

## Ibnsina Pharma Releases 9M2020 Results

*Ibnsina Pharma's top line expands 14.9% year-on-year to EGP 13.7 billion despite subdued market growth; YTD market share gains rapidly outstrip increases in the broader market; company makes headway on digital strategy with acquisition of retail platform '3elagy Tech'; strong cash flow from operating activities*

### 9M2020 Highlights

**Net Revenues**  
**EGP 13.7 BN**

▲ 14.9% y-o-y

**Gross Profit**  
**EGP 1.1 BN**

▲ 9.4% y-o-y

**EBITDA**  
**EGP 575.8 MN**

▲ 3.4% y-o-y

**Net Profit**  
**EGP 200.6 MN**

▼ 18.3% y-o-y

**Cairo, 15 November 2020**

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 nine-month period ended 30 September 2020, booking net revenues of EGP 13.7 billion, up 14.9% year-on-year despite relatively sluggish market growth. Gross profit recorded EGP 1.1 billion, an increase of 9.4% year-on-year, with the gross profit margin recording 8.34% for 9M2020, reflecting continued rapid growth at Ibnsina Pharma's wholesale business, which utilizes cash discounts with customers in exchange for cash payments.

Meanwhile, EBITDA rose by 3.4% year-on-year to reach EGP 575.8 million, while the EBITDA margin recorded 4.20% in 9M2020 against 4.67% one year previously, as relatively weak market growth prevented the company from fully leveraging its economies of scale. Ibnsina Pharma booked a net profit of EGP 200.6 million for 9M2020, marking a decrease of 18.3% year-on-year and yielding a 60-basis-point reduction in the net profit margin from 2.06% to 1.46%. This decrease stemmed primarily from a climb in depreciation and SG&A expenses, with the latter impacted by COVID-related outlays, and donations of approximately EGP 9.1 million supporting the Egyptian government's efforts to halt the spread of the virus.

On a quarterly basis, Ibnsina Pharma's revenues rose by 10.2% year-on-year to register EGP 4.8 billion. Quarterly gross profit increased by 1.2% year-on-year, reaching EGP 441.9 million and yielding a gross margin of 9.15%. EBITDA decreased by 3.4% year-on-year to record EGP 248.9 million for 3Q2020, with the quarterly EBITDA margin booking 5.15%. Net profit fell by 21.6% year-on-year to record EGP 111.6 million in 3Q2020, while the net profit margin came in at 2.31% for the quarter.

### Summary Income Statement

EGP mn	3Q2020	3Q2019	Change	9M2020	9M2019	Change
Net Revenue	4,828.5	4,383.2	10.2%	13,701.8	11,929.4	14.9%
<b>Gross Profit</b>	<b>441.9</b>	<b>436.8</b>	<b>1.2%</b>	<b>1,143.1</b>	<b>1,045.1</b>	<b>9.4%</b>
GP Margin	9.15%	9.97%		8.34%	8.76%	
<b>OPEX</b>	<b>207.2</b>	<b>189.6</b>	<b>9.3%</b>	<b>601.5</b>	<b>514.7</b>	<b>16.8%</b>
OPEX / Sales	4.29%	4.33%		4.39%	4.32%	
<b>EBITDA</b>	<b>248.9</b>	<b>257.7</b>	<b>-3.4%</b>	<b>575.8</b>	<b>556.7</b>	<b>3.4%</b>
EBITDA Margin	5.15%	5.88%		4.20%	4.67%	
<b>Net Profit</b>	<b>111.6</b>	<b>142.4</b>	<b>-21.6%</b>	<b>200.6</b>	<b>245.6</b>	<b>-18.3%</b>
NP Margin	2.31%	3.25%		1.46%	2.06%	

## Comments from our Co-CEOs

“With the year coming to a close, management recognizes Ibnsina Pharma’s efficient response to unexpected circumstances that have affected each and every corner of the Egyptian business community,” **commented Omar Abdel Gawwad, Co-CEO of Ibnsina Pharma.** “The company continues to enjoy a strong buffer against externally driven risks, thanks to our strong and ever-improving market position. We remain Egypt’s fastest-growing pharmaceutical distributor, registering revenue growth of 14.9% for the nine-month period and booking a top line of EGP 13.7 billion. This is testament not only to the strength of Ibnsina Pharma’s business model and its differentiated value proposition, but to the resilience of Egypt’s broader pharmaceuticals market, which has proven more resilient to external pressures than other links in the healthcare supply chain.”

