



Ibnsina Pharma Releases 1Q23 Consolidated Results

Ibnsina Pharma is officially the largest pharma distribution company in Egypt; Strong revenues growth on the back of market share gains with a gross margin of 8% in 1Q for the 1st time since listing.

1Q23 Highlights

Market Share

EGP 23.9%

+2.6% market share gain
Q-o-Q

Net Revenues

EGP 6.84 BN

+28.3% Q-o-Q

Gross Profit

EGP 546.4

+38.1% Q-o-Q

EBITDA

EGP 281.4 MN

+69.2% Q-o-Q

Net Profit

EGP 72.6 MN

+22.2% Q-o-Q

Cairo, 23 May 2023

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for quarter ended 31 March 2023. Net revenue recorded EGP 6.84 billion for the period up by 28.3% Q-on-Q.

Gross profit came in at EGP 546.4 million, up by 38.1% Q-on-Q and yielding a gross profit margin of 8.0% against 7.4% one year previously.

Key Financial and Operational Highlights:

- Ibnsina Pharma secured 1st place as the largest pharma distributor in Egypt.
- Ibnsina Pharma crossing EGP 7 bn gross revenues for the 1st time and record a market Share of 23.9% as of 1Q23
- Gross Profit Margin of 8% driven by enchantment in cash discount given and cash discount taken.
- Clear Economies of scale benefits where EBITDA growth exceeded both gross Profit and Revenues growth.
- More Suppliers Joined Ibnsina Pharma portfolio.

Despite the devaluation effect and the associated inflation that reached 32.7% by March 2023 which impacted most of cost elements (consumables, packing, prints); ibnsina pharma adopt conservative policies that kept OPEX growth at minimal level of 6.9% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints. EBITDA increased by 69.2% Q-on-Q to EGP 281.4 million during 1Q23 with an EBITDA margin closing at 4.1%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 72.6 million for 1Q23 an increase of 22.2% Q-on-Q.

Summary Income Statement

EGP MN	1Q22	1Q23	Change
Net Revenue	5,332,795,427	6,843,373,142	28.3%
Gross Profit	395,655,672	546,428,959	38.1%
Gross Profit Margin	7.4%	8.0%	
OPEX	(229,298,250)	(245,061,674)	6.9%
OPEX / Sales	(4.3 %)	(3.6 %)	
EBITDA	166,357,422	281,404,141	69.2%
EBITDA Margin	3.1%	4.1%	
Net Profit after minority	59,383,535	72,554,838	22.2%
NP Margin	1.1%	1.1%	



Comments from our Co-CEOs

“Ibnsina Pharma is officially the largest pharma distribution company in Egypt. For the 1st time since inception, we recorded the highest market share among all other competitors according to IQVIA reports for 1Q23. This achievement is a testament of our commitment to excellence and dedication to provide our suppliers and customers with the highest quality services” **said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.**

“The prudent sales policy that we adopted in 1H2022 to mitigate any potential credit risk during these challenges, started to reap fruits. In 2022, we opted not to run after market share by increasing cash discount and extending payment terms to customers as other struggling competitors who started to bounce cheques to suppliers. Our Financial stability urged pharma suppliers to shift a large portion of their business to Ibnsina Pharma with more suppliers joining our portfolio.”

“Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. With revenue growth of 28.3% and the addition of importation contracts with higher margin; debt levels increased in 1Q23 however, we expect a lower debt level by year end, we succeeded in enhancing our cash conversion cycle to reach 2.3 days while enhancing our cash flow from operation by EGP 309 million Q-o-Q. We took a number of successful initiatives to achieve these objectives including extending payment terms from our suppliers while focusing on cash sales segments, decreasing cash discounts, focusing on imported items with zero cash discounts. With a stronger financial position, we target in FY23 to restore our revenue growth to reach high teens levels with a significant EBITDA margin enhancement” **said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.**

“A high-interest rate environment will continue to affect our margins, however; liquidation/operation of available assets for-sale, getting free finance from our suppliers and focusing on cash segments will partially mitigate the high finance cost effects.” **Added Omar.**

