

**DOCTORS HOSPITAL HEALTH
SYSTEM LIMITED**

**Consolidated Financial Statements
For The Year Ended January 31, 2025
And Independent Auditors' Report**

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

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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, 2025, 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, 2025, 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.

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 receivables</i>	
As at January 31, 2025, the Doctors Hospital (Bahamas) Limited's trade receivables and related allowance for expected credit losses ("ECL") are of \$55,501,388 and \$17,967,234, respectively.	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Impairment of trade receivables was considered to be a key audit area primarily for the following reasons: Inadequate allowance for impairment losses could have a material financial	In assessing the impairment of trade receivables, our main audit procedures included: • Obtained an overall understanding of the Group's methodology to determine the allowance for ECL including the associated

impact on the Group's consolidated financial statements, should a material impairment loss occur without adequate allowance for ECL being made. 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").	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: a) 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; b) we evaluated the reasonableness and reliability of the FLI by performing benchmarking analysis in reference to Gross Domestic Product ("GDP") growth rate, unemployment rate and inflation rate. - 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.
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<i>Acquisition of Kidney Centre Limited ("KCL")</i> On April 30, 2025, the Group acquired 100% of outstanding shares in KCL for consideration of \$8,067,500.	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The accounting for this transaction is complex due to significant judgments and estimates that are required to determine the values of the consideration transferred and the identification and measurement of	In assessing the determination of the values of the consideration transferred and the identification and measurement of the fair value of the assets acquired and liabilities assumed, our main audit procedures included:

the fair value of assets acquired and liabilities assumed. Due to the size and complexity of the acquisition, we considered this to be a key audit matter.	• Obtained an overall understanding of the Group's methodology to determine the consideration transferred, and fair value of net assets acquired, including the determination of the acquisition date. • Involving our own valuation specialists, we challenged the valuations produced by the Group and the methodology used to identify the assets and liabilities acquired particularly the adopted methodologies and key assumptions used in valuing the tangible assets by reviewing the projected income streams and discount rates applied to estimate the present value of anticipated future cash flows from similar assets. • Evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.
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Impairment of goodwill arising from the acquisition of KCL

As at January 31, 2025, the Group has goodwill relating to the acquisition of KCL amounting to \$2,974,984. Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment exists.

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The annual impairment testing of goodwill includes determination of the assumptions to be used to estimate the recoverable amount. The recoverable amount of the cash-generating unit ("CGU"), which is based on the higher of the value in use and fair value less costs of disposal, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future patient services revenue, operating costs, terminal value and the weighted-average cost of capital (discount rate).	In assessing the Group's annual goodwill impairment test, our main audit procedures included: • Obtained an overall understanding of the Group's methodology over the Group's goodwill impairment process. • Using our own valuation specialists, we evaluated the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGU operates. • Evaluated the appropriateness of the assumptions applied to key inputs such as patient services revenue, operating costs and growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Group and the industry.

	• Performed sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows. • Evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgment.
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Other Information

Management is responsible for the other information. The other information comprises the information included in the 2025 Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The 2025 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

October 2, 2025

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31, 2025

(Expressed in Bahamian dollars)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 7)	\$ 8,710,679	\$ 1,980,686
Trade receivables, net (Note 8)	40,030,810	42,041,440
Inventories (Note 9)	5,072,990	6,470,174
Other assets (Note 10)	1,874,583	4,342,465
Total current assets	<u>55,689,062</u>	<u>54,834,765</u>
NON-CURRENT ASSETS:		
Other assets (Note 10)	686,680	539,428
Investments (Note 11)	7,314,742	7,097,515
Investment property (Note 13)	901,348	954,913
Goodwill (Note 14)	3,405,886	430,902
Other intangible assets (Note 15)	2,643	245,704
Right of use assets (Note 17)	4,240,850	3,759,013
Property and equipment (Notes 16 and 25)	82,353,082	62,677,785
Total non-current assets	<u>98,905,231</u>	<u>75,705,260</u>
TOTAL ASSETS	<u>\$ 154,594,293</u>	<u>\$ 130,540,025</u>

(Continued)

The notes on pages 12 to 52 form an integral part of the consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT JANUARY 31, 2025

(Expressed in Bahamian dollars)

	2025	2024
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and other liabilities (Notes 18 and 25)	\$ 31,386,584	\$ 19,672,237
Provisions (Note 28)	80,000	196,000
Current portion of lease liabilities (Note 17)	1,888,929	1,447,312
Current portion of long-term debt (Note 19)	356,877	261,558
Total current liabilities	33,712,390	21,577,107
NON-CURRENT LIABILITIES:		
Lease liabilities (Note 17)	2,570,214	2,570,966
Long-term debt (Note 19)	16,366,757	7,693,403
Total non-current liabilities	18,936,971	10,264,369
TOTAL LIABILITIES	52,649,361	31,841,476
EQUITY		
Share capital:		
Authorized 18,750,000 common shares at par value of \$0.04 (2024: 18,750,000); issued and fully paid 12,471,634 (2024: 11,971,634)	498,865	478,865
Share premium	30,748,030	25,778,030
Retained earnings	70,698,037	72,441,654
Total equity	101,944,932	98,698,549
TOTAL LIABILITIES AND EQUITY	\$ 154,594,293	\$ 130,540,025

(Concluded)

The notes on pages 12 to 52 form an integral part of the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on September 30, 2025, 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, 2025

(Expressed in Bahamian dollars)

	2025	2024
REVENUE:		
Patient services revenue, net (Note 20)	\$ 118,589,746	\$ 117,485,028
Other income (Note 20)	2,566,117	2,037,148
Interest income	352,526	368,406
Total revenue	121,508,389	119,890,582
EXPENSES:		
Salaries and benefits (Notes 21, 25 and 26)	53,588,179	47,010,452
Medical supplies (Note 9)	16,698,869	12,847,382
Medical services (Note 25)	12,408,369	12,309,996
Contracted services	4,389,957	6,894,358
Other operating expenses (Note 22)	9,194,939	8,286,197
Impairment loss (Note 8)	6,644,041	13,286,535
Depreciation and amortization (Notes 15, 16 and 17)	6,121,160	4,977,295
Government taxes and fees (Note 23)	2,291,632	2,025,134
Repairs and maintenance (Note 25)	2,411,051	3,068,399
Utilities	3,262,093	2,852,455
Insurance	2,618,201	1,953,066
Dietary expenses	664,864	901,441
Rent (Note 17)	390,458	427,485
Interest expense (Notes 17 and 19)	406,154	323,414
Legal expenses	920,576	750,834
Loss on disposal of non-financial assets (Notes 15 and 16)	403,449	30,985
Total expenses	122,413,992	117,945,428
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR	(905,603)	\$ 1,945,154
EARNINGS PER SHARE (Note 27):		
Basic and diluted	\$ (0.08)	\$ 0.16