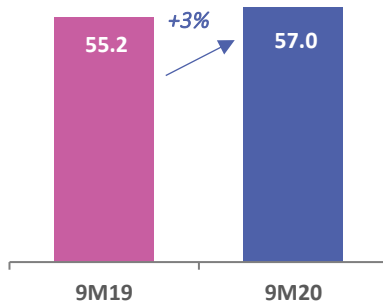
“In YTD terms, growth in the industry’s core retail market has rebounded to 3.4% year-on-year in 9M2020 after having recorded a sluggish 0.8% for 1H2020,” **Omar continued.** “Although retail growth for the period remained slow by historical standards, with supply chains affected by anticipation of a second wave of COVID-19, the rebound reflects a market that retains its solid, defensive fundamentals: the rebound was driven by an increase in selling prices, with volumes sold declining slightly in the YTD. It is worth noting that Ibnsina Pharma has mitigated against the risk posed by a potential second wave through our conservative approach to inventory and supply chain management practices.”

“Meanwhile, the non-retail pharmaceutical market registered year-on-year growth of 13.7% for 9M2020, down from growth of 29.0% for the first half of the year. This relative slowdown stems from the transfer of official purchasing processes from the Ministry of Health and Population to the Egyptian Authority for Unified Procurement. Growth is expected to recover as the new process matures, and the consequent decrease in non-retail growth is entirely consistent with this development. We welcome the establishment of the new, streamlined purchasing process, which will significantly boost the efficiency of procurement practices at more than 1,800 public hospitals and other facilities.”

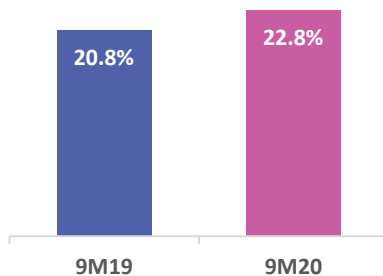
“Despite the undeniable challenges faced by the pharmaceutical industry in 2020, Ibnsina Pharma has managed to increase its market share of the retail segment to 22.8% as of 9M2020, up from 20.8% one year previously,” **said Mahmoud Abdel Gawwad, Co-CEO of Ibnsina Pharma.** “This expansion exceeds average increases in market share by 2.0%, indicating Ibnsina Pharma’s ability to sustain operations at an efficient level and safeguard the quality of services offered to our clients, further underscoring the importance of economies of scale. The company’s base of 350 local and international suppliers and its inventory of over 9,500 SKUs provide a measure of immunity not widely available: Ibnsina has not and does not expect to experience product shortages, with its manufacturing partners enjoying inventory buffers sufficient for 3-6 months of production. We are confident that the coming quarters will see the market overcome the lingering effects of COVID-19 and the restrictions put into place earlier in the year, with the rebound expected to gain steam headed into FY2021.”

“Management at Ibnsina Pharma is working diligently to ensure that the company is in the best possible position to leverage this anticipated pickup and has moved to implement several strategies designed to guarantee that the company’s growth remains sustainable over the long term. Digital disruption is a central focus of Ibnsina Pharma’s long-term growth strategy, with our efforts in this field encompassing several projects. These include a digital financial platform giving customers access to multiple fintech products under a unified interface, a pharmacy management system, and a supplier self-service platform. Ibnsina Pharma has also successfully completed its first investment in the field of digital healthcare, acquiring a 75% stake in 3elagi Tech, a cutting-edge and fast-growing application that links pharmacies with patients seeking to order medications and cosmetic products online. The acquisition further differentiates the company’s service offering and keeps us ahead of the curve as e-commerce continues to gain in popularity in the aftermath of COVID-19. Meanwhile, Ibnsina Pharma has adopted initiatives to optimize our network in a manner that reduces overall supply chain costs by maximizing productivity and asset utilization.” **Mahmoud concluded.**

Market Growth, Retail  
(EGP bn)



ISP Market Share (Retail)



## Market Overview

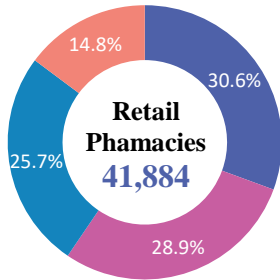
According to data published by IMS Health, Egypt’s retail pharmaceutical market recorded total sales of EGP 57.0 billion during the first nine months of 2020, representing an increase of 3.4% year-on-year from the EGP 55.2 billion registered one year previously. Pharmacy sales were significantly affected by the COVID-19 pandemic during H1-2020, with curfews imposed by the authorities in order to contain the spread of the virus reducing customer mobility. The effects of the pandemic and associated measures were particularly pronounced during 2Q2020, with market sales declining by 11.0% and 16.0% during April and May, respectively. Although retail growth was relatively subdued by historical standards, the YTD growth rate of 3.4% for 9M2020 marks a rebound from the 0.8% registered as at 1H2020. Volumes sold for the retail segment registered 1.75 billion units in 9M2020, down by 2.7% year-on-year from 1.80 billion units in 9M2019. The decrease in volumes was similarly driven by stringent mobility restrictions in place during 2Q2020 and by the temporary closure of public hospitals’ outpatient clinics and doctors’ clinics. Sales growth during the period continued to be driven by an increase in the average selling price (ASP).