“We are investing in technology and infrastructure, allowing us to streamline our operations and improve efficiency, which will result in faster delivery times and better customer service. We take great pride in being recognized as the top pharmaceutical distributor in Egypt, and we are committed to maintain this position by continuing to innovate, invest, and provide exceptional services. We would like to thank all of our suppliers and customers for their continued support, trust, and loyalty. It is because of you that we have achieved this significant milestone, and we are looking forward to serve you for many years ahead.” **said Mahmoud Abdel Gawad, Co-CEO of Ibnsina Pharma.**”



Market Overview

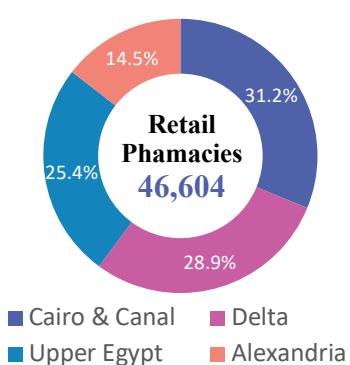
According to IQVIA Egypt's total market registered sales of EGP 41.5 billion in 1Q23. Sales were up by 13.2%. Sales growth was mainly driven by increases in the average selling price (ASP).

Although the pharma market is pressured by interest rate rise, exchange rate devaluation and the associated inflationary and supply chain pressures; total market pharmaceutical sales are anticipated to record continuous recovery in FY2023. Such expectations are supported by the continuous re-pricing of pharmaceutical products. The Egyptian drug Authority is currently approving pharma manufacturer's requests for re-pricing after the devaluations waves which started early 2022 in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

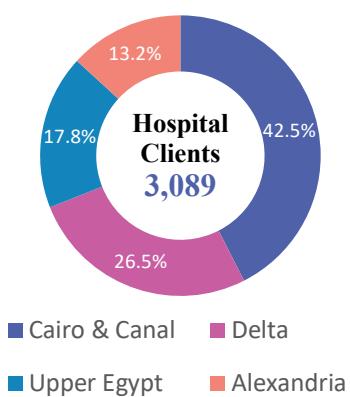
ISP total market share recorded 23.9% in 1Q23 vs 21.3% in 1Q22 a 2.6% market share gain as our financial stability and competitive advantage vs our competitors induced more clients to deal with us and more pharma suppliers to sign distribution and importation agreements with Ibnsina Pharma to join our portfolio as Omron Healthcare, Boehringer Ingelheim, Sandoz Egypt with more suppliers in the pipeline.

Expectations of double-digit growth in FY2023 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. Rising at an annual rate of c.2%, Egypt's population has surpassed the 100-million mark. Consumer demand is consequently a major driver of Egypt's economic growth, with relatively inelastic goods such as pharmaceuticals experiencing consistent demand growth. Egypt's per capita outlay on pharmaceuticals continues to lag behind regional peers, leaving significant room for further growth and attracting large investments from domestic and foreign pharma players. Ibnsina Pharma is fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years.

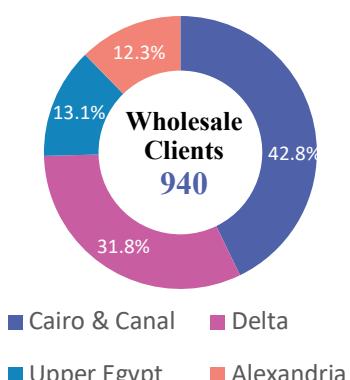
Retail Pharmacies by Geography (1Q 2023)



Hospital Clients by Geography (1Q 2023)



Wholesale Clients by Geography (1Q 2023)