The notes on pages 12 to 52 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, 2025

(Expressed in Bahamian dollars)

	Number of shares	Share capital	Share premium	Retained earnings	Total
Balance at January 31, 2023	11,971,634	\$ 478,865	\$ 25,778,030	\$ 70,855,649	\$ 97,112,544
<u>Total comprehensive income for the period</u>					
Total comprehensive income	-	-	-	1,945,154	1,945,154
Total comprehensive income for the period	-	-	-	1,945,154	1,945,154
<u>Transactions with owners of the Group</u>					
Dividends paid					
(\$0.03 per share (Note 24))	-	-	-	(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
<u>Total comprehensive loss for the period</u>					
Total comprehensive loss	-	-	-	(905,603)	(905,603)
Total comprehensive loss for the period	-	-	-	(905,603)	(905,603)
<u>Transactions with owners of the Group</u>					
Shares issued (Note 30)	500,000	20,000	4,970,000	-	4,990,000
Dividends paid					
(\$0.07 per share (Note 24))	-	-	-	(838,014)	(838,014)
Total transactions with owners of the Group	500,000	20,000	4,970,000	(838,014)	4,151,986
Balance at January 31, 2025	<u>12,471,634</u>	<u>\$ 498,865</u>	<u>\$ 30,748,030</u>	<u>\$ 70,698,037</u>	<u>\$ 101,944,932</u>

The notes on pages 12 to 52 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, 2025

(Expressed in Bahamian dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/profit for the year	\$ (905,603)	\$ 1,945,154
Adjustments to reconcile net (loss)/profit to net cash provided by operating activities:		
Interest income	(352,526)	(368,407)
Interest expense	406,154	323,414
Loss on disposal of non-financial assets	403,449	30,985
Impairment loss (Note 8)	6,644,041	13,286,535
Depreciation and amortization (Notes 13, 15, 16 and 17)	6,121,160	4,977,295
Operating income before working capital changes	12,316,675	20,194,976
Increase in trade receivable	(4,633,411)	(13,627,969)
Decrease/(increase) in inventories	1,397,184	(1,064,869)
Decrease in other assets	2,320,630	1,425,459
Increase/(decrease) in accounts payable and other liabilities	11,714,347	(3,072,024)
Cash generated from operating activities	23,115,425	3,855,573
Interest paid	(622,602)	(314,162)
Net cash from operating activities	22,492,823	3,541,411
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment (Note 16)	(19,708,330)	(23,390,326)
Purchase of intangible assets (Note 15)	-	(4,349)
Proceeds from maturity of investments	299,070	510,504
Purchase of investments	(415,000)	(699,905)
Acquisition of subsidiary, net of cash acquired (Note 12)	(6,997,516)	-
Interest received	311,930	368,247
Net cash used in investing activities	(26,509,846)	(23,215,829)

(Continued)

The notes on pages 12 to 52 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, 2025

(Expressed in Bahamian dollars)

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayment of long-term debt (Note 19)	\$ (267,703)	\$ (258,714)
Proceeds from issuance of long-term debt (Note 19)	9,032,671	\$ 5,000,000
Payment of lease liabilities (Note 17)	(2,169,938)	\$ (1,395,253)
Proceeds from issuance of share capital	4,990,000	\$ -
Dividends paid to shareholders (Note 24)	<u>(838,014)</u>	<u>\$ (359,149)</u>
Net cash from financing activities	<u>10,747,016</u>	<u>\$ 2,986,884</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,729,993	\$ (16,687,534)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,980,686</u>	<u>\$ 18,668,220</u>
END OF YEAR (Note 7)	<u><u>\$ 8,710,679</u></u>	<u><u>\$ 1,980,686</u></u>
		(Concluded)

The notes on pages 12 to 52 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, 2025

(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, 1998. The consolidated financial statements for the year ended January 31, 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) as described in Note 6. Shares of the Company are publicly traded and listed on the Bahamas International Securities Exchange. The Group provides a broad range of healthcare services.

The Company’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, 2024. The adoption of these Standards and Interpretations has not led to any significant impact on the Group’s accounting policies, operations or consolidated financial statements.

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

- 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)

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 Accounting 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 Accounting 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 21 The Effects of Changes in Foreign Exchange Rates (amended) – January 1, 2025
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments (amended) – January 1, 2026
- Annual improvements to IFRS Accounting Standards – January 1, 2026

- IFRS 18 Presentation and Disclosure in Financial Statements – January 1, 2027
- IFRS 10 Consolidated Financial Statements (amended) and IAS 28 Investments in Associates and Joint Ventures (amended) – available for optional adoption/effective date deferred indefinitely

At this time, management has not yet performed a comprehensive assessment. Except for the amendments to IFRS 9 and IFRS 7 and IFRS 18, management does not anticipate that the relevant adoption of these standards, amendments 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 the Group 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.

- b. Basis of preparation* - The consolidated financial statements have been prepared on a historical cost basis except for equity investments measured at fair value.
- 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, Doctors Hospital (Grand Bahama) Limited and Kidney Centre 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 financial statements 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. Business combinations* – The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of activities and assets acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on a bargain purchase is recognised in the consolidated statement of profit or loss and other comprehensive income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, any contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

- e. **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.
- f. **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.

- g. **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 uncollectibility.

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 (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Trade receivables are initially measured at the transaction price.

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.

- h. Impairment of financial assets*** - The Group recognises loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost, namely cash and cash equivalents, trade receivables, other receivables and investments, and measures impairment losses at an amount equal to 12-month ECL or lifetime ECL depending on the stage in which the asset is classified. 12-month ECLs are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). 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.

For cash and cash equivalents, trade receivables – due from Government of The Bahamas and investments financial assets, the Group measures impairment losses using general approach which is recognised in three stages:

- Stage 1 – Performing financial assets are categorised as Stage 1 and an impairment loss is recognised based on default events expected to occur within the next 12 months. On subsequent reporting dates, 12-month ECL continues to apply where there is no significant increase in credit risk since initial recognition.
- Stage 2 – Performing financial assets are categorised as Stage 2 when there is a significant increase in credit risk since initial recognition, but the financial asset is not credit-impaired. The Group recognises the full lifetime ECL on Stage 2 financial assets.
- Stage 3 - If one or more default events occur which are expected to have an adverse effect on the estimated future cash flows from the financial asset, the Group continues to recognise the full lifetime ECL. At this stage, the financial asset is credit-impaired and categorised as Stage 3.

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.

