intangible assets represent the core computer software application in the Group's healthcare information system. Amortisation expense is included in the line item 'depreciation and amortisation' in the consolidated statement of profit or loss and other comprehensive income. Included as at January 31, 2024 are fully amortized assets of \$4,178,533 (2023: \$3,999,707).

15. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

| | Land and buildings | Work-in- Progress | Leasehold improvements | Furniture and equipment | Total |
|--|--------------------------|----------------------|---------------------------|-------------------------------|-----------------------|
| COST: | | | | | |
| Balance at January 31, 2022 | \$ 21,959,025 | \$ 1,312,925 | \$ 8,413,433 | \$ 35,392,621 | \$ 67,078,004 |
| Transfers (out) in | - | 3,844,526 | (3,133,210) | (711,316) | - |
| Additions (restated) | 2,491,385 | 5,710,860 | 2,252,497 | 6,071,633 | 16,526,375 |
| Disposals | - | - | - | - | - |
| Balance at January 31, 2023 (restated) | 24,450,410 | 10,868,311 | 7,532,720 | 40,752,938 | 83,604,379 |
| Transfers (out) in | - | 13,732,191 | (7,471,679) | (6,260,512) | - |
| Additions | 1,346,980 | 10,836,662 | 6,563,915 | 4,642,769 | 23,390,326 |
| Disposals | - | - | (589,120) | (979,982) | (1,569,102) |
| Balance at January 31, 2024 | <u>\$ 25,797,390</u> | <u>\$ 35,437,164</u> | <u>\$ 6,035,836</u> | <u>\$ 38,155,213</u> | <u>\$ 105,425,603</u> |
| ACCUMULATED | | | | | |
| DEPRECIATION: | | | | | |
| Balance at January 31, 2022 | \$ 10,377,417 | \$ - | \$ 3,040,153 | \$ 24,361,507 | \$ 37,779,077 |
| Depreciation (restated) | 381,382 | - | 383,809 | 2,290,171 | 3,055,362 |
| Disposals | - | - | - | - | - |
| Balance at January 31, 2023 (restated) | 10,758,799 | - | 3,423,962 | 26,651,678 | 40,834,439 |
| Depreciation | 381,382 | - | 465,087 | 2,604,846 | 3,451,315 |
| Disposals | - | - | (589,120) | (948,816) | (1,537,936) |
| Balance at January 31, 2024 | <u>\$ 11,140,181</u> | <u>\$ -</u> | <u>\$ 3,299,929</u> | <u>\$ 28,307,708</u> | <u>\$ 42,747,818</u> |
| CARRYING AMOUNT: | | | | | |
| At January 31, 2024 | <u>\$ 14,657,209</u> | <u>\$ 35,437,164</u> | <u>\$ 2,735,907</u> | <u>\$ 9,847,505</u> | <u>\$ 62,677,785</u> |
| At January 31, 2023 (restated) | <u>\$ 13,691,611</u> | <u>\$ 10,868,311</u> | <u>\$ 4,108,758</u> | <u>\$ 14,101,260</u> | <u>\$ 42,769,940</u> |

As at January 31, 2024, work-in-progress comprised primarily of a hospital in Grand Bahama, an outpatient clinic in New Providence and an outpatient imaging center in New Providence.

During the year, fully depreciated assets of \$1,689,146 (2023: \$Nil) were retired from service. Included in leasehold improvements, furniture and equipment at January 31, 2024 are fully depreciated assets of \$20,954,093 (2023: \$22,066,530).

16. RIGHT OF USE ASSETS AND LEASES

Leases as a lessee

Right of use assets is comprised of land and buildings which are leased by the Group. The lease terms range from 2 to 10 years from inception of the leases. The ROU assets are depreciated over the shorter of the useful lives of the assets or the respective lease terms.

| | 2024 | 2023 |
|----------------------------------|----------------------------|----------------------------|
| Cost: | | |
| Balance at beginning of year | \$ 5,547,738 | \$ 3,067,347 |
| Additions | 1,728,574 | 2,542,001 |
| Derecognition | <u>(688,880)</u> | <u>(61,610)</u> |
| Balance at end of year | <u>6,587,432</u> | <u>5,547,738</u> |
| Accumulated amortization: | | |
| Balance at beginning of year | 2,079,011 | 1,129,815 |
| Amortisation for the year | 1,438,288 | 1,010,806 |
| Derecognition | <u>(688,880)</u> | <u>(61,610)</u> |
| Balance at end of year | <u>2,828,419</u> | <u>2,079,011</u> |
| Net book value | <u><u>\$ 3,759,013</u></u> | <u><u>\$ 3,468,727</u></u> |

Total lease payments for the year ended January 31, 2024 amounted to \$1,576,472 (2023: \$1,101,477). Interest expense charged on the lease liabilities for the year ended January 31, 2024 amounted to \$181,219 (2023: \$159,858).