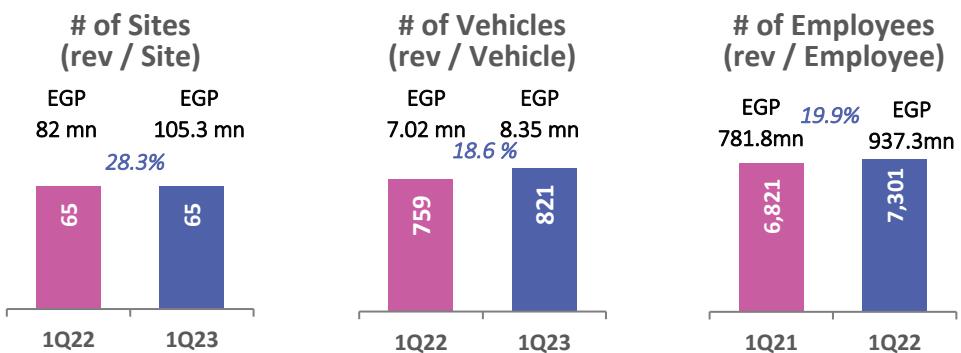
Operational Review

Ibnsina Pharma served 50,633 clients in different segments during 1Q23. In retail segment 31.2% of Ibnsina Pharma's retail client base was located in Cairo in the Canal Zone, Egypt's most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 28.9% and 25.4% of clients, respectively. Clients in Egypt's second-largest city, Alexandria, constituted 14.5% of Ibnsina Pharma's client base during the period. Ibnsina Pharma works to optimize the geographical distribution of its client base, aligning the network as far as possible with population density in Egypt's various regions.

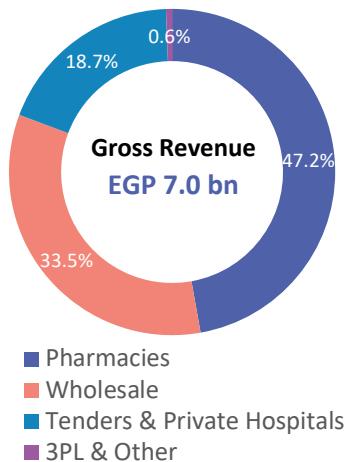
Ibnsina Pharma operated 65 sites as of 1Q23, Revenue per site increased by 28.3% year-on-year to record EGP 105.3 million.

The number of vehicles in Ibnsina Pharma's delivery fleet stood at 821 vehicles at the close of 1Q23, up from 759 vehicles one year previously. The company's investment optimization plan in core business through the introduction of new generation of regional warehouses (which will replace some of the existing branches) needed addition to the fleet. Revenues per vehicle decreased by 18.6% year-on-to reach EGP 8.34 million in 1Q23.

Revenue per employee increased by 19.9% during the period, addition of 480 personnel mainly in our early-stage subsidiaries (El Shorouk Hospital, Ramp logistics and Digi360) was the main reason of the increase in headcount.

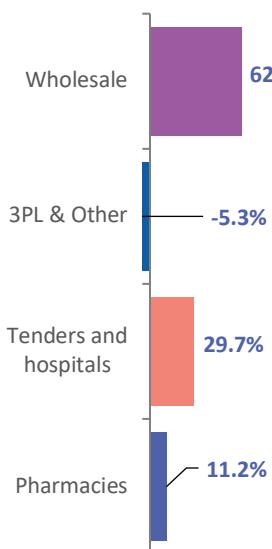


Revenue* by Business Line (1Q23)



* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (1Q23)



Gross Profit Progression (EGP mn, % margin)



Net Revenue Progression (EGP BN)



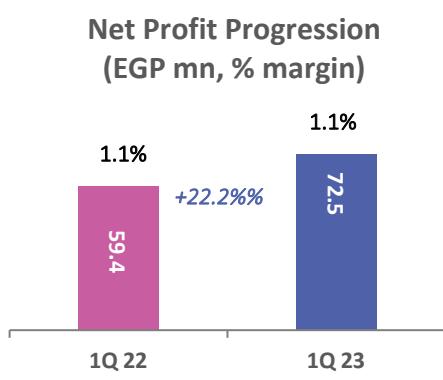
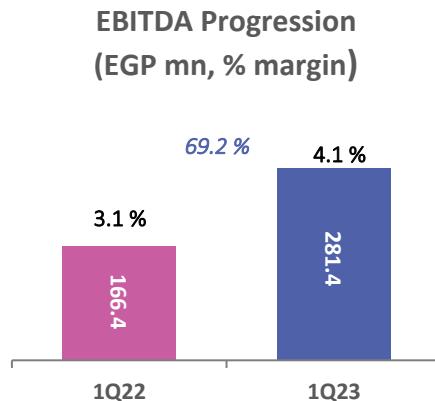
Gross Profit

Ibnsina Pharma booked a gross profit of EGP 546.4 million for 1Q23, an increase of 38.1% from the EGP 396 million recorded in 1Q22. The gross profit margin recorded 8% compared to 7.4% one year previously an enhancement of 0.6% as Ibnsina Pharma succeeded in controlling cash discount given to customers while expanding importation portfolio by adding new importation contacts with higher importation margin.

