

Ibnsina Pharma Releases 1H2021 Results

Ibnsina Pharma records double-digit net profit growth of 20% year-on-year; market recovery continues to gain steam as Ibnsina Pharma start benefiting from optimization plans.

Cairo, 15 August 2021

1H21 Highlights

Net Revenues

EGP 10.1 BN

▲ 14.1% y-o-y

Gross Profit

EGP 761.6 MN

▲ 8.6% y-o-y

EBITDA

EGP 365.9 MN

▲ 14.3% y-o-y

Net Profit

EGP 106.7 MN

▲ 19.9% y-o-y

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's fastest-growing and second-largest pharmaceutical distributor, released today its audited results for the six-month period ended 30 June 2021. Net revenue recorded EGP 10.1 billion for the period up by 14.1% year-on-year as growth in Egypt's pharmaceuticals market continues to recover from the COVID-related disruptions.

Gross profit came in at EGP 761.6 million, up by 8.6% year-on-year and yielding a gross profit margin of 7.5% against the 7.9% recorded one year previously. Gross Profit Margin reflect the increase in the share of revenues generated by the company's wholesale segment, where customers receive cash discounts in exchange for cash payments.

EBITDA rose by 14.3% year-on-year to EGP 365.9 million during 1H21, reflecting the success of initiatives to control operational expenses. The company's EBITDA margin was steady over the period, closing at 3.6%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 106.7 million in the first half of 2021, an increase of 19.9% year-on-year. Bottom-line growth came as revenues growth outpaced Ibnsina Pharma's OPEX growth as the company successfully leverages economies of scale to spread fixed operational and administrative costs over its wide revenue base. Net profit was further affected by the implementation of IFRS 16 accounting standards during the period. IFRS 16 mandates a new treatment of lease assets and liabilities, producing a net negative effect on the bottom line amounting to EGP 4.4 million in 1H2021. The company's net profit margin stood at 1.1% in 1H21 against the 1.0% booked for 1H20.

On a quarterly basis, Ibnsina Pharma's revenues grew at 21.1% year-on-year to record EGP 5,367.1 million. Quarterly gross profit expanded at 9.1% year-on-year, reaching 388.9 million. EBITDA grew 23.3% year-on-year to register EGP 184.7 million in 2Q2021, with the quarterly EBITDA margin reaching 3.44% in 2Q2021. Net profit rose by 45.5% year-on-year to book EGP 56.3 million in 2Q2021, while the net profit margin stood at 1.05% for the quarter.

Summary Income Statement

EGP mn	2Q20	2Q21	Change	1H2020	1H2021	Change
Net Revenue	4,430.3	5,367.1	21.1%	8,873.2	10,123.5	14.1%
Gross Profit	356,277	388,863	9.1%	701,176	761,641	8.6%
GP Margin	8.04%	7.25%		7.90%	7.52%	
OPEX	(209,724)	(208,968)	-0.4%	(389,763)	(408,158)	4.7%
OPEX / Sales	4.73%	3.89%		4.39%	4.03%	
EBITDA	149,847	184,749	23.3%	320,150	365,869	14.3%
EBITDA Margin	3.38%	3.44%		3.61%	3.61%	
Net Profit	38,710	56,340	45.5%	88,986	106,713	19.9%
NP Margin	0.87%	1.05%		1.00%	1.05%	

Comments from our Co-CEOs

“Midway into 2021, Ibnsina Pharma is in clear sight of its strategic objectives for the year” **said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.** “Egypt’s pharmaceutical market recorded a promising performance in 2021 as the market continue to successfully weather the impact of the COVID-19 pandemic, a fact borne out by Ibnsina Pharma’s solid top-line performance in 1H2021. The company’s total retail sales grew by 10.6% in 1H2021, with the overall retail market growing by 9.9% over the same period.”