Egypt’s non-retail pharmaceutical market recorded total sales of EGP 30.0 billion for 9M2020, up by 13.7% from the EGP 26.4 billion booked for 9M2019. It is worth noting that growth in non-retail sales contracted significantly from the rate of 29.0% year-on-year recorded as at 1H2020. This relative slowdown stems from the transfer of official purchasing processes from the Ministry of Health and Population to the Egyptian Authority for Unified Procurement. The consequent decrease in non-retail growth is entirely consistent with this development and growth is expected to recover as the new process matures. It is anticipated that the Authority will significantly enhance the efficiency of procurement practices at upwards of 1,800 public hospitals and other establishments.

Total pharmaceutical sales were up by 6.7% year-on-year for 9M2020, a rate similarly subdued by COVID-19 impacts concentrated in H1-FY2020. The market is expected register year-on-year growth of between 6% and 8% for FY2020, down from a five-year CAGR of 14%. Nevertheless, the market’s strong fundamentals are expected to outweigh short-term COVID-related effects as commercial activity continues to normalize, yielding a more pronounced rebound during FY2021. Rising at an annual rate of c.2%, Egypt’s population has now reached the 100-million mark. Consumer demand is consequently a major driver of economic growth, with relatively inelastic goods such as pharmaceuticals experiencing consistent demand growth. Per capita outlays on pharmaceutical products continue to lag behind regional peers, leaving significant room for further growth and attracting large investments from domestic and international pharma players.

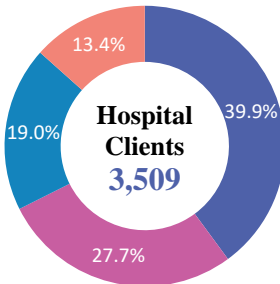
Ibnsina Pharma has been the fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years. The first nine months of 2020 saw the company record retail sales growth of 13.4% year-on-year, exceeding overall market growth during the period by 10.0 percentage points and maintaining a multiyear record of market-beating top-line performance. Ibnsina Pharma supplied 22.8% of Egypt’s retail pharmaceutical market in 9M2020, up from 20.8% in 9M2019, exceeding average market share growth for the industry as a whole by two percentage points and indicating the success of the company’s value-based differentiation strategy.

**Retail Pharmacies by Geography (9M2020)**



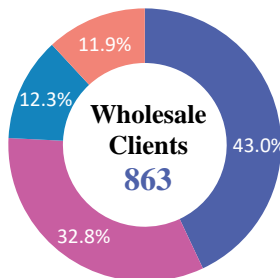
- Cairo & Canal
- Delta
- Upper Egypt
- Alexandria

**Hospital Clients by Geography (9M2020)**



- Cairo & Canal
- Delta
- Upper Egypt
- Alexandria

**Wholesale Clients by Geography (9M2020)**



- Cairo & Canal
- Delta
- Upper Egypt
- Alexandria

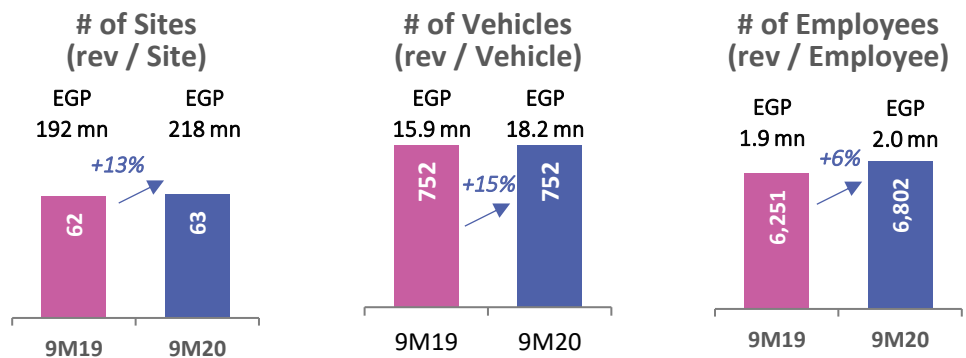
**Operational Review**

Ibnsina Pharma served 46,256 clients during the first nine months of 2020. Cairo and the Canal Zone, Egypt’s most heavily populated metropolitan areas and the country’s commercial pivot, accounted for 31.5% of Ibnsina Pharma’s client base during the period. Clients in the Delta and Upper Egypt constituted 28.9% and 24.9% of Ibnsina’s client base, respectively. Meanwhile, Egypt’s second largest city, Alexandria, represented 14.6% of the company’s clients in 9M2020. 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.