The Group shall consider its investments in sovereign and government-related debt to have defaulted when payments or obligations are not made on the agreed date due or when the other relevant qualitative and quantitative information becomes available to the Group, indicating that the sovereign and government-related debts will go into default on or before the reporting date, or within twelve months after the reporting date.

Cash and cash equivalents, trade receivables – due from Government of The Bahamas and investments are classified as stage 1 and measured with 12-month ECL as of January 31, 2025 and 2024.

For trade receivables – self pay and third-party financial assets, the Group measures impairment losses using simplified approach and recognizes lifetime ECL using the roll rate method.

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 measured at amortised cost, the Group assesses whether there is a significant increase in credit 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.

- i. **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.

- j. *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 and any accumulated impairment. Depreciation is calculated on a straight-line basis over the useful life of the asset, which is 20 – 40 years.

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.

- k. *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 (note 14).
- l. *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 (note 15).

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.

- m. *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 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 capitalised during the construction phase. The capitalised interest is recorded as part of the asset to which it relates and is amortised 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.

- n. *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.

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, 2025 and 2024.

- o. 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.

- p. 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 13% 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.

- q. **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(o).
- r. **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.
- s. **Share capital** – Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Dividends are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

- t. **Earnings per share** - Basic earnings and diluted earnings per common share are computed by dividing the net income or loss 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.
- u. **Income taxes** - There are no income taxes imposed on the Group by the Commonwealth of The Bahamas.
- v. **Taxation and Government Levies** - 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, real property tax in accordance with the Real Property Tax Act, and stamp duty in accordance with the Stamp Act.

- w. **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.

- x. **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.

- y. **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 25.

- z. **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 Accounting Standards 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. Revenue recognition

The Group recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers and its five-step model approach to revenue recognition. In determining whether a contract exists with patients, the Group assesses whether any classes of patients do not have the ability and intent to pay the consideration when due. Revenue is only recognized by the Group when it is probable that the consideration will be collected. This assessment involved critical judgment on the inclusion of certain classes of patients, based on patient demographics and historical payment patterns.

c. Expected credit losses

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. The Group has calibrated forward-looking information by using a score-card method considering macroeconomic variables such as GDP growth rate, inflation and unemployment rate.

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 (2024: 5 years) and adjusted for forward looking information.

d. Goodwill

The annual impairment testing of goodwill requires significant judgement in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the cash generating units ("CGUs"), which is based on the higher of the value in use and fair value less costs of disposal, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future revenues, growth rates, discount rates and the weighted cost of capital.

e. 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 facilities which share similar economic characteristics and has three (2024: two) reportable operating segments which are Doctors Hospital (Bahamas) Limited (“DHB”), Bahamas Medical Center Limited (“BMC”) and Kidney Centre Limited (“KCL”).

Reportable segments	Operations
DHB	Provides in-patient, outpatient and ambulatory healthcare services
BMC	Provides outpatient and ambulatory healthcare services
KCL	Provides outpatient dialysis services

For management accounting purposes, included along with the activity of DHB are Doctors Hospital Health System Limited, 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 are included in the operating segment of BMC for management accounting purposes.

	2025			
	Doctors Hospital (Bahamas) <u>Limited</u>	Bahamas Medical Center <u>Limited</u>	Kidney Centre <u>Limited</u>	<u>Consolidated</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 7,139,319	\$ 42,638	\$ 1,528,722	\$ 8,710,679
Trade receivables, net	37,534,154	-	2,496,656	40,030,810
Inventories	4,588,605	73,247	411,138	5,072,990
Other assets	<u>1,696,383</u>	<u>138,044</u>	<u>40,156</u>	<u>1,874,583</u>
Total current assets	<u>50,958,461</u>	<u>253,929</u>	<u>4,476,672</u>	<u>55,689,062</u>
NON-CURRENT ASSETS:				
Other assets	618,877	67,803	-	686,680
Investments	7,314,742	-	-	7,314,742
Investment property	-	901,348	-	901,348
Goodwill, net	430,902	-	2,974,984	3,405,886
Other intangible assets	2,643	-	-	2,643
Right of use assets	4,240,850	-	-	4,240,850
Property and equipment	<u>75,575,459</u>	<u>2,646,257</u>	<u>4,131,366</u>	<u>82,353,082</u>
Total non-current assets	<u>88,183,473</u>	<u>3,615,408</u>	<u>7,106,350</u>	<u>98,905,231</u>
TOTAL ASSETS	<u>\$ 139,141,934</u>	<u>\$ 3,869,337</u>	<u>\$ 11,583,022</u>	<u>\$ 154,594,293</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and other liabilities	\$ 28,733,838	\$ 103,804	\$ 2,548,942	\$ 31,386,584
Provisions	\$ 80,000	\$ -	-	\$ 80,000
Current portion of lease liabilities	1,888,929	-	-	1,888,929
Current portion of long-term debt	<u>274,877</u>	<u>-</u>	<u>82,000</u>	<u>356,877</u>
Total current liabilities	<u>30,977,644</u>	<u>103,804</u>	<u>2,630,942</u>	<u>33,712,390</u>
NON-CURRENT LIABILITY:				
Lease liabilities	2,570,214	-	-	2,570,214
Long-term debt	<u>16,154,924</u>	<u>-</u>	<u>211,833</u>	<u>16,366,757</u>
TOTAL LIABILITIES	<u>\$ 49,702,782</u>	<u>\$ 103,804</u>	<u>\$ 2,842,775</u>	<u>\$ 52,649,361</u>
<u>Non-current asset additions:</u>				
Property and equipment	<u>\$ 19,612,580</u>	<u>\$ -</u>	<u>\$ 95,750</u>	<u>\$ 19,708,330</u>
Right of use assets	<u>\$ 1,592,391</u>	<u>\$ -</u>	<u>\$ 888,047</u>	<u>\$ 2,480,438</u>

(Continued)

	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	<u>4,089,804</u>	<u>252,661</u>	<u>4,342,465</u>
Total current assets	<u>54,461,382</u>	<u>373,383</u>	<u>54,834,765</u>
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	<u>59,736,125</u>	<u>2,941,660</u>	<u>62,677,785</u>
Total non-current assets	<u>71,808,687</u>	<u>3,896,573</u>	<u>75,705,260</u>
TOTAL ASSETS	<u>\$ 126,270,069</u>	<u>\$ 4,269,956</u>	<u>\$ 130,540,025</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and other liabilities	\$ 19,452,348	\$ 219,889	\$ 19,672,237
Provisions	196,000	-	196,000
Current portion of lease liabilities	1,447,312	-	1,447,312
Current portion of long-term debt	<u>261,558</u>	<u>-</u>	<u>261,558</u>
Total current liabilities	<u>21,357,218</u>	<u>219,889</u>	<u>21,577,107</u>
NON-CURRENT LIABILITY:			
Lease liabilities	2,570,966	-	2,570,966
Long-term debt	<u>7,693,403</u>	<u>-</u>	<u>7,693,403</u>
TOTAL LIABILITIES	<u>\$ 31,621,587</u>	<u>\$ 219,889</u>	<u>\$ 31,841,476</u>
Non-current asset additions:			
Property and equipment	<u>\$ 23,390,326</u>	<u>\$ -</u>	<u>\$ 23,390,326</u>
Other intangible assets	<u>\$ 4,349</u>	<u>\$ -</u>	<u>\$ 4,349</u>
Right of use assets	<u>\$ 1,728,574</u>	<u>\$ -</u>	<u>\$ 1,728,574</u>