OPEX

Despite the devaluation effect and the associated inflation that reached 32.7% by March 2023 which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth at minimal level of 6.9 % only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 245.06 million in operational expenses OPEX for 1Q23, up from the EGP 229.3 million booked in 1Q22.



EBITDA

EBITDA booked EGP 281.4 million in 1Q23, an increase of 69.2% from the EGP 166.4 million recorded in 1Q22. Ibsnsina Pharma saw its EBITDA margin increased to reach 4.1% in 1Q23 from 3.1% recorded in 1Q 22. EBITDA growth shows a clear economy of scale, effectively spreading fixed operational and administrative costs across a wide revenue base

Depreciation & Amortization

Depreciation & amortization expense registered EGP 46.4 million in 1Q23, down by 2.8% from the EGP 47.8 million booked for 1Q 22. The depreciation figures reflect the adoption of IFRS 16 accounting standards. IFRS 16 requires lessees to recognize assets and liabilities for all high-value leases, with consequent effects for depreciation expense.

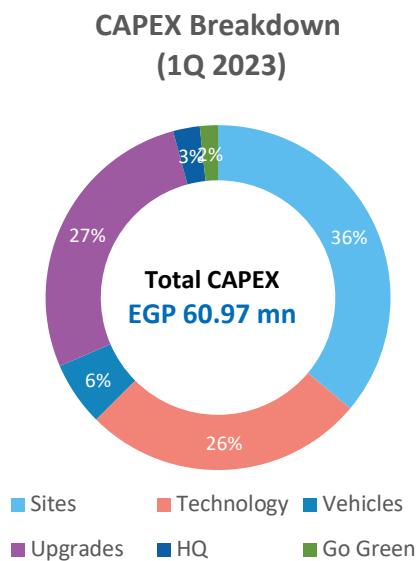
Interest Expense

Interest expense booked EGP 197.6 million for 1Q 23, up 116% year-on-year from the EGP 91.3 million recorded in 1Q 22. Interest expenses as a percentage of sales recorded 2.9% compared to 1.7%. By January 2023, interest rates reached 17.25% compared to 9.25% in January 2022 and debt utilization increased by 600 million as a result of 28% revenue growth

Net Profit

Net profit came in at EGP 72.6 million in 1Q23, up by 22.2% year-on-year from the EGP 59.4 million posted in 1Q 22. The period saw Ibsnsina Pharma's net profit margin steady at 1.1%

Key Balance Sheet Items



CAPEX

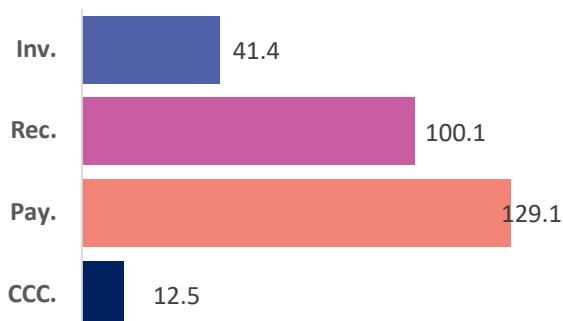
Ibnsina Pharma made core business CAPEX outlays of EGP 60.97 million in 1Q 23 against the EGP 58.4 million committed one year previously. Investments during the period included EGP 21.98 million on distribution centers and sales offices to enhance customer accessibility. EGP 16.6 million, allocated to upgrades, while EGP 3.7 million was allocated to vehicles. Construction at Ibnsina Pharma's headquarters was allocated EGP 1.5 million during 1Q23. Ibnsina Pharma allocated EGP 16.1 million in CAPEX to technology projects as the company continued to implement its plans for technology investment. Investment in solar panels reached EGP 1 million.