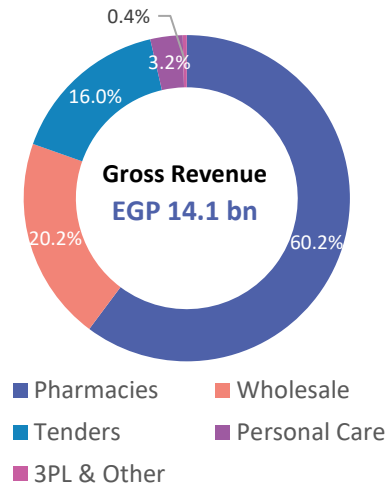
The company’s distribution network encompassed 63 sites in 9M2020 against 62 sites one year previously. Revenue per site climbed by 13% year-on-year to record EGP 217.5 million in 9M2020 versus EGP 192.4 million in 9M2019.

Meanwhile, Ibnsina Pharma’s delivery fleet stood at 752 vehicles in 9M2020, unchanged from 9M2019. The company’s optimized fleet strength has boosted Ibnsina’s ability to efficiently satisfy rising demand, with revenue per vehicle growing by 15% year-on-year to EGP 18.2 million in 9M2020.

Revenue per employee increased by 5.6% during the period, recording EGP 2.0 million in 9M2020, despite the addition of 551 personnel to help meet Ibnsina Pharma’s objectives for operational expansion.

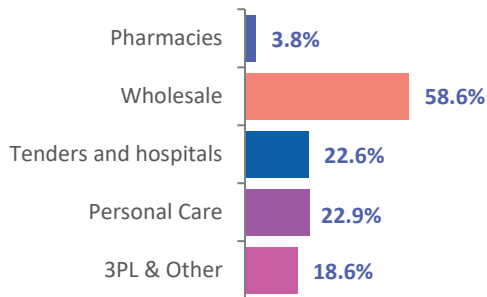


Revenue\* by Business Line (9M2020)



\* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (9M2020)

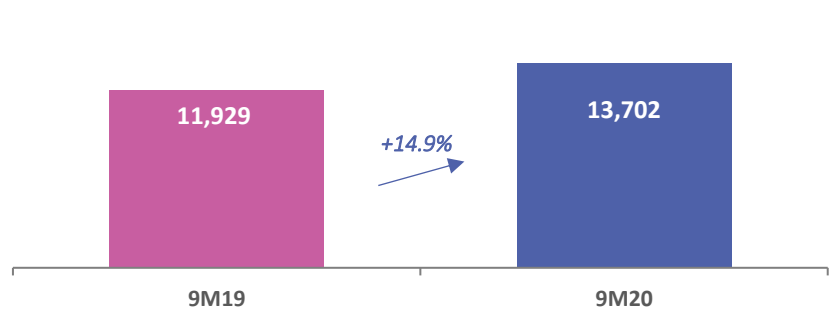


## Financial Performance

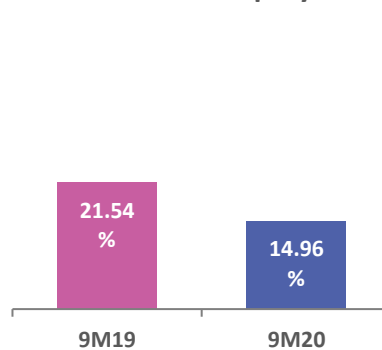
### Revenues

Ibnsina Pharma recorded gross revenues of EGP 14.1 billion in 9M2020, up by 15.3% year-on-year on the back of double-digit growth across each of the company's lines of business. The company's core business with retail pharmacies generated revenues of EGP 8.5 billion in 9M2020, up by 3.8% year-on-year and contributing 60.2% of the overall top line for 9M2020 against 66.9% one year previously. This decrease in the retail segment's top-line contribution reflects restrictions on customer mobility in place during 2Q2020, with further pressure from the temporary closure of public hospitals' outpatient clinics and doctors' clinics. Revenues from Ibnsina Pharma's wholesale business rose by 58.6% year-on-year to register EGP 2.9 billion in 9M2020, forming 20.2% of the company's total revenues versus a contribution of 14.7% as at 9M2019. Wholesale was the company's fastest-growing business segment in 9M2020, expanding by 58.6% year-on-year and contributing the majority of top-line growth for the nine-month period. Meanwhile, revenues from tenders and private hospitals expanded by 22.6% year-on-year to reach EGP 2.3 billion during the period, contributing 16.0% of the top line for 9M2020 against 15.0% one year previously.