(Continued)

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

	2025			
	Doctors Hospital (Bahamas) <u>Limited</u>	Bahamas Medical Center <u>Limited</u>	Kidney Centre <u>Limited</u>	<u>Consolidated</u>
Patient services revenue, net	\$ 109,703,423	\$ 2,091,960	\$ 6,794,363	\$ 118,589,746
Salaries	48,876,061	1,259,561	3,452,557	53,588,179
Medical supplies	15,332,031	156,821	1,210,017	16,698,869
Medical services	12,387,894	20,475	-	12,408,369
Other operating expenses	8,683,441	188,207	323,291	9,194,939
Depreciation and amortisation	5,431,808	542,997	146,355	6,121,160
Utilities	2,605,572	298,734	357,787	3,262,093
Government taxes and fees	2,128,791	143,522	19,319	2,291,632
Contracted services	4,026,891	142,089	220,977	4,389,957
Repairs and maintenance	2,036,693	270,688	103,670	2,411,051
Insurance	2,484,820	4,906	128,475	2,618,201
Dietary expenses	654,608	5,984	4,272	664,864
Impairment loss, net of recoveries	6,390,005	252,570	1,466	6,644,041
Rent	126,269	10,800	253,389	390,458
Interest expense	406,154	-	-	406,154
Gain on disposal of property and equipment	396,353	7,096	-	403,449
Legal expenses	916,121	-	4,455	920,576
Total expenses	112,883,512	3,304,450	6,226,030	122,413,992
Segment profit	(3,180,089)	(1,212,490)	568,333	(3,824,246)
Interest income	352,526	-	-	352,526
Other income	2,233,232	327,125	5,760	2,566,117
Net (loss)/income	\$ (594,331)	\$ (885,365)	\$ 574,093	\$ (905,603)

(Continued)

	2024		
	Doctors Hospital (Bahamas) <u>Limited</u>	Bahamas Medical Center <u>Limited</u>	<u>Consolidated</u>
Patient services revenue, net	\$ 113,825,402	\$ 3,659,626	\$ 117,485,028
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
Impairment loss, net of recoveries	12,880,071	406,464	13,286,535
Rent	413,985	13,500	427,485
Interest expense	323,414	-	323,414
Loss 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)
Interest income	368,406	-	368,406
Other income	<u>1,730,478</u>	<u>306,670</u>	<u>2,037,148</u>
Net income	<u>\$ 1,489,043</u>	<u>\$ 456,111</u>	<u>\$ 1,945,154</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	
		2025	2024
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
Kidney Centre Limited	Bahamas	100	-

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

Bahamas Medical Center Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, provides healthcare 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.

Kidney Centre Limited - established to provide out-patient dialysis services. Refer to note 12.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	2025	2024
Cash at bank and in hand	\$ 8,579,614	\$ 1,903,726
Short-term deposits	<u>131,065</u>	<u>76,960</u>
	<u>\$ 8,710,679</u>	<u>\$ 1,980,686</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 \$131,065 (2024: \$76,960)

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.

The Group held cash and cash equivalents of \$8,332,529 (2024: \$1,754,561) with financial institutions which are rated AA- to AA based on ratings from S&P and Fitch rating agencies.

8. TRADE RECEIVABLES, NET

Trade receivables - patients represent amounts due primarily from self-pay patients and balances due from insured patients after settlements by their insurers. Trade receivables - 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.

	2025	2024
Trade receivable - patients	\$ 21,676,759	\$ 18,379,423
Provision for impairment losses	(15,149,665)	(11,001,856)
	<u>\$ 6,527,094</u>	<u>\$ 7,377,567</u>
Trade receivable - third-party payors	\$ 36,321,285	\$ 36,325,983
Provision for impairment losses	(2,817,569)	(1,662,110)
	<u>\$ 33,503,716</u>	<u>\$ 34,663,873</u>
Trade receivables, net	<u>\$ 40,030,810</u>	<u>\$ 42,041,440</u>

Movement in the provision for impairment losses was as follows:

	2025	2024
Balance at beginning of the year	\$ 12,663,966	\$ 3,546,664
Impairment loss recognized in the current year	6,622,684	13,615,244
Receivables written off in the year	(1,319,416)	(4,497,942)
Balance at end of the year	<u>\$ 17,967,234</u>	<u>\$ 12,663,966</u>

During the year, the Group recovered amounts previously written-off amounted to \$286,618 (2024: \$310,442) which is presented as impairment loss 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:

	2025		
Patient	Gross carrying amount	Impairment loss	Loss rate
Current (not past due)	\$3,593,063	\$ (308,566)	9%
0 - 30 days past due	434,068	(291,230)	67%
31 - 60 days past due	268,173	(190,004)	71%
60 - 90 days past due	944,575	(708,944)	75%
More than 90 days past due	16,436,880	(13,650,921)	83%
	<u>\$ 21,676,759</u>	<u>\$ (15,149,665)</u>	

2024

Patient	Gross carrying amount	Impairment loss	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>\$ 18,379,423</u>	<u>\$ (11,001,856)</u>	

2025

Third-Party payors	Gross carrying amount	Impairment loss	Loss rate
Current (not past due)	\$23,806,924	\$ (149,657)	1%
0 - 30 days past due	430,160	(179,197)	42%
31 - 60 days past due	469,477	(220,949)	47%
60 - 90 days past due	394,044	(191,648)	49%
More than 90 days past due	3,769,445	(2,033,346)	54%
	<u>\$ 28,870,050</u>	<u>\$ (2,774,797)</u>	

2024

Third-Party payors	Gross carrying amount	Impairment loss	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%
	<u>\$ 24,621,357</u>	<u>\$ (1,662,110)</u>	

Management considers trade receivables due from Patients totaling \$1,646,816 (2024: \$1,178,937) to be past due but not impaired, and trade receivables due from Third-Party Payors totaling \$1,293,681 (2024: \$1,194,184) to be past due but not impaired.

Management developed an 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.

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, 2025 is \$17,967,234 (2024: \$12,663,966).

The Group considers that any receivable balance that are more than 90 days past due is impaired.