The company has revised core business CAPEX budget in line with a newly introduced network optimization plan, which will see the company launch differentiated tiers of warehouses with varied functions and storage capacities including regional facilities. The regional warehouses will be constructed and financed by a third party, reducing the initial investment requirement and easing Ibnsina Pharma's leverage burden.

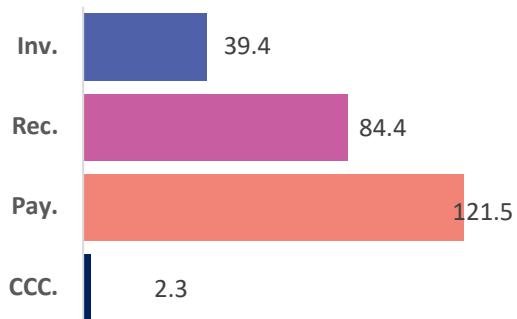
Working Capital

Ibnsina Pharma's cash conversion cycle showed a significant improvement driven by better cash collection while reducing credit period and credit limits to some clients. CCC fell to 2.3 days from 12.5 days in 1Q22 a reduction of 10.2 days. Receivable DOH recorded 84.4 days in 1Q23 down from 100.1 in 1Q22 driven by enhanced collection periods across the segments and settlement of receivables. Inventory DOH recorded 39.4 days in 1Q23 down from 41.4 days in 1Q22. Payables DOH recorded 121.5 days during the period.

Cash Conversion Cycle 1Q 2022



Cash Conversion Cycle 1Q 2023



Cash Flow from Operations

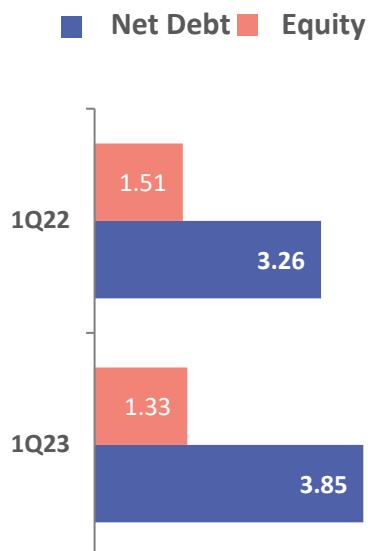
	1Q 23
(542.08)	
(851.8)	

Cash Flow from Operations

Cash flow from operations recorded a significant improvement in 1Q23 to record EGP (542.08) million compared to EGP (851.8) million in 1Q23. Cash flow from operations recorded an improvement of EGP 309 million compared driven by extension of credit periods from suppliers

Net Debt

Ibnsina Pharma booked total net debt of EGP 3.9 billion as of 1Q23 compared to a 3.3 billion in 1Q22 an 18% increase in debt level despite 28% growth in revenues as a part of debt optimization strategy. Net debt to equity recorded 2.89x in 1Q23 compared to 2.16x in 1Q22 as ISP equity balance as of 1Q23 was affected by 3 factors that were not reflected on equity balance of 1Q22: profit distribution EGP 140 million, Treasury stocks bought and EGP 32 million related to anti-trust case.



It's worth mentioning that Ibnsina Pharma's outstanding debt was affected also by the restrictions imposed on discounting the receivables of SME's who don't prepare full financial statements which is the case of retail pharmacies. Therefore, ibnsina pharma had to switch part of working capital financing from discounting the retail pharmacies' receivable (off-balance sheet item) to direct financing using overdraft (on balance sheet).



1Q23 Recent Developments

Ibnsina Pharma and Sandoz Egypt Pharma ink strategic partnership to improve patient access to OTC Products

Ibnsina Pharma and Sandoz Egypt Pharma have announced a distribution and promotion agreement for the Sandoz over-the-counter (OTC) portfolio of products. The broad outlines of the agreement amplify both companies' efforts to reach a higher number of underserved patients.