Lease expense for the year ended January 31, 2024 relating to leases with short terms and/or low value amounted to \$427,485 (2023: \$361,795).

There have been no changes in the terms of the leases held throughout the year ended January 31, 2024.

The following table shows the maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

| | 2024 | 2023 |
|---|----------------------------|----------------------------|
| Within one year | \$ 1,608,603 | \$ 1,335,639 |
| After one year but not more than five years | <u>2,647,790</u> | <u>2,681,170</u> |
| | <u><u>\$ 4,256,393</u></u> | <u><u>\$ 4,016,809</u></u> |

Leases as a lessor

The Group leases a portion of its properties. All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income for the year ended January 31, 2024 was \$299,994 (2023: \$293,041) and is recognised in other income in the consolidated statement of profit or loss and other comprehensive income. Rental income recognised from the Group's investment property for the year ended January 31, 2024 was \$278,790 (2023: \$270,240).

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

| | 2024 | 2023 |
|---|-------------------------|------------------------|
| Within one year | \$ 3,600 | \$ 3,300 |
| After one year but not more than five years | <u>6,900</u> | <u>-</u> |
| | <u><u>\$ 10,500</u></u> | <u><u>\$ 3,300</u></u> |

17. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are comprised of the following:

| | 2024 | 2023 |
|--------------------------|-----------------------------|-----------------------------|
| Accrued expenses | \$ 5,928,657 | \$ 5,104,523 |
| Accounts payable - trade | 9,062,705 | 4,804,939 |
| Other liabilities | 4,247,388 | 11,607,827 |
| Unearned revenue | 102,458 | 88,263 |
| Vacation benefit accrual | 495,946 | 746,229 |
| VAT payable | <u>31,083</u> | <u>588,480</u> |
| | <u><u>\$ 19,868,237</u></u> | <u><u>\$ 22,940,261</u></u> |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 30-60 day terms.
- Accrued expenses are non-interest bearing and are settled throughout the financial year.
- Other liabilities primarily consists of refunds due to customers and are non-interest bearing and are generally settled throughout the financial year.
- Vacation benefit accrual is non-interest bearing and employees are encouraged to take time due in the year it is earned.
- VAT payable is paid monthly and is non-interest bearing if paid by the 14th of the following month.

18. BANK BORROWINGS

The Group maintains an overdraft facility to finance working capital needs. The facility is secured by an assignment of trade receivable. Interest is charged at the Bahamian dollar prime rate minus 1.25% per annum. At January 31, 2024 the Bahamian dollar prime rate was 4.25% (2023: 4.25%). At January 31, 2024 the entire facility of approximately \$5 million (2023: \$5 million) was undrawn and available.

Bank borrowings are comprised of the following:

| | 2024 | 2023 |
|--|----------------------------|----------------------------|
| Secured term loan to be repaid over 15 years, plus | | |
| interest at Bahamas Prime - 1.25% per annum | \$ 7,954,961 | \$ 3,204,423 |
| Less: current portion | <u>(261,558)</u> | <u>(249,462)</u> |
| Long-term portion | <u><u>\$ 7,693,403</u></u> | <u><u>\$ 2,954,961</u></u> |

The Group pledged as collateral all property and equipment owned by Doctors Hospital Bahamas Limited, Doctors Hospital (East) Limited, Doctors Hospital (West) Limited, Doctors Hospital (Harborside) Limited and Bahamas Medical Center Limited up to \$33,502,000 (2023: \$14,708,000).

The Group has secured loans with a carrying amount of \$7,954,961 as at January 31, 2024 (2023: \$3,204,423). The loans are repayable in monthly blended payments of principal and interest, maturing in March 2033 and July 2038.

As at January 31, 2024 there have been no breaches in any of the loan covenants (2023: Nil).