Included in the trade receivables – third party payors are the amounts due from the Government of The Bahamas totaling \$7,453,645 (2024: \$11,704,626), on which the Group measures impairment losses using the general approach. The expected weighted-average credit loss rate for the balances due from the Government of The Bahamas is 0.57% as at January 31, 2025 (2024: 1.25%). As at January 31, 2025 the provision for impairment losses amounted to \$42,772 (2024: \$127,267).

9. INVENTORIES

Inventories are comprised of the following:

	2025	2024
Medical supplies	\$ 3,446,543	\$ 4,189,482
Pharmaceuticals	<u>1,626,447</u>	<u>2,280,692</u>
Total inventories at the lower of cost and net realizable value	<u>\$ 5,072,990</u>	<u>\$ 6,470,174</u>

The amount of write-downs of inventories recognised as an expense is \$1,957,168 (2024: \$2,692,908), 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 \$16,698,869 (2024: \$12,847,342) and was recognised 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:

	2025	2024
Prepaid expenses	\$ 1,782,135	\$ 3,365,506
Advances and other assets	<u>92,448</u>	<u>976,959</u>
Amounts due within 12 months	<u>1,874,583</u>	<u>4,342,465</u>
Security deposits	<u>686,680</u>	<u>539,428</u>
Amounts due after 12 months	<u>686,680</u>	<u>539,428</u>
	<u>\$ 2,561,263</u>	<u>\$ 4,881,893</u>

11. INVESTMENTS

Investments comprise equity and fixed income securities. Fixed income securities are classified as financial assets at amortised cost.

	2025	2024
Equity investments	\$ 30,000	\$ 30,000
Fixed income investments	<u>7,355,448</u>	<u>7,116,864</u>
	7,385,448	7,146,864
Less expected credit losses	<u>(70,706)</u>	<u>(49,349)</u>
Total investments	<u>\$ 7,314,742</u>	<u>\$ 7,097,515</u>

The movement in the expected credit losses was as follows:

	2025	2024
Balance at beginning of the year	\$ 49,349	\$ 67,616
Loss allowance/(recovery) recognised in the current year	<u>21,357</u>	<u>(18,267)</u>
Balance at end of the year	<u>\$ 70,706</u>	<u>\$ 49,349</u>

Equity investments, which are classified as at fair value through other comprehensive income, of \$30,000 (2024: \$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% (2024: 3.20% to 6.50%) and mature in four (4) months to twenty-seven (27) years (2024: four (4) months to twenty-eight (28) years). The fair value of the fixed income investments as at January 31, 2025 was \$6,757,192 (2024: \$6,551,177). The expected credit loss rate on the fixed income investments is 0.96% (2024:0.70%).

12. ACQUISITION OF SUBSIDIARY

On April 30, 2024, the Group acquired 100 percent of the shares and voting interests of KCL, and as a result the Group gained control of the subsidiary.

Included in the identifiable assets and liabilities acquired at the date of acquisition of KCL are inputs (land, buildings, equipment and inventories), processes and an organized workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

For the 9 months ended January 31, 2025, KCL contributed revenue of \$6,800,123 and profit of \$574,093 to the Group's results. If the acquisition had occurred on February 1, 2024, management estimates that the consolidated revenue would have been \$123,464,695 and the consolidated net loss for the year would have been \$714,239. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on February 1, 2024.

At the acquisition date the Group transferred cash consideration in the amount of \$8,067,500. The Group incurred acquisition-related costs of \$626,514 on legal fees and due diligence costs. These costs have been included as a part of the acquisition costs.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	2025
Land and buildings	\$ 3,390,000
Equipment and other fixed assets	734,271
Cash and cash equivalents	1,069,984
Accounts receivable	1,952,415
Inventories	338,264
Other assets	16,909
Trade and other payables	(2,067,660)
Long term borrowings	(341,667)
Total identifiable net assets acquired	<u>\$ 5,092,516</u>

The valuation of land and buildings were measured using the income approach and cost approach. The income approach calculates the potential gross annual income for an income producing property based on current market rentals in the area and deducts normal operating expenses and capitalises the net annual income which reflects a return on investment that would be typically expected by an investor in an investment property. The cost approach estimates the fee simple value of the land, the value of the site improvements and the cost to construct the buildings at the current building rates. Physical depreciation is then deducted from the construction cost. Functional obsolescence and economic depreciation are also factored in depreciation if applicable. Accounts receivable comprise gross contractual amounts due of \$1,952,415, of which \$Nil was expected to be uncollectible at the date of acquisition. Inventories, used in the course of providing dialysis, are valued at the lower of cost and net realisable value.

Goodwill arising from the acquisition has been recognised as follows.

	2025
Consideration transferred	\$ 8,067,500
Fair value of identifiable net assets	<u>(5,092,516)</u>
Goodwill	<u>\$ 2,974,984</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating KCL into the Group's healthcare system.

13. 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.

	2025	2024
Cost:		
Balance at beginning of year	\$ 2,171,395	\$ 2,171,395
Balance at end of year	<u>2,171,395</u>	<u>2,171,395</u>
Accumulated depreciation:		
Balance at beginning of year	1,216,482	1,163,431
Depreciation for the year	<u>53,565</u>	<u>53,051</u>
Balance at end of year	<u>1,270,047</u>	<u>1,216,482</u>
Net book value	<u>\$ 901,348</u>	<u>\$ 954,913</u>

The fair value of investment property was determined by an external, independent property appraiser, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent appraiser provides the fair value of the Group's investment property every five years. The fair value measurements for the investment property have been categorized as a level 3 fair value based on the inputs to the valuation technique used. The fair value of the investment property as at January 31, 2025 was \$3,922,294 (2024: \$3,922,294).

14. GOODWILL

The movement in goodwill at January 31, 2025 is as follows.

	2025	2024
Balance at beginning of the year	\$ 430,902	\$ 430,902
Acquisition through business combination (Note 12)	<u>2,974,984</u>	<u>-</u>
Balance at end of the year	<u>\$ 3,405,886</u>	<u>\$ 430,902</u>

The goodwill recorded relates to the Group's acquisition of (1) imaging subsidiaries related to magnetic resonance imaging ("MRI") and computerized tomography ("CT") scan modalities and (2) Kidney Centre Limited (note 12). 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) 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 fair value measurements were categorized as a level 3 fair value based on the inputs in the valuation techniques used.

The key assumptions used for the value in use calculation for MRI and CT modalities are as follows:

- Cash flows are projected based on actual operating results for the year ended January 31, 2025 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 9.7% (2024: 5.3%); net of required capital expenditures; and
- A discount rate of 15.50% (2024: 12.48%) is used to estimate the present value of projected cash flow, as well as the present value of the terminal value. The discount rate was estimated based on the historical industry average weighted-average cost of capital.