Mahmoud Abdel Gawad, Co-Founder and Co-CEO of Ibnsina Pharma, said, "Our partnership with a recognized global leader like Sandoz is a testament that ibnsina Pharma is the distributor of choice. The partnership will also boost our efforts to bring products to everyone in need, wherever they are. Ibnsina Pharma is the fastest-growing and second-largest pharmaceutical distributor in Egypt, with the capacity to efficiently deliver products to a large number of patients and consumers leveraging innovative digital solutions to optimize performance."

Boehringer Ingelheim and Ibnsina Pharma Sign Distribution Agreement in Egypt

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's fastest-growing and second-largest pharmaceutical distributor, has signed an agreement with Boehringer Ingelheim, one of the world's leading pharmaceutical companies, to distribute Boehringer Ingelheim treatments across cardiovascular, cardio-renal-metabolic and respiratory therapeutic areas in Egypt.

"We are honored to partner with Boehringer Ingelheim and contribute to the company's legacy in Egypt. With this agreement our hope is to serve Egypt's population with Boehringer Ingelheim key biopharmaceutical innovations covering important disease areas which include type 2 diabetes, hypertension, and respiratory diseases as well as stroke," said **Mohsen Mahgoub, Managing Director of Ibnsina Pharma**.

"This agreement reflects Boehringer Ingelheim's trust in Ibnsina Pharma's ability to create new opportunities for increased health and wellbeing within the healthcare landscape in Egypt. Thanks to Ibnsina's longstanding presence and experience in Egypt's pharma market in addition to our technical sales capabilities, Boehringer Ingelheim has appointed us as a distributor for their world-renowned pharmaceutical products that complement our overall portfolio. We look forward to addressing patients' unmet needs by delivering the latest medical treatments Boehringer Ingelheim has to offer the Egyptian market," added **Mohsen Mahgoub, Managing Director of Ibnsina Pharma**.

Income Statement

In EGP	1Q22	1Q23	YoY %
Gross Revenue	5,497,462,150	7,037,468,315	28.0%
Net Revenue	5,332,795,427	6,843,373,142	28.3%
Cost Of Revenue	(4,937,139,755)	(6,296,944,183)	27.5%
Gross Profit	395,655,672	546,428,959	38.1%
Gross Profit Margin	7.4%	8.0%	
Selling, General & Administrative	(229,298,250)	(245,061,724)	6.9%
AR Provision		(19,963,144)	0.0%
EBITDA	166,357,422	281,404,092	69.2%
EBITDA Margin	3.1%	4.1%	
Depreciation & Amortization	(47,753,935)	(46,406,943)	(2.8 %)
EBIT	118,603,487	234,997,149	98.1%
EBIT Margin	2.2%	3.4%	
Financial Expenses	(91,288,331)	(197,556,024)	116.4%
Credit interest from clients	40,119,885	14,432,568	(64.0 %)
FOREX Gain (Loss)	7,197,560	35,168,554	388.6%
Other Expenses	(2,000,000)	(2,388,493)	19.4%
Other Income	2,333,347	1,436,907	(38.4 %)
EBT	74,965,948	86,090,661	14.8%
EBT Margin	1.4%	1.3%	
Deferred Tax	1,249,074	6,862,485	449.4%
Income Tax	(17,414,004)	(20,786,553)	19.4%
Net Profit	58,801,018	72,166,593	22.7%
Minority interest	(582,517)	(388,257)	(33.3 %)
Parent Company Net income	59,383,535	72,554,850	22.2%
Net Profit Margin	1.1%	1.1%	