The reconciliation of movements of liabilities to cash flows arising from financing activities for the year ended January 31, 2024 is as follows:

| | <u><u>Long-term debt</u></u> | <u><u>Leases</u></u> |
|---|------------------------------|---------------------------|
| Balance at January 31, 2023 | <u><u>3,204,423</u></u> | <u><u>3,675,653</u></u> |
| Changes from financing cash flows: | | |
| Proceeds from long-term debt | 5,000,000 | - |
| Repayment of long-term debt | (258,714) | - |
| Payment of lease liabilities | - (1,395,253) | (1,395,253) |
| Total changes from financing cash flows | <u><u>4,741,286</u></u> | <u><u>(1,395,253)</u></u> |
| Other liability-related changes: | | |
| New leases | - 1,737,878 | 1,737,878 |
| Interest expense | 142,195 | 181,219 |
| Interest paid | (132,943) | (181,219) |
| Total other liability-related changes | <u><u>9,252</u></u> | <u><u>1,737,878</u></u> |
| Balance at January 31, 2024 | <u><u>7,954,961</u></u> | <u><u>4,018,278</u></u> |

the year ended January 31, 2023 is as follows:

| | Long-term debt | Leases |
|---|-----------------------|------------------|
| Balance at January 31, 2022 | 3,442,444 | 2,075,272 |
| Changes from financing cash flows: | | |
| Repayment of long-term debt | (237,833) | - |
| Payment of lease liabilities | - | (941,620) |
| Total changes from financing cash flows | <u>(237,833)</u> | <u>(941,620)</u> |
| Other liability-related changes: | | |
| New leases | - | 2,542,001 |
| Interest expense | 163,076 | 159,857 |
| Interest paid | (163,264) | (159,857) |
| Total other liability-related changes | <u>(188)</u> | <u>2,542,001</u> |
| Balance at January 31, 2023 | 3,204,423 | 3,675,653 |

19. REVENUES

The Group generates revenue primarily from the provision of healthcare services to its patients. Other sources of income include cafeteria sales, interest income from investments, provision of educational services and sales of sundry items.

Other income consists of the following:

| | 2024 | 2023 |
|-----------------------------|----------------------------|----------------------------|
| | (restated) | |
| Cafeteria sales | \$ 545,256 | \$ 443,604 |
| Management fees | 465,913 | 320,918 |
| Rental income | 299,994 | 293,041 |
| Educational services income | 146,456 | 260,872 |
| Sundry items sales | 301,890 | - |
| Interest income | 368,406 | 559,777 |
| Donations | 200,000 | - |
| Miscellaneous income | <u>77,639</u> | <u>45,243</u> |
| | <u><u>\$ 2,405,554</u></u> | <u><u>\$ 1,923,455</u></u> |

20. SALARIES AND BENEFITS EXPENSE

Salaries and benefits expense are comprised of the following:

| | 2024 | 2023 |
|--|-----------------------------|-----------------------------|
| | (restated) | |
| Salaries and benefits | \$ 44,410,962 | \$ 37,524,041 |
| National Insurance costs | 1,312,333 | 1,010,513 |
| Pension costs - defined contributions pension plan (Note 24) | 523,330 | 469,719 |
| Work permits | <u>763,827</u> | <u>840,734</u> |
| | <u><u>\$ 47,010,452</u></u> | <u><u>\$ 39,845,007</u></u> |

21. OTHER OPERATING EXPENSES

Other operating expenses are comprised of the following:

| | 2024 | 2023 |
|----------------------|----------------------------|----------------------------|
| Supplies | \$ 2,742,206 | \$ 2,263,692 |
| Consultancy fees | 1,012,574 | 1,219,536 |
| Dues & subscriptions | 720,516 | 296,161 |
| Advertising | 668,121 | 601,481 |
| Training | 637,606 | 695,162 |
| Bank charges | 549,773 | 398,858 |
| Travel | 410,684 | 146,486 |
| Donations | 224,854 | 112,848 |
| Automobile fuel | 220,055 | 185,781 |
| Miscellaneous | <u>1,099,808</u> | <u>1,173,699</u> |
| | <u><u>\$ 8,286,197</u></u> | <u><u>\$ 7,093,704</u></u> |

22. GOVERNMENT TAXES AND FEES

Government taxes and fees are comprised of the following:

| | 2024 | 2023 |
|------------------|----------------------------|----------------------------|
| | (restated) | |
| Business license | \$ 1,403,491 | \$ 1,507,907 |
| Property taxes | <u>621,643</u> | <u>486,275</u> |
| | <u><u>\$ 2,025,134</u></u> | <u><u>\$ 1,994,182</u></u> |

23. DIVIDENDS PAID

Dividends paid are comprised of the following:

| | 2024 | 2023 |
|--|-------------------|---------------------|
| Dividend on ordinary shares: | | |
| Final dividend for 2024 (\$0.03 per share (2023: \$0.14 per share)) | <u>\$ 359,149</u> | <u>\$ 1,676,029</u> |

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are entities or individuals where there is effective control or significant influence by the Company, its directors, or its shareholders. All significant balances and transactions with related parties, are disclosed in these consolidated financial statements as being with related parties.