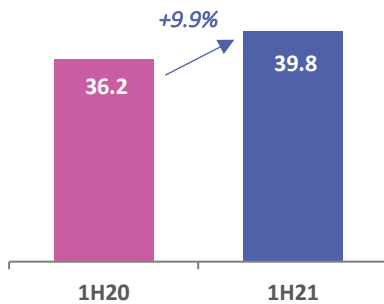
“The first Half has set Ibnsina Pharma on a path to even stronger growth over the remainder of 2021,” **continued Omar.** “Growth in Egypt’s retail pharma market is expected to continue over the coming quarters, with year-on-year growth anticipated to reach a particularly rapid rate in 2H2021. Heading into 2H2021 and the second half of the year, we anticipate an increase in Ibnsina Pharma’s top-line growth rate which will bring it into line with previous guidance, helped by the company’s ability to leverage economies of scale across its operations.”

“Our strategic direction is built mainly on four pillars: Growth, Optimization, Digitalization and Investment” **added Omar.** “On the growth front, our target is to expand our customer base and grow our market share in different business units. On the optimization front, we are working to engender margin-boosting efficiencies through a variety of cost-based initiatives in our supply chain and employment cost. As previously announced, the company aims to keep OPEX growth at a maximum level of 5% year-on-year for FY2021, down from the rate of 21% booked for FY2020. We expect the effects of this measure to become progressively more evident in our financial performance over the course of the year. On the digitalization front, we remain committed to introducing meaningful innovations across each link in the pharmaceutical value chain which started with ISP mobile application and continues with a new ERP system, pharmacy management system, supplier digital platform and fin-tech solutions. On the Investment side, we optimize investment in our core business through ad a light asset model that introduces new generation of tiered warehouses while attracting developers willing to invest in a build and rent model for our new regional warehouses which will keep our CAPEX for the year in the level of EGP 140 million only. For the non-core business investment, we budgeted EGP 120-150 million for investments in our logistics arm and in our digital arm beside equity stakes in potential investment opportunities”

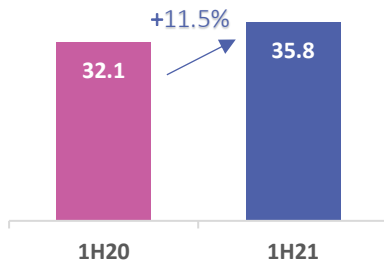
“Our five-year revenue CAGR continues to significantly outpace that of the wider market, and we are working to guarantee that this impressive record is maintained alongside healthy margins.” **said Mahmoud Abdel Gawad, Co-CEO of Ibnsina Pharma.** “

“Bottom-line growth in the first half of the year reflects our success in leveraging economies of scale to spread fixed operational and administrative costs across a wide revenue base with a bottom-line growth of 19.9% while revenues grow with 14.1% The bottom line was additionally affected by the adoption of IFRS 16 accounting standards during the period, with a new treatment of lease assets and liabilities yielding a net negative effect of EGP 4.4 million in 1H2021.” **Mahmoud concluded.**

**Market Growth, Retail
(EGP bn)**



Average Selling Price (ASP)



Market Overview

According to data published by IQVIA, Egypt’s retail pharmaceutical market registered total sales of EGP 39.8 billion during the first half of 2021. Sales were up by 9.9% from the EGP 36.2 billion recorded one year previously. Sales growth during 2021 was driven by increases in the average selling price (ASP), with retail volumes registering 1,111.6 million units in 1H21, a decrease of 1.6% year-on-year from the 1,129.7 million units sold in 1H20.

Growth in non-retail sales is expected to accelerate once more in 2H 2021 following a relative slowdown over the second half of FY2020 as official purchasing processes were transferred from the Ministry of Health and Population to the Egyptian Authority for Unified Procurement during the period. With the new process maturing, it is anticipated that the Authority will significantly enhance the efficiency of procurement practices at upwards of 1,800 public hospitals and other establishments. Ibnsina Pharma’s strong presence in both the retail and non-retail segments continues to support the company’s performance and provides it with a strong competitive advantage.