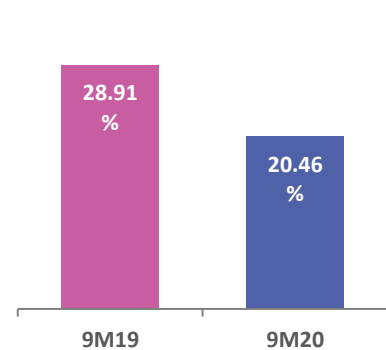
Net Revenue Progression (EGP mn)

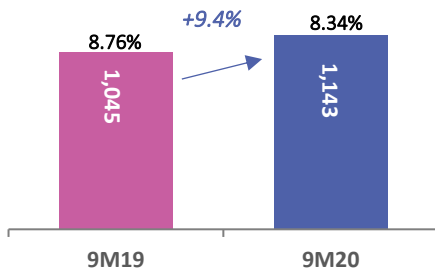
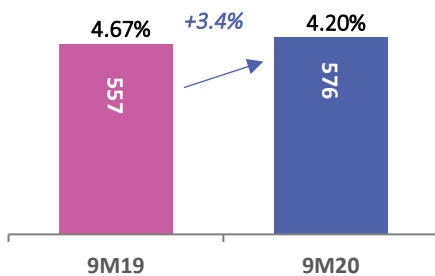
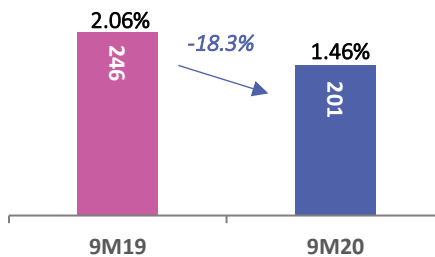


Return on Equity



Return on Fixed Assets



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

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

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

**Gross Profit**

Gross profit recorded EGP 1.1 billion in 9M2020, up by 9.4% year-on-year from the EGP 1.0 billion booked one year previously. The company's gross profit margin fell by 42 basis points year-on-year to reach 8.34% in 9M2020. This reduction in the gross profit margin largely reflects the rapid growth in the company's wholesale business segment and its contribution to the overall top line for the period. Ibnsina Pharma's wholesale clients typically transact in cash, receiving cash discounts from the company. The wholesale segment grew by 58.6% year-on-year, exerting pressure on the company's gross profit margin.

**EBITDA**

Ibnsina Pharma registered an EBITDA of EGP 575.8 million in 9M2020, representing an increase of 3.4% year-on-year from the EGP 556.7 million booked for 9M2019. The period saw Ibnsina Pharma's EBITDA margin decline to 4.20% from 4.67%, with temporarily weak market growth preventing the company from fully utilizing its advantages in economies of scale during 9M2020. This trend is expected to normalize over the coming quarters.

**Interest Expense**

Interest expense booked EGP 203.6 million for 9M2020, up by 24.0% year-on-year from the EGP 164.2 million recorded in 9M2019. This increase comes as Ibnsina Pharma has made use of MTLs in financing heightened CAPEX outlays, with secondary effects from the rapid expansion of the company's tenders' business and management's move to increase inventory levels as a risk management exercise at the beginning of the period.

**Depreciation**

Depreciation expense recorded EGP 97.1 million in 9M2020, an increase of 66.2% from the EGP 58.4 million booked for 9M2019, driven by an increase in long-term asset investments totaling EGP 1.2 billion.

**Other Expenses**

Other expenses registered EGP 17.8 million in 9M2020, up by 6.7% year-on-year. It should be noted that other expenses in 9M2020 included COVID-assistance donations totaling EGP 9.1 million, as well as outlays on disinfectants and PPE to equip company staff.

**Net Profit**

Net profit declined by 18.3% year-on-year to EGP 200.6 million in 9M2020, down from EGP 245.6 million one year previously and yielding a net profit margin of 1.46% against the 2.06% booked for 9M2019.

**Operating Cash Flow**

Ibnsina Pharma recorded a significant improvement in cash flow from operating activities during 9M2020. Operating cash flow rose by approximately EGP 700 million during the period, recording a net inflow of EGP 212 million compared to a net outflow of EGP 504 in 9M2019. The company's free cash flow reached approximately EGP 175 million for 9M2020, despite a relatively challenging external environment and the broader market's difficulties with respect to cash availability.