Medical services

Included in medical services are transactions with related parties amounting to \$5,675,758 (2023: \$5,125,973). The entities are related parties to the Group by way of common directorship and are contracted to provide physician services to the Group. As at January 31, 2024 the amounts due to the related parties totaled \$191,161 (2023: \$297,704) and are presented as accounts payable and other liabilities in the consolidated statement of financial position.

Leases

The Group leases buildings used for outpatient and administrative services from related parties. The entities are related parties to the Group by way of common directorship.

There is a lease which is for a period of 3 years, expiring on January 31, 2026. As at January 31, 2024 the net book value of the ROU asset and the lease liability associated with the lease were \$181,461 and \$186,267 respectively and are included in the amounts disclosed in note 16.

There are 2 leases with a related party which are for periods of 5 years, expiring on July 31, 2025 and November 30, 2025. As at January 31, 2024 the net book values of the ROU assets and the lease liabilities associated with the leases totaled \$292,895 and \$346,697 respectively and are included in the amounts disclosed in note 16.

As at January 31, 2024 there were 2 leases with a related party which were expired, however the buildings were still occupied by the Group and rental payments were made under the same terms as stipulated in the expired lease.

Professional services

Included in work in progress included in property and equipment in the consolidated statement of financial position are transactions with a related party amounting to \$62,075 (2023: \$91,250). The entity is a related party to the Group by way of one of its directors and provides professional architectural and project management services to the Group. As at January 31, 2024 the amounts due to the related parties totaled \$Nil (2023: \$3,575) and are presented as accounts payable and other liabilities in the consolidated statement of financial position.

Included in repairs and maintenance in the consolidated statement of profit or loss and other comprehensive income are transactions with a related party amounting to \$1,213,595 (2023: \$1,008,554). The entity is a related party to the Group by way of a member of key management personnel and provides professional construction and renovation services to the Group. As at January 31, 2024 the amounts due to the related parties totaled \$210,202 (2023: \$266,606) and are presented as accounts payable and other liabilities in the consolidated statement of financial position.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended January 31, 2024 and 2023, the Group had debts relating to amounts owed to related parties as noted in the table above. The amounts owed to related parties are non-interest bearing and are generally settled throughout the financial year.

Transactions with other related parties

Compensation of key management personnel:

| | 2024 | 2023 |
|---|----------------------------|----------------------------|
| Short-term employee benefits | \$ 2,334,905 | \$ 2,399,924 |
| Post-employment pension benefits | <u>143,015</u> | <u>124,162</u> |
| Total compensation paid to key management personnel | <u><u>\$ 2,477,920</u></u> | <u><u>\$ 2,524,086</u></u> |

25. PENSION PLAN

The Group has a defined contribution pension plan. Contributions to the plan amount to 10% of gross salaries of eligible employees. The Group makes 100% of the 10% contribution for executive management personnel and matches all other employee contributions up to 5% of gross salaries. Group and employee contributions for the year ended January 31, 2024 amounted to \$912,928 (2023: \$918,784).

26. EARNINGS PER SHARE

Basic earnings and diluted earnings per share are calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There are no potentially dilutive financial instruments therefore diluted and basic earnings per share are the same.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the year ended January 31:

| | 2024 | 2023 |
|--|----------------------------|----------------------------|
| | (restated) | |
| Profit for the year | <u><u>\$ 1,945,154</u></u> | <u><u>\$ 2,809,567</u></u> |
| Weighted average number of ordinary shares on issue applicable to basic earnings per share | <u><u>11,971,634</u></u> | <u><u>11,971,634</u></u> |
| Earnings per share | <u><u>\$ 0.16</u></u> | <u><u>\$ 0.23</u></u> |

27. CONTINGENCIES

The Group is subject to claims and lawsuits in the ordinary course of business. The largest category of these relates to medical malpractice. The results of claims, lawsuits and investigations cannot be predicted, and it is possible that from time to time the ultimate resolution of such matters, individually or in the aggregate, may have a material adverse effect on the Group's financial position, financial performance or cash flows.

When necessary, the Group defends itself vigorously against claims and lawsuits. However, the Group recognises that, where appropriate, its interests may be best served by resolving certain matters without litigation. To that end, the Group consistently engages in service recovery initiatives to satisfy customer needs and expectations and to achieve a non-litigated resolution of patient concerns.