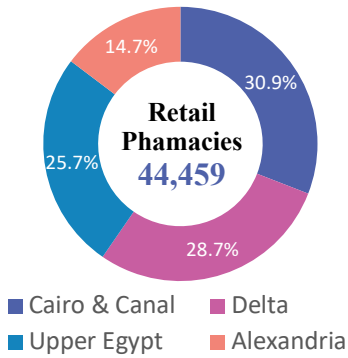
Retail pharmaceutical sales are anticipated to record growth approaching a rate of 10-12% in FY2021, double the rate achieved in FY2020. Such expectations are supported both by the government’s efforts to avoid the economic effects of a reversion to full closures and mobility restrictions and the pharmaceutical industry’s improved capacity to deal with recurrent waves of COVID-19 infections following the disruptions seen during the previous year.

Expectations of double-digit growth are further backed by strong market fundamentals. Egypt is one of the few regional economies expected to generate strong GDP growth during 2021, while 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.

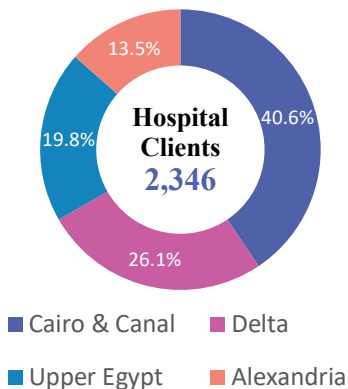
Ibnsina Pharma has been the fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years. 1H21 saw the company record retail sales growth of 10.6% year-on-year, exceeding market growth during the period by 70 basis points and maintaining a multiyear record of market-beating top-line performance.

It should be noted that Ibnsina Pharma has received several corrections from IQVIA regarding retail market growth data for 1H2021. Moreover, data on market shares provided by IQVA is different from the data that ibnsina pharma have from pharmaceutical manufacturers, a discrepancy that need to be revised from IQVIA. Ibnsina Pharma is currently in talks with IQVIA to agree on a mechanism which will validate the data sent by different players in the pharma market, with the aim of ensuring the accuracy and consistency of the IQVIA reports.

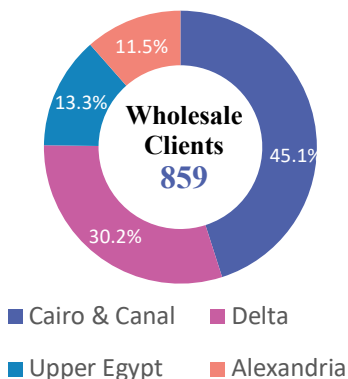
Retail Pharmacies by Geography (1H2021)



Hospital Clients by Geography (1H2021)



Wholesale Clients by Geography (1H2021)



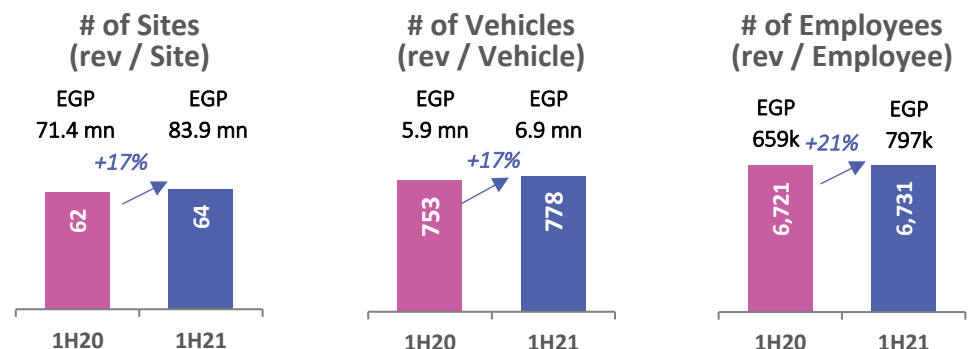
Operational Review

Ibnsina Pharma serviced 47,664 clients during 1H21. More than 30.9% 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 28.6% and 25.7% of clients, respectively. Clients in Egypt's second-largest city, Alexandria, constituted 14.7% 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.