## Key Balance Sheet Items

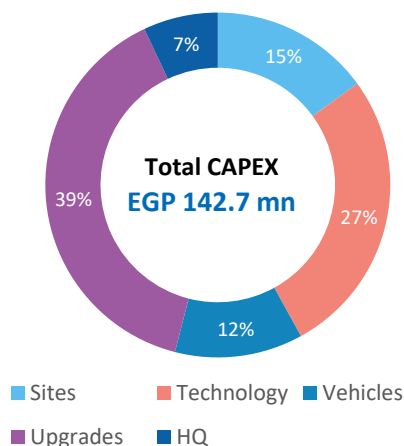
### CAPEX

Ibnsina Pharma made CAPEX outlays of EGP 142.7 million in 9M2020, down from the EGP 221.9 million committed one year previously. Investments during the period included EGP 20.7 million on distribution centers, including a new warehouse, and 13 new sales offices to enhance customer accessibility. At EGP 56.1 million, upgrades were allocated the highest share of CAPEX outlays for the period, while approximately EGP 16.9 million was invested in vehicles during 9M2020. CAPEX related to the construction of Ibnsina Pharma’s headquarters registered EGP 9.9 million during the period. Technology projects were allocated EGP 39.1 million as Ibnsina Pharma continued to implement its pre-COVID plans for technology investment.

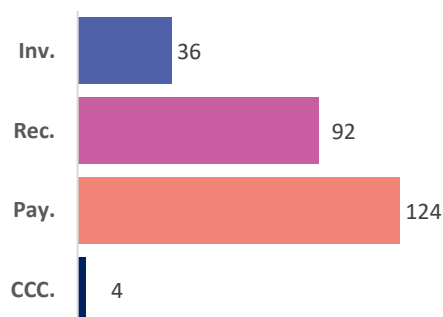
### Working Capital

Ibnsina Pharma’s cash conversion cycle recorded 3.5 days for 9M2020, improving from 4 days as at 9M2019 and from 8 days in 1H2020. Receivable DOH registered 91 days in 9M2020 against 92 days one year previously. Inventory DOH recorded 38 days in 9M2020 against 36 days in 9M2019 as the company sought to ensure product availability in the face of market uncertainty. Payables DOH recorded 125 days in 9M2020 against 124 days in 9M2019.

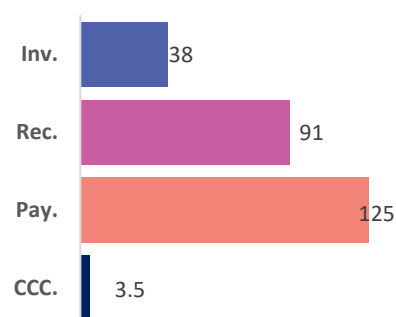
CAPEX Breakdown (9M2020)



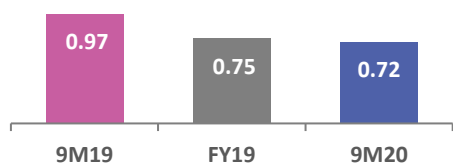
Cash Conversion Cycle 9M2019



Cash Conversion Cycle 9M2020



Net Debt / Equity



### Net Debt

Ibnsina Pharma recorded a net debt/equity ratio of 0.72 in 9M2020, with the company booking a total net debt of EGP 963.3 million as at 30 September 2020 compared to a balance of 920.5 million at the close of FY2019 and EGP 1.1 billion as at 30 September 2019. The significant year-on-year decline was driven by a decrease in Ibnsina Pharma’s long-term interest-bearing debt to EGP 635.9 million in 9M2020 from EGP 692.51 million one year previously. Approximately 66% of the company’s net debt is composed of a medium-term loan allocated to fund Ibnsina’s CAPEX efforts, while the remainder is composed of obligations under a financial lease and working capital financing extended in light of the rapid growth in Ibnsina’s credit-intensive tender business.

## RECENT CORPORATE DEVELOPMENTS

### Ibnsina Pharma Acquires 75% Stake in '3elagy Tech' Digital Platform

Ibnsina Pharma has acquired a 75% stake in '3elagi Tech,' a cutting-edge and fast-growing application that links pharmacies with patients seeking to purchase medications and cosmetic products online. The technology provides more than 600,000 consumers with a user-friendly interface and offers a wide range of partner pharmacies, with invoices delivered by pharmacies to customers.