The Group records provisions for claims and lawsuits when they are probable and estimable. The accrued amounts for estimated professional liability claims are included in accounts payable and other liabilities. Liabilities and corresponding recoveries arising from claims and lawsuits are recorded on a gross basis. As at January 31, 2024, the Group has recorded provisions totaling \$196,000 (2023: \$30,000) and is presented as accounts payable and other liabilities in the consolidated statement of financial position. The movement in the provisions was as follows:

| | 2024 | 2023 |
|------------------------------|----------------|---------------|
| Balance at beginning of year | \$ 30,000 | \$ 97,166 |
| Additions | 166,000 | 7,000 |
| Release / settlement | - | (74,166) |
| Balance at end of year | <u>196,000</u> | <u>30,000</u> |

28. RISK MANAGEMENT

The Group's principal financial instruments consist of cash and cash equivalents, trade receivables, investments, accounts payable, lease liabilities and long-term debt. The Group does not enter into derivative transactions.

Financial risk management objectives and policies - The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control its financial instruments in a timely and accurate manner. Such written policies are reviewed annually by the Board of Directors.

Credit risk - Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables and investments. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations at January 31, 2024 in relation to each class of financial assets, is the carrying amount as indicated in the consolidated statement of financial position. Credit risk on liquid funds is limited because counterparties are reputable banks.

The financial assets of the Group comprise mainly of cash and cash equivalents, receivables from patients and third-party payors, other assets and investments. Impairment losses on financial assets recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

| | 2024 | 2023 |
|--|-----------------------------|----------------------------|
| Impairment losses on trade receivables | \$ 13,304,802 | \$ 5,533,794 |
| Impairment losses on debt securities at amortised cost | <u>(18,267)</u> | <u>(129,316)</u> |
| | <u><u>\$ 13,286,535</u></u> | <u><u>\$ 5,404,478</u></u> |

While cash and cash equivalents and other assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Concentrations of credit risk - The Group grants credit without collateral to its patients, most of which are local residents and are insured under third-party payor agreements. The maximum percentage owed by any one third-party payor at January 31, 2024 is 21.07% (2023: 26.46%).

The mix of receivables (shown net) from patients and third-party payors at January 31, 2024 was as follows:

| | 2024 | 2023 (restated) |
|--------------------|--------------------|--------------------|
| Patients | 18% | 43% |
| Third-party payors | <u>82%</u> | <u>57%</u> |
| | <u><u>100%</u></u> | <u><u>100%</u></u> |

Liquidity risk - The Group is exposed to liquidity risk in connection with its debt obligations, accounts payable and accrued expenses. Liquidity risk arises if the Group is unable to collect its receivables quickly at fair value, thereby affecting the Group's ability to repay its debts. The Group monitors its cash flows on a regular basis and has access to overdraft facilities as described in Note 17.

The following table summarises the carrying amount of financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period to the contractual maturity dates as of the reporting date and represent undiscounted cash flows.

| 2024 | Within 3 months | | | | | Over 5 years | Total | |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------|-------|--|
| | 3 - 12 months | 1 - 5 years | | | | | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 1,980,686 | \$ - | \$ - | \$ - | \$ - | \$ 1,980,686 | | |
| Trade receivables | 42,041,440 | - | - | - | - | 42,041,440 | | |
| Other assets | 4,342,465 | | | | | 4,342,465 | | |
| Investments | - | 367,036 | 1,926,852 | | 4,803,628 | 7,097,515 | | |
| Total financial assets | \$ 48,364,591 | \$ 367,036 | \$ 1,926,852 | \$ 4,803,628 | \$ 55,462,106 | | | |
| Liabilities | | | | | | | | |
| Accounts payable and other liabilities | \$ 19,868,237 | \$ - | \$ - | \$ - | \$ - | \$ 19,868,237 | | |
| Lease liabilities | 424,639 | 1,183,964 | 2,607,518 | | - | 4,216,121 | | |
| Long-term debt | 64,381 | 197,177 | 1,185,566 | | 6,507,837 | 7,954,961 | | |
| Total financial liabilities | \$ 20,357,257 | \$ 1,381,141 | \$ 3,793,084 | \$ 6,507,837 | \$ 32,039,319 | | | |
| Net liquidity gap | \$ 28,007,334 | \$ (1,014,105) | \$ (1,866,232) | \$ (1,704,209) | \$ 23,422,787 | | | |
| 2023 (restated) | Within 3 months | | | | | Over 5 years | Total | |
| | 3 - 12 months | 1 - 5 years | | | | | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 18,668,220 | \$ - | \$ - | \$ - | \$ - | \$ 18,668,220 | | |
| Trade receivables | 41,700,006 | - | - | - | - | 41,700,006 | | |
| Other assets | 5,849,979 | | | | | 5,849,979 | | |
| Investments | - | 141,700 | 1,817,970 | | 4,948,444 | 6,908,114 | | |
| Total financial assets | \$ 66,218,205 | \$ 141,700 | \$ 1,817,970 | \$ 4,948,444 | \$ 73,126,319 | | | |
| Liabilities | | | | | | | | |
| Accounts payable and other liabilities | \$ 22,940,261 | \$ - | \$ - | \$ - | \$ - | \$ 22,940,261 | | |
| Lease liabilities | 347,682 | 987,957 | 2,681,170 | | - | 4,016,809 | | |
| Long-term debt | 61,334 | 188,128 | 1,128,595 | | 1,826,366 | 3,204,423 | | |
| Total financial liabilities | \$ 23,349,277 | \$ 1,176,085 | \$ 3,809,765 | \$ 1,826,366 | \$ 30,161,493 | | | |
| Net liquidity gap | \$ 42,868,928 | \$ (1,034,385) | \$ (1,991,795) | \$ 3,122,078 | \$ 42,964,826 | | | |