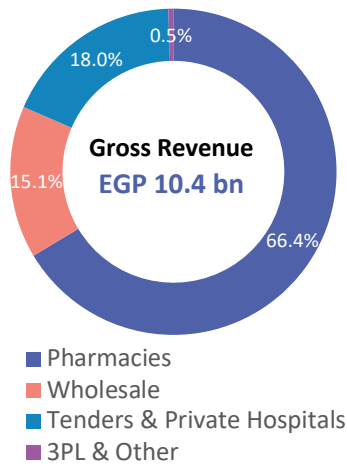
Ibnsina Pharma operated 64 sites as at 1H21, up from 62 one year previously. Revenue per site expanded by 17% year-on-year to record EGP 83.9 million for 1H21 against EGP 71.4 million in 1H20. Two mini distribution centers commenced operations in early April 2021 as the company pushed forward with its comprehensive network optimization plan.

Meanwhile, the number of vehicles in Ibnsina Pharma's delivery fleet stood at 778 vehicles at the close of 1H21, up from 753 vehicles one year previously. The company's optimized fleet strength has boosted Ibnsina's ability to efficiently satisfy rising demand, as demonstrated by an increase of 17% year-on-year in revenue per vehicle EGP 6.9 million in 1H21.

Revenue per employee increased by 21% during the period, with only net addition of 10 personnel to help meet Ibnsina Pharma's objectives for operational expansion.



Revenue* by Business Line (1H21)



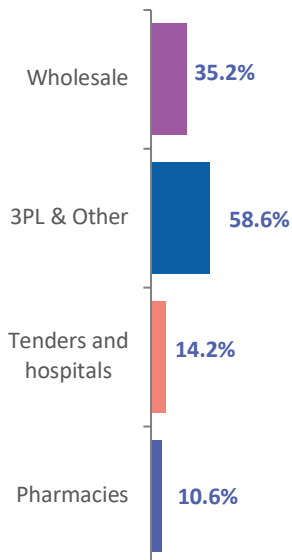
* Revenues refer to gross sales prior to discounts

Financial Performance

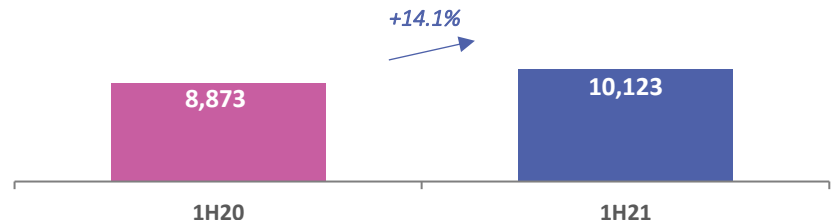
Revenues

1H21 saw Ibnsina Pharma's gross revenues climb by 14.6% year-on-year to register EGP 10.4 billion. The company's core retail business with pharmacies grew by 10.6% year-on-year to book EGP 6.9 billion for 1H21. Retail sales generated 66.4% of the company's overall top line during 1H21, down from 68.8% one year previously, reflecting the COVID-related operational disruptions prevailing since 2Q20. The company's wholesale segment expanded by 35.2% year-on-year to book revenues of EGP 1.6 billion for 1H21, contributing 15.1% of total revenues for the period against 12.8% for 1H20. Ibnsina Pharma's wholesale segment was the primary driver of overall top-line growth during the period, helped by the normalization of the Unified Procurement Authority's new public purchasing processes. Meanwhile, revenues from tenders and private hospitals expanded by 14.2% year-on-year to book EGP 1.9 billion in 1H21. Revenue from tenders and private hospitals constituted 18% of the company's top line the same level as one year previously.

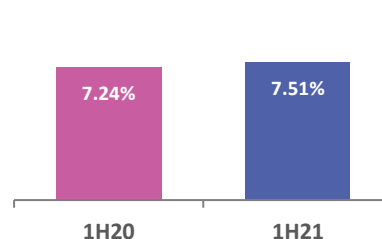
Business Line Revenue Growth (1H2021)



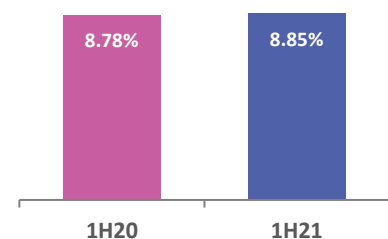
Net Revenue Progression (EGP mn)