The test was performed at January 31 and the carrying amount of the CGU was \$772,747 and the estimated recoverable amount exceeded the carrying amount by approximately \$63.5 million. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

<i>In percent</i>	2025	2024
Discount rate	1,292.50	442.50
Budgeted EBITDA growth rate	(73.20)	(100.30)

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

- Cash flows are projected based on actual operating results (annualised) for the year ended January 31, 2025 as a baseline;
- Cash flows for the further five year period are projected using expected annual growth rates based on an estimate of 2.5%; net of required capital expenditures; and
- A discount rate of 12% is used to estimate the present value of projected cash flow, as well as the present value of the terminal value. The discount rate was estimated based on the historical industry average weighted-average cost of capital.

The test was performed at January 31 and the carrying amount of the CGU was \$8,607,170 and the estimated recoverable amount exceeded the carrying amount by approximately \$0.3M. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

<i>In percent</i>	2025	2024
Discount rate	0.50	-
Budgeted EBITDA growth rate	(0.40)	-

15. OTHER INTANGIBLE ASSETS

Other intangible assets are comprised of the following:

	2025	2024
Cost:		
Balance at beginning of year	\$ 4,445,392	\$ 4,472,967
Additions	-	4,349
Disposals	<u>(4,442,749)</u>	<u>(31,924)</u>
Balance at end of year	<u>2,643</u>	<u>4,445,392</u>
Accumulated amortisation:		
Balance at beginning of year	4,199,688	4,206,616
Amortisation for the year	11,758	24,996
Disposals	<u>(4,211,446)</u>	<u>(31,924)</u>
Balance at end of year	<u>-</u>	<u>4,199,688</u>
Net book value	<u>\$ 2,643</u>	<u>\$ 245,704</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, 2025 are fully amortised assets of \$Nil (2024: \$4,178,533). During the year, the Group disposed software applications that were no longer in use with carrying amounts totalling \$231,303. The loss on disposal, which amounted to \$231,303, is presented as loss on disposal of non-financial assets in the consolidated statement of profit or loss and other comprehensive income. No impairment loss was recognized as at January 31, 2025 with respect to other intangible assets (2024: \$Nil).

16. 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, 2023	\$ 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	25,797,390	35,437,164	6,035,836	38,155,213	105,425,603
Acquisitions through business combinations	3,390,000	-	-	734,272	4,124,272
Transfers (out) in	-	3,605,758	663,653	(4,269,411)	-
Additions	563,203	15,263,279	223,751	3,658,097	19,708,330
Disposals	-	-	(367,115)	(3,000,772)	(3,367,887)
Balance at January 31, 2025	<u>\$ 29,750,593</u>	<u>\$ 54,306,201</u>	<u>\$ 6,556,125</u>	<u>\$ 35,277,399</u>	<u>\$ 125,890,318</u>
ACCUMULATED DEPRECIATION:					
Balance at January 31, 2023	\$ 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	11,140,181	-	3,299,929	28,307,708	42,747,818
Depreciation	316,821	-	637,365	3,124,020	4,078,206
Disposals	-	-	(367,114)	(2,921,674)	(3,288,788)
Balance at January 31, 2025	<u>\$ 11,457,002</u>	<u>\$ -</u>	<u>\$ 3,570,180</u>	<u>\$ 28,510,054</u>	<u>\$ 43,537,236</u>
CARRYING AMOUNT:					
At January 31, 2025	<u>\$ 18,293,591</u>	<u>\$ 54,306,201</u>	<u>\$ 2,985,945</u>	<u>\$ 6,767,345</u>	<u>\$ 82,353,082</u>
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>

As at January 31, 2025, work-in-progress comprised primarily of a hospital in Grand Bahama, a hospital in Eastern New Providence and an outpatient imaging center in New Providence.

During the year, fully depreciated assets of \$3,637,888 (2024: \$1,689,146) were retired from service. Included in leasehold improvements, furniture and equipment at January 31, 2025 are fully depreciated assets of \$21,344,345 (2024: \$20,954,093). No impairment loss was recognised as at January 31, 2025 with respect to property and equipment (2024: \$Nil).

17. 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.

	2025	2024
Cost:		
Balance at beginning of year	\$ 6,587,432	\$ 5,547,738
Additions	2,480,438	1,728,574
Derecognition	<u>(366,319)</u>	<u>(688,880)</u>
Balance at end of year	<u>8,701,551</u>	<u>6,587,432</u>
Accumulated amortisation:		
Balance at beginning of year	2,828,419	2,079,011
Amortisation for the year	1,977,631	1,438,288
Derecognition	<u>(345,349)</u>	<u>(688,880)</u>
Balance at end of year	<u>4,460,701</u>	<u>2,828,419</u>
Net book value	<u>\$ 4,240,850</u>	<u>\$ 3,759,013</u>

Total lease payments for the year ended January 31, 2025 amounted to \$2,424,863 (2024: \$1,576,472). Interest expense charged on the lease liabilities for the year ended January 31, 2025 amounted to \$254,925 (2024: \$181,219).

Lease expense for the year ended January 31, 2025 relating to leases with short terms and/or low value amounted to \$390,458 (2024: \$427,485).

There have been no changes in the terms of the leases held throughout the year ended January 31, 2025.

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

	2025	2024
Within one year	\$ 1,888,929	\$ 1,447,312
After one year but not more than five years	2,535,009	2,570,966
After five years but not more than ten years	<u>35,205</u>	<u>-</u>
	<u>\$ 4,459,143</u>	<u>\$ 4,018,278</u>

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

	2025	2024
Within one year	\$ 2,050,546	\$ 1,608,603
After one year but not more than five years	2,673,483	2,647,790
Between five years and ten years	36,000	-
	<u>\$ 4,760,028</u>	<u>\$ 4,256,393</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, 2025 was \$303,575 (2024: \$299,994) 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, 2025 was \$278,790 (2024: \$278,790).

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

	2025	2024
Within one year	\$ 294,672	\$ 3,600
One to two years	\$ 100,624	6,900
	<u>\$ 395,296</u>	<u>\$ 10,500</u>

18. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are comprised of the following:

	2025	2024
Accrued expenses	\$ 3,910,522	\$ 5,732,657
Accounts payable - trade	15,316,007	9,062,705
Other liabilities	11,096,936	4,247,388
Unearned revenue	110,808	102,458
Vacation benefit accrual	678,444	495,946
VAT payable	273,867	31,083
	<u>\$ 31,386,584</u>	<u>\$ 19,672,237</u>

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are generally settled on 30-60 day terms.
- Accrued expenses are non-interest bearing and are typically 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.