The acquisition marks Ibnsina Pharma's maiden investment in the digital healthcare services space. Valued at EGP 25.0 million, the transaction promises to further diversify Ibnsina Pharma's service offering and comes as the Egyptian e-commerce space receives ever greater attention and consumers have increasingly sought to exercise their digital options since the onset of the COVID-19 pandemic. Ibnsina Pharma's Board of Directors is fully committed to pursuing value-adding acquisitions that further enhance the company's quality of service and are adjacent to Ibnsina's core distribution offerings.

The acquisition further progresses Ibnsina Pharma's digitization efforts, which have been allocated EGP 22.0 million in YTD 2020 and represent a central focus of the company's long-term growth strategy. The remaining 25% stake in 3elagy Tech will be retained by the company's founders.



## Income Statement

<i>In EGP</i>	3Q2019	3Q2020	YoY ▲	9M2019	9M2020	YoY ▲
<b>Gross Revenue</b>	<b>4,489,564</b>	<b>4,981,336</b>	<b>11%</b>	<b>12,217,669</b>	<b>14,086,944</b>	<b>15.3%</b>
Net Revenue	4,383,235	4,828,506		11,929,356	13,701,762	
Cost Of Revenue	(3,946,396)	(4,386,560)		(10,884,248)	(12,558,640)	
<b>Gross Profit</b>	<b>436,840</b>	<b>441,946</b>	<b>1.2%</b>	<b>1,045,108</b>	<b>1,143,122</b>	<b>9.4%</b>
<b>Gross Profit Margin</b>	<b>9.97%</b>	<b>9.15%</b>		<b>8.76%</b>	<b>8.34%</b>	
Selling, General & Administrative	189,586	207,161		514,754	601,461	
Penalties on Returned Checks	10,396	14,113		26,388	34,150	
<b>EBITDA</b>	<b>257,650</b>	<b>248,899</b>	<b>-3.4%</b>	<b>556,743</b>	<b>575,811</b>	<b>3.4%</b>
<b>EBITDA Margin</b>	<b>5.88%</b>	<b>5.15%</b>		<b>4.67%</b>	<b>4.20%</b>	
Depreciation & Amortization	21,981	33,756		58,435	97,142	
<b>EBIT</b>	<b>235,669</b>	<b>215,143</b>	<b>-8.7%</b>	<b>498,308</b>	<b>478,669</b>	<b>-3.9%</b>
<b>EBIT Margin</b>	<b>5.38%</b>	<b>4.46%</b>		<b>4.18%</b>	<b>3.49%</b>	
Financial Expenses	51,076	68,658		164,241	203,597	
Other Expenses	278	1,875		16,713	17,834	
Other Income	503	516		2,489	3,779	
<b>EBT</b>	<b>184,818</b>	<b>145,125</b>	<b>-21.5%</b>	<b>319,842</b>	<b>261,013</b>	<b>-18.4%</b>
<b>EBT Margin</b>	<b>4.22%</b>	<b>3.01%</b>		<b>2.68%</b>	<b>1.90%</b>	
Deferred Tax	2,277	1,251		5,511	3,494	
Income Tax	44,670	34,744		79,730	63,889	
<b>Net Profit</b>	<b>142,426</b>	<b>111,632</b>	<b>-21.6%</b>	<b>245,623</b>	<b>200,618</b>	<b>-18.3%</b>
<b>Net Profit Margin</b>	<b>3.25%</b>	<b>2.31%</b>		<b>2.06%</b>	<b>1.46%</b>	
<b>EPS</b>	<b>0.12</b>	<b>0.10</b>		<b>0.21</b>	<b>0.12</b>	

## Balance Sheet

<i>In EGP</i>	FY2019	9M2020
Property & Equipment, net	898,220	922,374
Projects Under Construction, net	160,910	218,189
Other Assets	8,494	7,366
Leased Assets, net	61,477	58,140
Long Term NR	101,035	128,227
Deferred Income Taxes	9,256	12,750
<b>Total Long-term Assets</b>	<b>1,239,392</b>	<b>1,347,046</b>
Inventories	1,690,645	2,119,725
Trade & Notes receivable, net	4,457,391	4,592,034
Supplier Advances	233,423	95,648
Debtors & Other Debit Balance, net	430,198	411,831
Due from Related Parties	372	372
Cash & Cash Equivalent	118,463	260,819
<b>Total Current Assets</b>	<b>6,930,492</b>	<b>7,480,428</b>
<b>Total Assets</b>	<b>8,169,883</b>	<b>8,827,474</b>
Paid-In Capital	205,000	240,000
Share Premium	277,500	277,500
General Reserve	3,079	3,079
Legal Reserve	33,633	50,072
Retained Earnings	375,258	569,590
Net Profit for The Year	328,771	200,618
<b>Total Shareholders' Equity</b>	<b>1,223,241</b>	<b>1,340,859</b>
Non-Current Portion of Medium-Term Loan	515,384	402,122
Non-Current Portion of Obligation Under Finance Lease	34,115	30,048
Other Non-Current Liabilities	26,949	17,686
<b>Total Long-term Liabilities</b>	<b>576,449</b>	<b>449,856</b>
Credit Facilities	276,910	542,548
Contingency Provision	80,162	80,162
Customers Advance Payments	5,874	5,870
Current Portion of Obligation Under Finance Lease	15,490	15,617
Trade and Notes Payable	5,656,996	6,012,751
Current Portion of Medium-Term Loan	197,100	233,746
Income Tax	50,741	28,776
Creditors & Other Credit Balances	86,920	117,289
<b>Total Current Liabilities</b>	<b>6,370,193</b>	<b>7,036,759</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>8,169,883</b>	<b>8,827,474</b>