Balance Sheet

In EGP	FY 2022	1Q 23
<u>Non- Current assets</u>		
Property & Equipment, net	909,779,373	898,503,399
Projects Under Construction	944,814,631	584,072,571
Intangible assets, net	30,183,986	31,814,334
Leased Assets, net	301,102,848	284,773,413
Long Term NR	84,457,838	122,939,837
Deferred Income Taxes	82,000,275	88,862,758
Total Non-Current Assets	2,352,338,951	2,010,966,312
<u>Current assets</u>		
Inventories	2,613,821,348	3,731,021,906
Trade & Notes receivable, net	5,759,349,799	6,867,715,145
Supplier Advances	237,359,436	311,552,130
Debtors & Other Debit Balance, net	567,368,742	640,496,014
Due from Related Parties, net	72,023	3,233,400
Cash & Cash Equivalent	541,210,495	567,623,062
Assets Held for Sale	792,272,436	1,190,542,038
Total Current Assets	10,511,454,279	13,312,183,695
Total Assets	12,863,793,230	15,323,150,007
<u>Shareholders equity</u>		
Paid-In Capital	279,041,877	279,041,877
Share Premium	277,500,000	277,500,000
Legal Reserve	77,093,363	86,129,368
General Reserve	3,079,334	3,079,334
Treasury Stock Reserve	(12,949,932)	(12,949,932)
Treasury Stock	(185,735,156)	(185,735,156)
Retained Earnings	821,458,846	884,977,691
Holding Shareholders' Equity	1,259,488,332	1,332,043,182
Non controlling	388,327	70
Total Shareholders' Equity	1,259,876,659	1,332,043,252
<u>Non-Current liabilities</u>		
Non-Current Portion of Medium-Term Loan	640,919,318	508,899,052
Non Current Portion Of Obligation Under Finance Lease	281,670,327	267,555,514
Non-Current Notes Payable	211,262,076	207,604,782
Deferred tax		
Total Long-term Liabilities	1,133,851,721	984,059,348
<u>Current liabilities</u>		
Credit Facilities	2,289,930,326	3,058,326,325
Current Portion of Medium-Term Loan	479,174,878	496,241,288
Trade and Notes Payable	7,452,906,511	9,130,907,544
Creditors & Other Credit Balances	123,231,813	172,454,220
Customers Advance Payments	5,502,614	11,493,083
Income Tax	26,731,735	47,518,285
Current Portion Of Obligation Under Finance Lease	90,411,258	88,249,716
Contingency Provision	2,175,715	1,856,946
Total Current Liabilities	10,470,064,850	13,007,047,408
Total Liabilities & Shareholders' Equity	12,863,793,230	15,323,150,007

Cash Flow

In EGP	1Q 22	1Q 23
<u>Cash flow from operating activities:</u>		
Net profit before tax	74,965,948	86,090,661
<u>Adjustments for:</u>		
Depreciation of fixed assets & intangible assets	47,753,935	46,406,943
Capital gain (loss) from sale of fixed assets		19,963,144
Credit/Debit interest	72,316	(51,323)
Retained earnings settlement	(624,836)	(322,473)
Gain from sales of investment	(3,629,940)	
<u>Operating profit before changes in working capital</u>	91,288,331	197,556,024
<u>Changes in working capital:</u>	209,825,754	349,642,976
Change in inventory		
Change in trade receivables	(333,480,936)	(1,117,200,558)
Change in supplier advances	(482,824,486)	(1,172,060,489)
Change in debtors and other debt balances	(98,235,126)	(74,192,694)
Change in due from related parties	91,745,649	(72,523,551)
Change in trade payables	(44,202,126)	1,674,343,739
Change in customer advance payments	21,507,835	5,990,470
Change in creditors and other credit balances		(3,161,377)
Change in investment with fair value	15,296,568	
Change non-current liabilities	(147,390,759)	49,222,407
<u>Cash flow from operating activities</u>	(767,757,627)	(359,939,077)
Financing expense	(84,095,325)	(181,830,242)
utilized impairment		(318,769)
<u>Net cash flow from operating activities</u>	(851,852,952)	(542,088,088)
<u>Cash flow from investment activities:</u>		
Payments for purchase of fixed assets and puc	(366,107,593)	(74,271,219)
Payments for purchase of other assets	(21,678,739)	(1,075,733)
Payment from sale of assets held for sale	(200,000,619)	
Proceeds from sale of assets held for sale	11,322,054	22,324,922
Proceeds from sale of fixed assets & ROU		495,999
<u>Net cash flow from investment activities</u>	(576,464,897)	(52,526,031)
<u>Cash flow from financing activities:</u>		
Payment of borrowings	(58,793,373)	(130,195,281)
Overdraft facilities	1,282,657,466	768,395,999
Payment of lease liabilities	(21,271,380)	(17,174,032)
collected from treasury stock sales	136,257	
<u>Net cash flow from financing activities</u>	1,202,728,970	621,026,686
<u>Net change in cash and cash equivalents during the period</u>	(225,588,879)	26,412,567
Cash and cash equivalents at the beginning of the period	468,543,798	541,210,495
<u>Cash and cash equivalents at the end of the period</u>	242,954,919	567,623,062