19. LONG-TERM BORROWINGS

The Group maintains an overdraft facility to finance working capital needs. Interest is charged at the Bahamian dollar prime rate minus 1.25% per annum. At January 31, 2025 the Bahamian dollar prime rate was 4.25% (2024: 4.25%). At January 31, 2025 the entire facility of approximately \$5 million (2024: \$5 million) was undrawn and available.

Bank borrowings are comprised of the following:

	2025	2024
Secured term loan to be repaid over 15 years, plus interest at Bahamas Prime - 1.25% per annum	\$ 16,429,801	\$ 7,954,961
Less: current portion	<u>(274,877)</u>	<u>(261,558)</u>
Long-term portion	<u>\$ 16,154,924</u>	<u>\$ 7,693,403</u>

As security for all bank borrowings, 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 (2024: \$33,502,000).

The Group has secured loans with a carrying amount of \$16,429,801 as at January 31, 2025 (2024: \$7,954,961). The loans are repayable in monthly blended payments of principal and interest, maturing in March 2033 and July 2038.

The borrowings are subject to covenants that include maintaining a debt service coverage ratio of 1.5 and the facility should not exceed 65% of the trade receivables that are less than 90 days past due. As at January 31, 2025 there have been no breaches in any of the loan covenants (2024: Nil).

Other long term borrowings are comprised of the following:

	2025	2024
Secured loan to be repaid over 5 years	\$ 293,833	\$ -
Less: current portion	<u>(82,000)</u>	<u>-</u>
Long-term portion	<u>\$ 211,833</u>	<u>\$ -</u>

The Group has a secured loan with a carrying amount of \$293,833 as at January 31, 2025. The loan is non-interest bearing and repayable in monthly payments of \$6,833, maturing in August 2028. The Group pledged as collateral all of the dialysis equipment owned by Kidney Centre Limited.

The reconciliation of movements of liabilities to cash flows arising from financing activities for the year ended January 31, 2025 is as follows:

	Long-term debt	Leases
Balance at January 31, 2024	\$ 7,954,961	\$ 4,018,278
Changes from financing cash flows:		
Proceeds from long-term debt	9,032,671	-
Repayment of long-term debt	(267,703)	-
Payment of lease liabilities	-	(2,169,938)
Total changes from financing cash flows	8,764,968	(2,169,938)
Other liability-related changes:		
New leases	-	2,610,803
Interest expense	150,742	255,412
Interest paid	(147,037)	(255,412)
Total other liability-related changes	3,705	2,610,803
Balance at January 31, 2025	\$ 16,723,634	\$ 4,459,143

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

	Long-term debt	Leases
Balance at January 31, 2023	\$ 3,204,423	\$ 3,675,653
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)
Total changes from financing cash flows	4,741,286	(1,395,253)
Other liability-related changes:		
New leases	-	1,737,878
Interest expense	142,195	181,219
Interest paid	(132,943)	(181,219)
Total other liability-related changes	9,252	1,737,878
Balance at January 31, 2024	\$ 7,954,961	\$ 4,018,278

20. REVENUES

The Group generates revenue primarily from the provision of healthcare services to its patients, net of discounts totaling \$14,589,243 (2024: \$8,833,604). 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:

	2025	2024
Cafeteria sales	\$ 378,650	\$ 545,256
Management fees	535,556	465,913
Rental income	303,575	299,994
Educational services income	241,337	146,456
Sundry items sales	510,560	301,890
Donations	-	200,000
Miscellaneous income	<u>596,439</u>	<u>77,639</u>
	<u>\$ 2,566,117</u>	<u>\$ 2,037,148</u>

21. SALARIES AND BENEFITS EXPENSE

Salaries and benefits expense are comprised of the following:

	2025	2024
Salaries and benefits	\$ 50,470,182	\$ 44,410,962
National Insurance costs	1,609,839	1,312,333
Pension costs - defined contributions pension plan (Note 26)	696,319	523,330
Work permits	<u>811,839</u>	<u>763,827</u>
	<u>\$ 53,588,179</u>	<u>\$ 47,010,452</u>

22. OTHER OPERATING EXPENSES

Other operating expenses are comprised of the following:

	2025	2024
Supplies	\$ 2,294,465	\$ 2,742,206
Dues & subscriptions	1,426,401	720,516
Consultancy fees	1,349,270	1,012,574
Legal fees	916,121	734,463
Training	821,344	637,606
Bank charges	594,114	549,773
Travel	490,973	410,684
Advertising	481,544	668,121
Automobile fuel	334,733	220,055
Miscellaneous	220,135	365,345
Donations	<u>265,839</u>	<u>224,854</u>
	<u>\$ 9,194,939</u>	<u>\$ 8,286,197</u>

23. GOVERNMENT TAXES AND FEES

Government taxes and fees are comprised of the following:

	2025	2024
Business license	\$ 1,965,681	\$ 1,403,491
Property taxes	<u>325,951</u>	<u>621,643</u>
	<u>\$ 2,291,632</u>	<u>\$ 2,025,134</u>

24. DIVIDENDS PAID

Dividends paid are comprised of the following:

	2025	2024
Dividend on ordinary shares:		
Final dividend for 2025 (\$0.07 per share (2024: \$0.03 per share))	<u>\$ 838,014</u>	<u>\$ 359,149</u>

25. 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. Transaction with related parties were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-related parties on an arm's length basis.

Medical services

Included in medical services are transactions with related parties amounting to \$6,041,466 (2024: \$5,675,758). 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, 2025 the amounts due to the related parties totaled \$360,737 (2024: \$191,161) 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, 2025 the net book value of the ROU asset and the lease liability associated with the lease were \$90,731 and \$96,035 respectively (2024: \$181,461 and \$186,267) and are included in the amounts disclosed in note 17.

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, 2025 the net book values of the ROU assets and the lease liabilities associated with the leases totaled \$152,271 and \$208,790 respectively (2024: \$292,895 and \$346,697) and are included in the amounts disclosed in note 17.

There are 2 leases with a related party which are for periods of 5 years, expiring on October 31, 2026 and July 6, 2028. As at January 31, 2025 the net book values of the ROU assets and the lease liabilities associated with the leases totaled \$281,706 and \$284,834 respectively and are included in the amounts disclosed in note 17.

Professional services

Included in work in progress within property and equipment in the consolidated statement of financial position are transactions with a related party amounting to \$48,500 (2024: \$62,075). 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.

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 \$361,091 (2024: \$1,213,595). 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, 2025 the amounts due to the related parties totaled \$131,734 (2024: \$210,202) 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, 2025 and 2024, the Group had debts relating to amounts owed to related parties as noted 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:

	2025	2024
Short-term employee benefits	\$ 2,001,850	\$ 2,334,905
Post-employment pension benefits	<u>163,491</u>	<u>143,015</u>
Total compensation paid to key management personnel	<u>\$ 2,165,341</u>	<u>\$ 2,477,920</u>

26. 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, 2025 amounted to \$1,183,406 (2024: \$912,928).