## Cash Flow

In EGP	9M2019	9M2020
<b><u>Cash flow from operating activities:</u></b>		
Net profit before tax	319,842,313	261,013,307
<b><u>Adjustments for:</u></b>		
Depreciation of fixed assets	58,434,727	97,141,745
Allowance for impairment of accounts and Notes receivables	14,515,353	17,917,146
Provisions	10,666,633	-
Capital gain (loss)	(376,787)	(811,100)
Credit/Debit interest	164,241,499	203,596,924
<b>Operating profit before changes in working capital</b>	<b>567,323,738</b>	<b>578,858,022</b>
<b><u>Changes in working capital:</u></b>		
Change in inventory	(278,793,941)	(429,079,385)
Change in trade receivables	(959,242,048)	(179,752,317)
Change in supplier advances	40,352,186	137,775,117
Change in debtors and other debt balances	(212,851,087)	18,517,072
Change in trade payables	485,499,727	355,755,727
Change in customer advance payments	3,987,560	(3,840)
Change in creditors and other credit balances	17,761,376	(4,624,552)
Change in other noncurrent liabilities	(20,083,802)	(13,763,360)
<b>Cash flow from operating activities</b>	<b>(356,046,291)</b>	<b>463,682,484</b>
Income taxes	(905,204)	(85,854,207)
Financing expense	(147,504,580)	(165,080,264)
<b>Net cash flow from operating activities</b>	<b>(504,456,075)</b>	<b>212,748,013</b>
<b><u>Cash flow from investment activities:</u></b>		
Payments for purchase of fixed and PUC	(239,200,284)	(165,699,835)
Payments for purchase of other assets	(1,321,679)	(319,018)
Proceeds from sale of fixed assets	392,516	2,361,340
<b>Net cash flow from investment activities</b>	<b>(240,129,447)</b>	<b>(163,657,513)</b>
<b><u>Cash flow from financing activities:</u></b>		
Dividends paid	(95,610,850)	(82,023,068)
Proceeds from capital increase	24,500,000	
Proceeds from borrowings (netting off)	305,138,890	(76,617,508)
Payment of lease liabilities	(13,562,720)	(13,731,890)
Overdraft facilities	680,250,246	265,638,324
<b>Net cash flow from financing activities</b>	<b>900,715,566</b>	<b>93,265,858</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>156,130,044</b>	<b>142,356,358</b>
Cash and cash equivalents at the beginning of the period	177,177,636	118,462,800
<b>Cash and cash equivalents at the end of the period</b>	<b>333,307,680</b>	<b>260,819,158</b>

## 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 across 62 sites in 23 cities 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](http://www.ibnsina-pharma.com).

For further information, please contact:

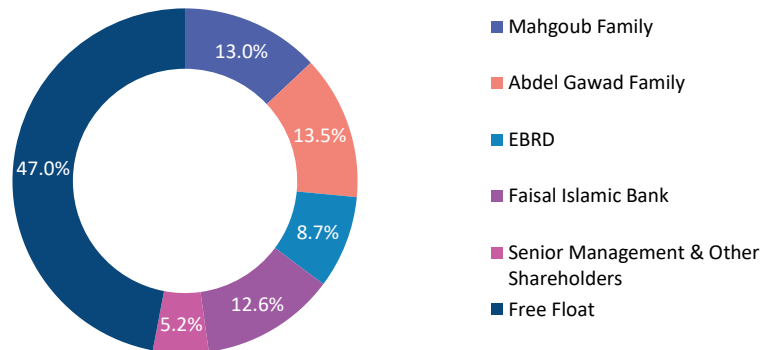
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### Shareholding Structure



## 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.