Return on Equity

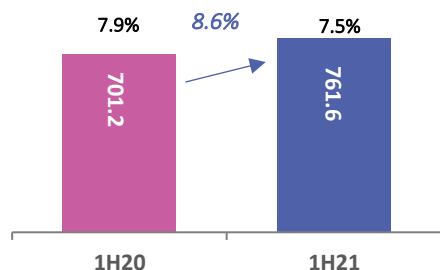
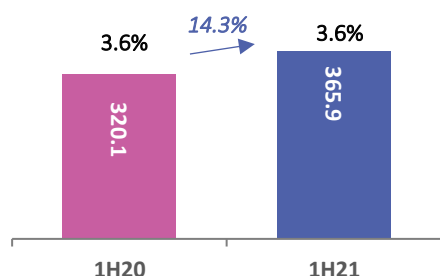
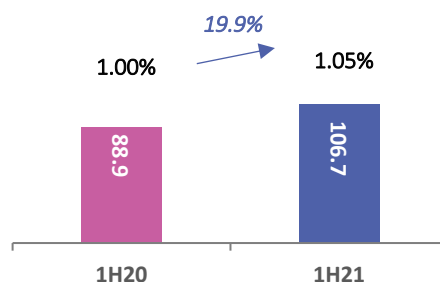


Return on Fixed Assets



Gross Profit

Ibnsina Pharma booked a gross profit of EGP 761.6 million for 1H21, an increase of 8.6% from the EGP 701.2 million recorded in 1H20. The gross profit margin recorded 7.5% over the same period. This reflects growth in the wholesale segment's contribution to the overall top line for the period. Ibnsina Pharma's wholesale clients typically transact in cash, receiving cash discounts from the company.

**Gross Profit Progression
(EGP mn, % margin)**

**EBITDA Progression
(EGP mn, % margin)**

**Net Profit Progression
(EGP mn, % margin)**

OPEX

The company registered EGP 408.2 million in operational expenses (OPEX) for 1H21, up by 4.7% year-on-year from the EGP 389.8 million booked in 1H20. This increase was driven primarily by growth in salaries booked under SG&A expenses. The rate of OPEX growth has slowed significantly from the pace of 20% year-on-year recorded at the close of FY2020 as the company puts further recruitment on hold. The company aims to keep OPEX growth at a level of 5% year-on-year for FY2021 compared to the rate of 21% registered for FY2020.

EBITDA

EBITDA booked EGP 365.8 million in 1H21, an increase of 14.3% from the EGP 320.1 million recorded in 1H20. This climb in EBITDA reflects the relatively slow growth of OPEX in 1H2021. Ibnsina Pharma saw its EBITDA margin remain relatively steady at 3.6% in 1H21. The company will continue to successfully leverage economies of scale, effectively spreading fixed operational and administrative costs across a wide revenue base as the year progresses.

Depreciation & Amortization

Depreciation expense registered EGP 87.8 million in 1H21, up by 38.7% from the EGP 63.3 million booked for 1H20, driven largely by the adoption of IFRS 16 accounting standards during the period which impacted depreciation by around EGP 20.2 million. IFRS 16 requires lessees to recognize assets and liabilities for all high-value leases, with consequent effects for depreciation expense.

Interest Expense

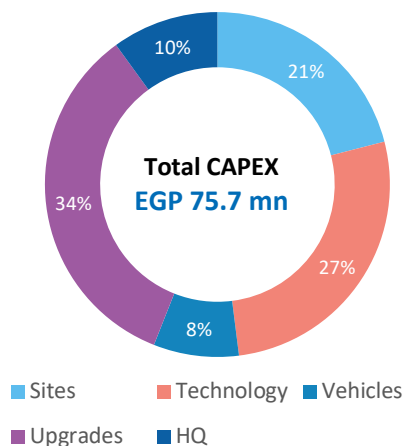
Interest expense booked EGP 136.4 million for 1H21, up by only 1.1% year-on-year from the EGP 134.9 million recorded in 1H20. Interest expenses as a percentage of sales enhanced to record 1.3% compared to 1.5% in 1H20 driven by the decrease in interest rates during the period, as well a reduction in the outstanding balance of Ibnsina Pharma's medium-term loans. This decrease comes despite the adoption of IFRS 16 during 1Q21 and the consequent reclassification of certain lease-related expenses as interest expenses.