Interest rate risk - Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate because of changes in the market interest rates. The Group bears interest rate risk relating to interest received on bank deposits and fixed income securities and interest paid on bank borrowings. If interest rates increase/decrease by 50 basis points and all other variables remain constant, the Group's profit over the next 12 months is estimated to decrease/increase by \$3,387 (2023: \$18,833).

Operational risk - Operational risk is the risk that deficiencies in information systems or internal controls result in unexpected business, financial and operating losses. The identification and control of these risks is managed by the Group's management team. The Group's management team conducts regular reviews of all operational areas to ensure operational risks are being properly controlled and reported to the Finance/Audit Committee. Contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

Foreign currency risk - The Group is not exposed to any significant foreign currency risk.

Fair value of financial instruments - Financial instruments utilized by the Group include recorded assets and liabilities. Most of the Group's financial instruments are short-term in nature or have interest rates that reset to market on a regular basis. Accordingly, the estimated fair value of the financial instruments is not materially different from the carrying value for each major category of the Group's recorded assets and liabilities.

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management program is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group regards equity as capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended January 31, 2024 or January 31, 2023.

30. RECLASSIFICATIONS AND RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Reclassifications

Certain prior year amounts have been reclassified to conform with the current period presentation, the effects of which are as follows:

| Financial statement captions | 2023, as reported | Reclassification adjustments | reclassified before restatement | 2023, as |
|------------------------------|-------------------|------------------------------|---------------------------------|------------|
| Patient service revenue | \$ 96,685,549 | 2,591,810 | \$ 99,277,359 | |
| Other income | 4,515,265 | (2,591,810) | | 1,923,455 |
| Salaries and benefits | 39,004,273 | 840,734 | | 39,845,007 |
| Government taxes and fees | 2,834,916 | (840,734) | | 1,994,182 |
| Other assets | 6,732,352 | (425,000) | | 6,307,352 |
| Investment property | - | 1,007,964 | | 1,007,964 |
| Property and equipment | 43,352,904 | (582,964) | | 42,769,940 |

Reclassification adjustments include physician revenue that are reclassified from other income to patient service revenue amounting to \$3,035,414, cafeteria income that are reclassified from patient service revenue to other income amounting to \$443,604 and work permit fees that are reclassified from government taxes and fees to salaries and benefits amounting to \$840,734.

The Group reclassified amounts from property and equipment amounting to \$1,007,964 to investment property as a portion of a building changed from owner-occupied property and is leased to a third party and reclassified amounts from prepayments to property and equipment amounting to \$425,000 for the acquisition of property during the year.

Restatement

The Group recognises revenue to the extent that it is probable that the Group would collect the consideration in exchange for the services rendered. On a quarterly basis, the Group assesses, and reverses amounts if collection of the consideration is not deemed probable in accordance with *IFRS 15, Revenue from Contract with Customers*. During the preparation of these consolidated financial statements for the year ended January 31, 2024, errors were identified with respect to the timing of reversals. The January 31, 2023 consolidated financial statements have been restated for the correction of the accounting errors as follows:

| Financial statement captions | As previously reported post reclassification | Adjustments | As restated |
|--|--|-------------|---------------|
| <i>Consolidated Statement of Financial Position</i> | | | |
| <u>As at February 1, 2022</u> | | | |
| Trade receivable, net | \$ 53,571,151 | 3,299,711 | \$ 56,870,862 |
| Retained earnings | 66,422,400 | 3,299,711 | 69,722,111 |
| <u>Year ended January 31, 2023</u> | | | |
| Trade receivable, net | \$ 34,445,397 | 4,254,619 | \$ 38,700,016 |
| Retained earnings | 66,601,030 | 4,254,619 | 70,855,649 |
| <i>Consolidated Statement of Profit or Loss and Other Comprehensive Income</i> | | | |
| <u>Year ended January 31, 2023</u> | | | |
| Loss allowance | \$ 5,840,571 | (436,093) | \$ 5,404,478 |
| Patient service revenue | 99,277,359 | 518,815 | 99,796,174 |
| Earnings per share | 0.15 | 0.08 | 0.23 |
| <i>Consolidated Statement of Changes in Equity</i> | | | |
| <u>As at February 1, 2022</u> | | | |
| Retained earnings | 66,422,400 | 3,299,711 | 69,722,111 |
| <u>Year ended January 31, 2023</u> | | | |
| Total comprehensive income for the period | \$ 1,854,659 | 954,908 | \$ 2,809,567 |
| Retained earnings | 66,601,030 | 4,254,619 | 70,855,649 |
| <i>Consolidated Statement of Cash Flows</i> | | | |
| <u>Year ended January 31, 2023</u> | | | |
| Profit for the year | \$ 1,854,659 | 954,908 | \$ 2,809,567 |
| Loss allowance | 5,840,571 | (436,093) | 5,404,478 |
| Decrease in trade receivable | 10,285,193 | (518,815) | 9,766,378 |

31. SUBSEQUENT EVENTS

Subsequent to January 31, 2024, the Group received an additional drawdown on its loans as disclosed in note 18 in the amount of \$6,593,564. The terms are in line with those disclosed in note 18.

In April 2024, the Group acquired 100% of the equity of Kidney Centre Limited.

The Board of Directors, by resolution dated August 19, 2024, authorized an ordinary dividend of \$0.07 per share for all issued and outstanding shareholders of record as of September 9, 2024 and was paid on September 17, 2024.

Other than noted above, from the reporting date up to November __, 2024, the date that the consolidated financial statements were approved for issuance, there were no other events occurring which required adjustment to or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

**SUPPLEMENTARY INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2024**
(Expressed in Bahamian dollars)

Schedule 1

| (UNAUDITED) | | | | | | | | | | |
|---|------------------------------------|--------------------------|---|---------------------|---|----------------------|---------|----------|----------------------|-------|
| Doctors Hospital (Bahamas) Limited ("DHB") | Doctors Hospital (Grand Bahama) | | DHB T/A Doctors Limited T/A Hospital Health | | DHB T/A Doctors Hospital at Centreville Medical Centre | | | | DHB T/A DH Meldon | Total |
| | Bahamas Medical Center Limited | Kavala Medical Centre | DHB T/A Pointe Systems Retail Pharmacy | DHB T/A Convenience | DHB T/A Exuma Medical Centre | DHB T/A DH Meldon | | | | |
| <i><u>Turnover as per consolidated financial statements</u></i> | | | | | | | | | | |
| Patient services revenue, net | 109,484,638 | 3,659,626 | 620,957 | 1,111,161 | - | 2,415,345 | 126,539 | 66,763 | 117,485,028 | |
| Other income | 1,700,206 | 306,670 | 21,795 | - | 167,928 | 186,243 | 22,626 | 85 | 2,405,554 | |
| | 111,184,844 | 3,966,296 | 642,752 | 1,111,161 | 167,928 | 2,601,588 | 149,165 | 66,848 | 119,890,582 | |
| <i><u>Less turnover for month of January 2024</u></i> | | | | | | | | | | |
| Patient services revenue, net | (10,503,374) | (159,140) | (58,630) | (141,886) | - | (200,455) | 123,086 | (26,196) | (10,966,596) | |
| Other income | (260,043) | (31,752) | (2,580) | - | (33,821) | (10,605) | (2,779) | (15) | (341,595) | |
| | (10,763,418) | (190,892) | (61,210) | (141,886) | (33,821) | (211,060) | 120,307 | (26,211) | (11,308,191) | |
| <i><u>Add turnover for month of January 2023</u></i> | | | | | | | | | | |
| Patient services revenue, net (restated) | 8,865,337 | 1,552,107 | (104,425) | 134,006 | - | 297,641 | - | 19,080 | 10,763,746 | |
| Other income (restated) | 199,328 | 15,374 | - | - | - | 11,436 | - | - | 226,138 | |
| | 9,064,665 | 1,567,481 | (104,425) | 134,006 | - | 309,077 | - | 19,080 | 10,989,884 | |
| <i><u>Turnover as per business license returns</u></i> | | | | | | | | | | |
| | 109,486,092 | 5,342,885 | 477,117 | 1,103,281 | 134,107 | 2,699,605 | 269,472 | 59,717 | 119,572,275 | |