27. 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:

	2025	2024
Net (loss)/profit for the year	<u>\$ (905,603)</u>	<u>\$ 1,945,154</u>
Weighted average number of ordinary shares on issue applicable to basic earnings per share	<u>12,013,301</u>	<u>11,971,634</u>
Earnings per share	<u>\$ (0.08)</u>	<u>\$ 0.16</u>

28. 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, 2025, the Group has recorded provisions totaling \$80,000 (2024: \$196,000) and is presented as accounts payable and other liabilities in the consolidated statement of financial position. The movement in the provisions was as follows:

	2025	2024
Balance at beginning of year	\$ 196,000	\$ 30,000
Additions	10,000	166,000
Release / settlement	<u>(126,000)</u>	<u>-</u>
Balance at end of year	<u>\$ 80,000</u>	<u>\$ 196,000</u>

29. 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, 2025 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:

	2025	2024
Impairment losses on trade receivables	\$ 6,622,684	\$ 13,615,244
Impairment losses/(reversals) on debt securities at amortised cost	<u>21,357</u>	<u>(49,349)</u>
	<u>\$ 6,644,041</u>	<u>\$ 13,565,895</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, 2025 is 14.37% (2024: 21.07%).

The mix of receivables (shown net) from patients and third-party payors at January 31, 2025 was as follows:

	2025	2024
Patients	16%	18%
Third-party payors	<u>84%</u>	<u>82%</u>
	<u>100%</u>	<u>100%</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 19.

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.

2025	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	\$ 8,710,679	\$ -	\$ -	\$ -	\$ 8,710,679
Trade receivables	40,030,810	-	-	-	40,030,810
Other assets	1,874,583	-	-	-	1,874,583
Investments	208,763	204,248	3,254,097	8,416,501	12,083,609
Total financial assets	<u>\$ 50,824,835</u>	<u>\$ 204,248</u>	<u>\$ 3,254,097</u>	<u>\$ 8,416,501</u>	<u>\$ 62,699,681</u>
Liabilities					
Accounts payable and other liabilities	\$ 31,112,717	\$ -	\$ -	\$ -	\$ 31,112,717
Lease liabilities	556,321	1,494,225	2,673,483	36,000	4,760,029
Long-term debt	112,321	578,367	13,268,264	3,896,365	17,855,317
Total financial liabilities	<u>\$ 31,781,359</u>	<u>\$ 2,072,592</u>	<u>\$ 15,941,747</u>	<u>\$ 3,932,365</u>	<u>\$ 53,728,063</u>
Net liquidity gap	<u>\$ 19,043,477</u>	<u>\$ (1,868,344)</u>	<u>\$ (12,687,650)</u>	<u>\$ 4,484,135</u>	<u>\$ 8,971,619</u>

2024	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
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	180,768	460,573	3,194,704	8,311,642	12,147,686
Total financial assets	<u>\$ 48,545,359</u>	<u>\$ 460,573</u>	<u>\$ 3,194,704</u>	<u>\$ 8,311,642</u>	<u>\$ 60,512,277</u>
Liabilities					
Accounts payable and other liabilities	\$ 19,641,154	\$ -	\$ -	\$ -	\$ 19,641,154
Lease liabilities	424,639	1,183,964	2,607,518	-	4,216,121
Long-term debt	100,227	300,682	1,603,636	6,336,364	8,340,909
Total financial liabilities	<u>\$ 20,166,020</u>	<u>\$ 1,484,646</u>	<u>\$ 4,211,154</u>	<u>\$ 6,336,364</u>	<u>\$ 32,198,184</u>
Net liquidity gap	<u>\$ 28,379,339</u>	<u>\$ (1,024,072)</u>	<u>\$ (1,016,451)</u>	<u>\$ 1,975,278</u>	<u>\$ 28,314,093</u>

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 \$46,475 (2024: \$3,387).

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.

30. 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, 2025 or January 31, 2024.

In January 2025, the Group issued 500,000 shares at a price of \$9.98 per share.

31. SUBSEQUENT EVENTS

Subsequent to January 31, 2025, the Group received additional drawdowns on its loans as disclosed in note 19 in the amount of \$2,203,043. The terms are in line with those disclosed in note 19.

Other than noted above, from the reporting date up to September 30, 2025, 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.

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SUPPLEMENTARY INFORMATION

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

SUPPLEMENTARY INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 2025

(Expressed in Bahamian dollars)

Schedule 1

	(UNAUDITED)										
	Doctors Hospital (Bahamas) Limited ("DHB")	Doctors Hospital (Grand Bahama) Limited T/A Kavala Medical Centre	DHB T/A Doctors Hospital Health Systems Retail Pharmacy	DHB T/A Doctors Hospital at Centreville Medical Centre	DHB T/A Exuma Medical Centre	DHB T/A DH Meldon	DHB T/A DH Paradise Island Medical Centre	Kidney Centre Limited	Total		
<u>Turnover as per consolidated financial statements</u>											
Patient services revenue, net	103,313,187	2,091,960	993,455	1,313,422	-	3,072,119	336,100	532,806	142,334	6,794,363	118,589,746
Other income	1,955,969	327,125	7,504	-	504,347	57,876	17,667	13,187	29,208	5,760	2,918,643
	105,269,156	2,419,085	1,000,959	1,313,422	504,347	3,129,995	353,767	545,993	171,542	6,800,123	121,508,389
<u>Less turnover for month of January 2025</u>											
Patient services revenue, net	(9,730,551)	(185,949)	(73,701)	(88,596)	-	(195,680)	(39,456)	(51,260)	(52,283)	(798,511)	(11,215,987)
Other income	(42,972)	(25,702)	-	-	(40,302)	2,543	-	(1,511)	(8,378)	-	(116,322)
	(9,773,523)	(211,651)	(73,701)	(88,596)	(40,302)	(193,137)	(39,456)	(52,771)	(60,661)	(798,511)	(11,332,309)
<u>Add turnover for month of January 2024</u>											
Patient services revenue, net	10,503,375	159,140	58,630	141,886	-	200,455	(123,086)	26,196	-	-	10,966,596
Other income	234,127	31,752	2,580	-	59,737	10,605	2,779	15	-	-	341,595
	10,737,502	190,892	61,210	141,886	59,737	211,060	(120,307)	26,211	-	-	11,308,191
Turnover as per business license returns	106,233,135	2,398,326	988,468	1,366,712	523,782	3,147,918	194,004	519,433	110,881	6,001,612	121,484,271