Net Profit

Net profit came in at EGP 106.7 million in 1H21, up by 19.9% year-on-year from the EGP 88.9 million posted in 1H20. The period saw Ibnsina Pharma's net profit margin enhancing to 1.05% in 1H21 from 1.00% in 1H20.

Key Balance Sheet Items

CAPEX Breakdown (1H2021)

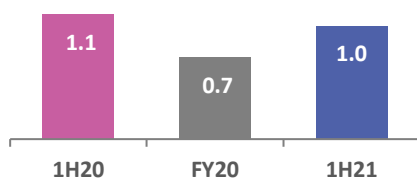


CAPEX

Ibnsina Pharma made total CAPEX outlays of EGP 75.7 million in 1H21 against the EGP 96.1 million committed one year previously. Investments during the period included EGP 16.3 million on distribution centers and sales offices to enhance customer accessibility, including 2 mini-DC which commenced operations in early April 2021. At EGP 25.8 million, upgrades were allocated the highest share of CAPEX outlays for the period, while EGP 5.9 million was allocated to vehicles. Construction at Ibnsina Pharma’s headquarters was allocated EGP 7.2 million during 1H21. Ibnsina Pharma allocated EGP 20.5 million in CAPEX to technology projects as the company continued to implement its pre-COVID plans for technology investment.

The company has budgeted approximately EGP 140 million for FY2021, marking a decrease of c.30% from the figure booked in FY2020. This comes 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 mini distribution centers and 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.

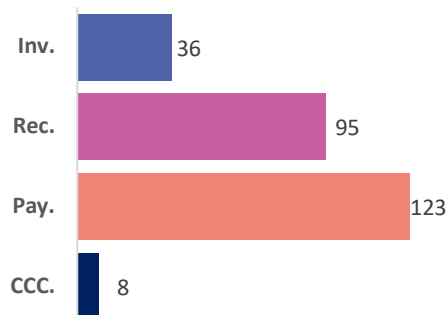
Net Debt / Equity



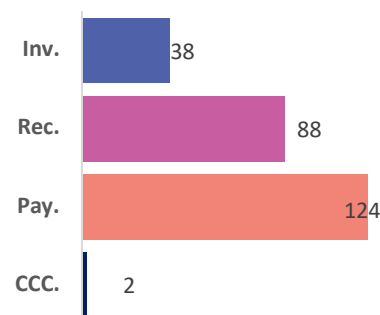
Working Capital

Ibnsina Pharma’s cash conversion cycle fell to approximately 2 days in 1H21 from approximately 8 days in 1H20. This decrease was driven by a significant fall in receivable DOH. Receivable DOH recorded 88 days in 1H21, down from 95 days in 1H20, driven by enhanced collection periods across the segments especially tender segment. Inventory DOH recorded 38 days in 1H21 against 36 days in 1H20 with an expected improvement by year end. Payables DOH recorded 124 days during the period. Ibnsina Pharma expects to maintain normalized DOH for all working capital items and to reach a cash conversion cycle of between zero and negative 1 days over the course of FY2021.

Cash Conversion Cycle 1H20



Cash Conversion Cycle 1H21



Net Debt

Ibnsina Pharma registered a net debt/equity ratio of 1.0 in 1H21, with the company booking total net debt of EGP 1.44 billion as of 30 June 2021 compared to a net debt/equity ratio of 1.1 with balance of EGP 1.3 billion as of 30 June 2020. Medium-term loans allocated to fund Ibnsina Pharma's CAPEX efforts represent approximately 29% of the company's debt, while 16% of the company's debt is represented by obligations under financial lease while working capital financing facilities represent 55%. Nearly 80% of CAPEX budgeted for FY2021 will be financed through an MTL over five years, with the remaining 20% being self-financed.