BOARD OF DIRECTORS ANNUAL ATTESTATION

We, the Board of Directors of Doctors Hospital Health System Limited and its subsidiaries (“the Group”) are familiar with the contents of the Securities Industry Act, Regulations and Rules, as amended, which govern the operations of publicly traded companies licensed to do business in The Bahamas (herein after referred to as “the Guidelines”) and acknowledge our role and responsibilities under the Guidelines. We certify the following:

- a. We are performing our functions and fulfilling our responsibilities under the Guidelines;
- b. We have carefully considered the reporting of Senior Management and other information relevant to forming an opinion as to whether we are following the Guidelines;
- c. We are satisfied that the Group’s internal rules, circulars, guidelines and manuals are accurate and complete in all material respects and that the Group’s local internal audit function and review processes provide reasonable assurances of Regulatory Compliance;
- d. We are of the opinion that the Group is following the Guidelines, paying particular attention to the annual certification sections of the Guidelines. In that regard, based on the information reported by Senior Management, we are satisfied with the safety and soundness of the operations of the Group;
- e. The Group’s Independent Non-Executive directors continue to meet the requirements of independence as stated in our Board of Directors Charter;
- f. Routine Internal Audits are ongoing and all identified issues either have been addressed or are in the process of being addressed;
- g. We are satisfied that the Group has appropriate policies, procedures and controls in place to ensure that inherent business risks, where they exist, are effectively managed; and
- h. Further details of our Corporate Governance philosophy is contained in the Board of Directors Charter which can be found on www.doctorshosp.com. The Charter addresses, *inter alia*, -
 - (a) the composition of the board of directors and qualifications for membership on the board, including matters respecting the independence of members;
 - (b) the establishment of specified types of committees of the board of directors, the mandate, functioning and responsibilities of each committee, the composition of each committee and the qualifications for membership on the committee, including matters respecting the independence of members;
 - (c) the establishment and enforcement of a code of business conduct and ethics applicable to directors, officers and employees and applicable to persons or companies that are in a special relationship with companies within the Group; and
 - (d) procedures to regulate conflicts of interest between the interests of the companies within the Group and those of a director or officer of any such company.

EXECUTIVE TEAM



**DR. CHARLES
DIGGISS**
President &
Chief Executive Officer



**DR. SHEENA
ANTONIO-COLLIE**
Chief Medical Officer



**DENNIS
DEVEAUX**
Chief Financial Officer



**RANDOL
DORSETT**
Chief Legal Officer



**DR. JAMES
IFERENTA**
Sr. VP Medical Affairs



**BRIDGETTE
SHERMAN**
Sr. VP of Patient Care Services



**PATRICE
ANTONIO**
Sr. VP of Corporate Finance



**DR. WESLEY
FRANCIS**
VP Surgical Services



**DR. BEVERTON
MOXEY**
VP Clinical Services



**HOWARD
ROYE**
VP of Operations



**PAUL
HAVEN**
VP Human Resources

BOARD



**FELIX
STUBBS**
Chair



**WAYDE
CHRISTIE**
Vice Chair



**DR CHARLES
DIGGISS**



**DR BARRETT
MCCARTNEY**



**LEROY
ARCHER**



**BARRY
RASSIN**



**NATHANIEL
BENEBY**



**KAREN
CAREY**



**ELMA
GARRAWAY**

PROFESSIONAL ADVISORS

BANKERS

ROYAL BANK OF CANADA

ROYAL BANK HOUSE
EAST HILL STREET
PO BOX N-7549
NASSAU, BAHAMAS

T: 242-356-8500
F: 242-325-8483

COUNSEL & ATTORNEYS

GRAHAM, THOMPSON & CO

SASSOON HOUSE
SHIRLEY STREET &
VICTORIA AVENUE
PO BOX N-272
NASSAU, BAHAMAS

T: 242-322-4130
F: 242-328-1069

REGISTER & TRANSFER AGENT*

BAHAMAS CENTRAL SECURITIES DEPOSITORY

FORT NASSAU CENTRE
BRITISH COLONIAL HILTON
2ND FLOOR, SUITE #202

T: 242-322-5573
F: 242-356-3613

AUDITORS

KPMG (BAHAMAS) LTD.

KPMG (BAHAMAS) LTD.
MONTAGUE STERLING CENTRE
13 EAST BAY STREET
PO BOX N-123
NASSAU, BAHAMAS

T: 242-393-2007
F: 242-393-1772

*Any other comments or inquiries
should be addressed to:*

PRESIDENT AND CHIEF EXECUTIVE OFFICER

DOCTORS HOSPITAL HEALTH SYSTEM
11 COLLINS AVENUE
PO BOX N-3018
NASSAU, BAHAMAS

T: 242-302-4600
F: 242-356-2704

NOTES