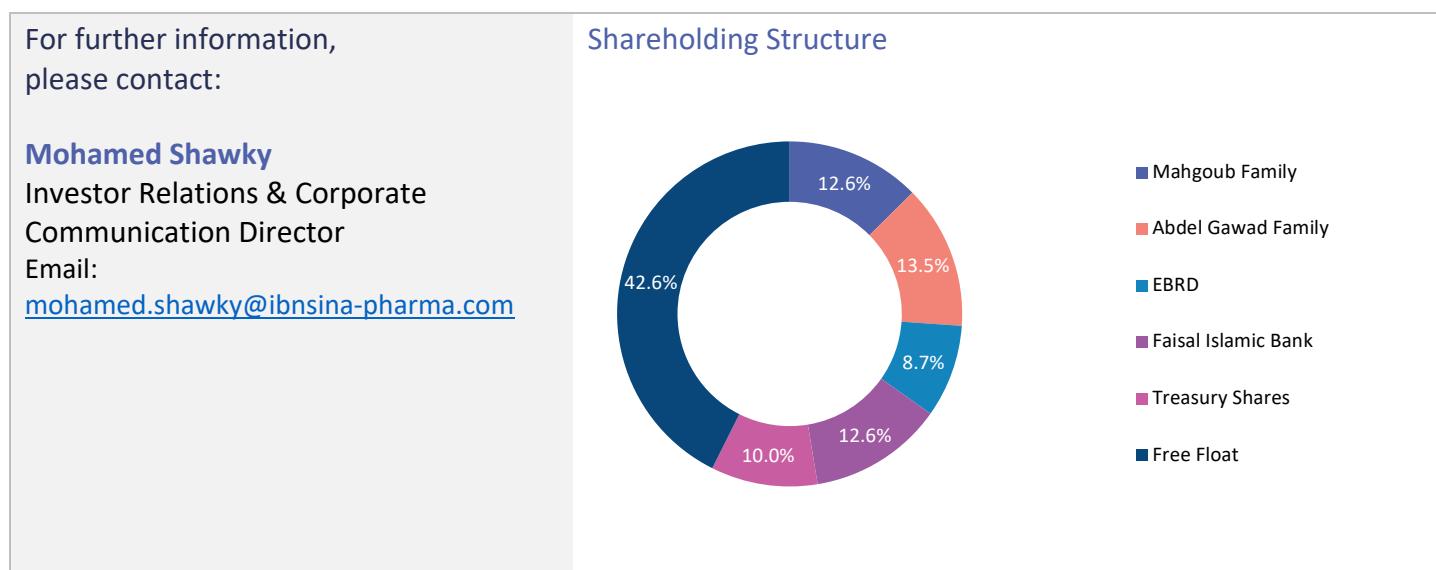


About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is Egypt's fastest-growing and second largest pharmaceutical distribution company. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 49 k customers including pharmacies, hospitals, retail outlets and wholesalers using a fleet of around 830 vehicles.

Ibnsina Pharma's core services for suppliers include management of warehousing and logistics for pharmaceutical products as well as the development and execution of tailored marketing solutions targeting a nationwide database of customers. The Company also provides efficient and reliable order-taking and delivery services to customers and was the first in its industry to pioneer a telesales model. Operating nationwide, Ibnsina Pharma's team of more than 6,000 employees is dedicated to improving people's quality of life by ensuring their access to safe and high-quality pharmaceutical products.

For more information about Ibnsina Pharma, please visit: www.ibnsina-pharma.com.



Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or



achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.