RECENT CORPORATE DEVELOPMENTS

Ibnsina Pharma launches Supplier Digital Platform

In line with Egypt's digitalization strategy, Ibnsina Pharma launched suppliers' digital platform which will be the official communication platform which links Ibnsina Pharma with suppliers in a two-way communication process. Suppliers will be able to acquire differentiated offerings, access reports, send requests in addition to other services that will add a new revenues stream to Ibnsina Pharma. The Platform will be available on both mobile application and web portal to facilitate the communication between the suppliers & their field force which maximizes suppliers' efficiency by controlling and managing their filed-forces targets, processes and achievements. The suppliers digital platform will also enhance the forecasting accuracy of suppliers through providing dynamic intelligent digital reports & services that support the decision-making process.

Ibnsina Pharma Signs Contract to establish a Regional Distribution Center

As part of network optimization plan, Ibnsina Pharma signed a contract to establish a 6,000 m² regional distribution center in Beni Suef to serve upper Egypt region. This new type of distribution center will enable Ibnsina Pharma to reduce annual CAPX plan from the previously 300-350 million where 4 traditional distribution centers were added each year with an average cost of EGP 25-30 million. Using to this model, Ibnsina Pharma will continue to expand while reducing the initial cost of investment as the land and the warehouse structure are owned by a developer who will rent it to Ibnsina Pharma with a long-term contract, Ibnsina Pharma will only bear the cost of preparing the warehouse according to pharma standards. The Regional warehouse type will enhance service time to customers, optimize effective capacity, reduce supply chain overall cost through maximizing productivity and assets utilization.

Income Statement

<i>In EGP</i>	1H2020	1H2021	YoY ▲
Gross Revenue	9,105,608	10,432,920	14.6%
Net Revenue	8,873,256	10,123,523	
Cost Of Revenue	(8,172,080)	(9,361,882)	
Gross Profit	701,176	761,641	8.6%
Gross Profit Margin	7.90%	7.52%	
Selling, General & Administrative	(389,748)	(408,158)	
Penalties on Returned Checks	20,024	25,368	
AR Provision	(11,287)	(12,982)	
EBITDA	320,150	365,869	14.3%
EBITDA Margin	3.61%	3.61%	
Depreciation & Amortization	63,386	87,886	
EBIT	256,765	277,983	8.3%
EBIT Margin	2.89%	2.75%	
Financial Expenses	(134,939)	(136,395)	
Other Expenses	(9,200)	(3,532)	
Other Income	3,263	1,127	
EBT	115,888	139,183	20.1%
EBT Margin	1.31%	1.37%	
Deferred Tax	2,243	5,294	
Income Tax	(29,145)	(37,764)	
Net Profit	88,986	106,713	19.9%
Net Profit Margin	1.00%	1.05%	
EPS	0.05	0.09	

Balance Sheet

<i>In EGP</i>	FY2020	1H2021
Property & Equipment, net	952,716	943,066
Projects Under Construction, net	219,916	243,852
Other Assets	6,905	8,219
Leased Assets, net	54,023	254,952
Long Term NR	113,840	84,138
Deferred Income Taxes	11,575	23,337
Investment in Related Company - AIM	30,000	30,000
Total Long-term Assets	1,388,974	1,578,565
Inventories	2,100,870	2,344,312
Trade & Notes receivable, net	4,830,388	4,833,089
Supplier Advances	171,336	141,819
Assets Held for Sale	-	127,506
Deferred Tax Assets	-	3,611
Debtors & Other Debit Balance, net	517,611	471,613
Due from Related Parties	372	2,631
Cash & Cash Equivalent	270,881	312,806
Total Current Assets	7,891,459	8,237,387
Total Assets	9,280,433	9,815,952
Paid-In Capital	240,000	240,000
Share Premium	277,500	277,500
Treasury Stocks		(14,399)
General Reserve	3,079	3,079
Legal Reserve	50,072	61,311
Retained Earnings	569,590	745,823
Net Profit for The Year	224,782	106,713
Shareholders' Equity	1,365,023	1,420,027
Non-Current Portion of Medium-Term Loan	405,683	292,292
None-Current Notes Payable	-	10,689
Non-Current Portion of Obligation Under Finance Lease	26,271	207,847
Total Long-term Liabilities	431,954	511,127
Credit Facilities	607,898	960,429
Contingency Provision	80,162	80,162
Customers Advance Payments	5,159	18,280
Due to Related Company - AIM	29,879	-
Current Portion of Obligation Under Finance Lease	15,358	66,200
Trade and Notes Payable	6,408,194	6,428,575
Current Portion of Medium-Term Loan	200,148	226,478
Income Tax	34,765	-
Creditors & Other Credit Balances	101,893	104,975
Total Current Liabilities	7,483,456	7,884,798
Total Liabilities & Shareholders' Equity	9,280,433	9,815,952

Cash Flow

In EGP	1H2020	1H2021
<u>Cash flow from operating activities:</u>		
Net profit before tax	115,888,133	139,183,393
<u>Adjustments for:</u>		
Depreciation of fixed assets	63,385,752	87,885,906
Allowance for impairment of current assets	11,287,047	12,981,888
Capital gain (loss)	(732,993)	(83,594)
Credit/Debit interest	134,938,952	136,394,929
Operating profit before changes in working capital	324,766,890	376,362,522
<u>Changes in working capital:</u>		
Change in inventory	(120,965,785)	(253,528,106)
Change in trade receivables	(244,619,941)	(40,660,390)
Change in supplier advances	101,361,973	29,517,140
Change in debtors and other debt balances	68,557,529	45,646,544
Change in trade payables	(163,284,038)	31,069,241
Change in due from related parties	-	(2,259,241)
Change in customer advance payments	(319,972)	2,886,794
Change in due to related parties	-	(29,879,478)
Change in creditors and other credit balances	1,373,150	3,379,698
Change in other noncurrent liabilities	1,661,744	-
Cash flow from operating activities	(31,318,449)	162,534,882
Income taxes	(82,854,207)	(76,140,149)
Financing expense	(96,490,675)	(135,652,941)
Net cash flow from operating activities	(210,663,331)	(49,258,208)
<u>Cash flow from investment activities:</u>		
Payments for purchase of fixed and PUC	(85,681,736)	(121,908,705)
Payments for purchase of other assets	2,047,247	980,719
Payments for purchase Treasury stock	-	(14,399,111)
Net cash flow from investment activities	(83,634,489)	(135,327,097)
<u>Cash flow from financing activities:</u>		
Dividends paid	(82,023,068)	(14,585,584)
Proceeds borrowing (netting off)	(6,894,921)	(87,061,270)
Payment of Lease liabilities	(9,529,764)	(24,373,731)
Overdraft facilities	556,758,594	352,530,449
Net cash flow from financing activities	458,310,841	226,509,864
Net change in cash and cash equivalents during the period	164,013,021	41,924,559
Cash and cash equivalents at the beginning of the period	118,462,800	270,881,391
Cash and cash equivalents at the end of the period	282,475,821	312,805,950

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 46,000 customers including pharmacies, hospitals, retail outlets and wholesalers. Its fleet of around 750 vehicles completes an average of over 890,000 deliveries each month.

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.

For further information, please contact:

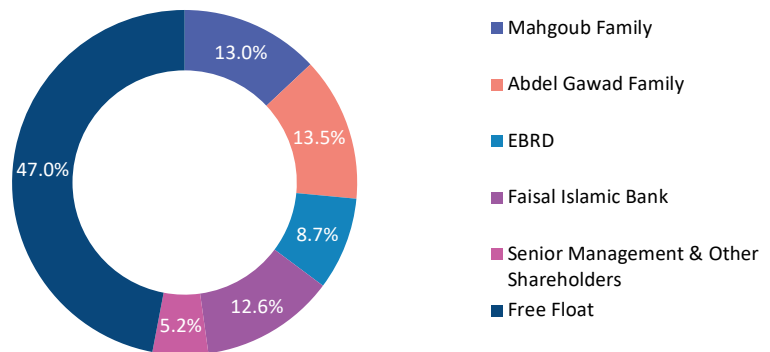
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Shareholding Structure



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.