

Ibnsina Pharma Releases 1Q24 Consolidated Results

Strong top-line and bottom-line growth despite challenges; non-pharma distribution and medical promotion sectors showed robust performance as part of revenue streams diversification.

1Q24 Highlights

Market Share
27%

Gross Revenues
EGP 10.9 BN
+55% Q-o-Q

Gross Profit
EGP 778 MN
+42% Q-o-Q

EBITDA
EGP 406 MN
+46% Q-o-Q

Net Profit
EGP 98 MN
+35% Q-o-Q

Cash Conversion Cycle
2 Days

Debt Ratio
25%
Vs 29% as of 1Q24

Cairo, 19 May 2024

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for quarter ended 31 March 2024, gross revenue recorded EGP 10.9 billion for the period up by 55 % Q-on-Q.

Gross profit came at EGP 778 million, up by 42% Q-on-Q and yielding a gross profit margin of 7.4%. EBITDA booked EGP 406 million in 1Q24, an increase of 46% from the EGP 279 million recorded in 1Q23

Key Financial and Operational Highlights:

Ibnsina Pharma recording EGP 10.9 bn gross revenues in 1Q24 for the 1st time with a market Share of 27% as of 1Q24.

- Strong expansion in non-pharma distribution and medical promotion sectors.
- Debt ratio recorded 25% as of 1Q24 Vs 29% as of 1Q23 as growth is spontaneously financed.
- Net profit grew to record EGP 98 million an increase of 35% Q-on-Q.

Despite the devaluation effect and the associated inflation that reached 33.3% by March 2024 which impacted most of cost elements (consumables, packing, prints); Ibnsina Pharma adopted conservative policies to control OPEX without affecting the growth. OPEX optimization initiatives were implemented in salaries, electricity, packing, transportation management system (TMS) and prints.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 98 million for 1Q24 an increase of 35% Q-on-Q.

Summary Income Statement

EGP MN	1Q23	1Q24	Change
Net Revenue	6,843,373,142	10,574,227,734	54.5%
Gross Profit	546,428,959	777,685,331	42.3%
GP Margin	8.0%	7.4%	
OPEX	(247,450,217)	(341,531,354)	38%
OPEX / Sales	(3.6 %)	(3.2 %)	
EBITDA	279,015,599	406,376,811	45.6%
EBITDA Margin	4.1%	3.8%	
Net Profit	72,554,850	98,143,427	35.0%
NP Margin	1.1%	0.9%	

Comments from our Co-CEOs

Strong revenue growth in 1Q24, where revenues recorded EGP 10.9 billion with 55% growth. Market share recorded 27 % for the first time as the company continues to expand its market share in different sectors.

Market share is not the only KPI that we focus on and it can't be targeted in isolation of profitability. Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are slightly higher than 1Q23 although we succeeded in increasing revenues by 55% as growth was primarily financed from spontaneous financing. We succeeded also in enhancing our cash conversion cycle to reach 2 days. We took a number of successful initiatives to achieve these objectives including focusing on cash sales segments, focusing on imported items, extend payments term from suppliers.

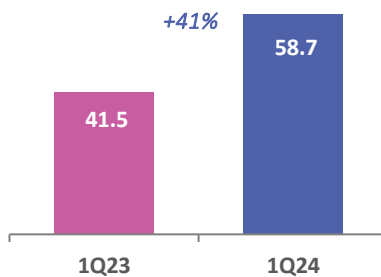
We expanded our portfolio to include cosmetics products (such as hair care, diapers, personal care, etc.) by adding new international and local suppliers. Revenues from non-pharma products recorded EGP 600 million in 1Q24, showing a growth of 154% compared to the same period last year. Our competitive advantage, as a leading pharma distributor, facilitated our expansion into different sales channels, including pharmacies and modern trade. We have four warehouses dedicated to non-pharma products, with plans for further expansion.

Additionally, as part of our revenue stream diversification, we expanded into the medical promotion field. Our penetration in the medical promotion sector gives us the opportunity to broaden the portfolio of products and services we provide for our clients. By securing medical promotion contracts, we gain a competitive advantage that differentiates us from our competitors by actively promoting products and providing support services.

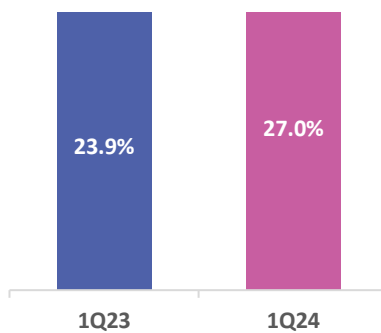
A high-interest rate environment hinders the translation of our growth into higher net profit levels, however; liquidation/operation of available assets for-sale, getting free finance from our suppliers and focusing on cash segments will partially mitigate the high finance cost effects.

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 strong growth supported by the re-pricing as the Egyptian drug Authority is currently approving pharma manufacturer's requests for re-pricing after the latest devaluation in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

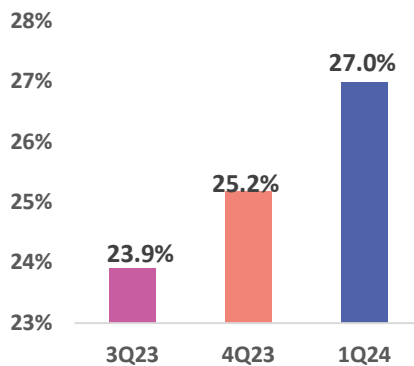
**Total Market Growth
(EGP bn)**



ISP Market Share



**ISP Market Share
Evolution**



Market Overview

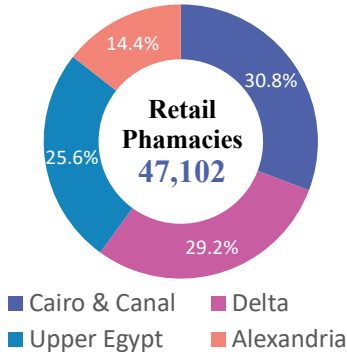
According to IQVIA Egypt’s total market registered sales of EGP 58.7 billion in 1Q24. Sales were up by 41%. Sales growth was driven by increases in the average selling price (ASP).

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 continue recording strong growth in FY2024. 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 recent devaluation in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

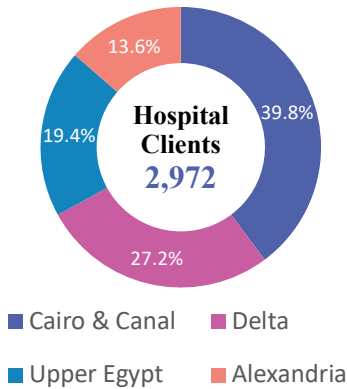
ISP total market share recorded 27% in 1Q24 vs 23.9% in 1Q23 a 3.1% market share gain as our financial stability and competitive advantage vs our competitors induced more clients to deal with us and more pharma suppliers to sign distribution and importation agreements with Ibsina Pharma to join our portfolio with more suppliers in the pipeline.

Expectations of double-digit growth in FY2024 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. 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.

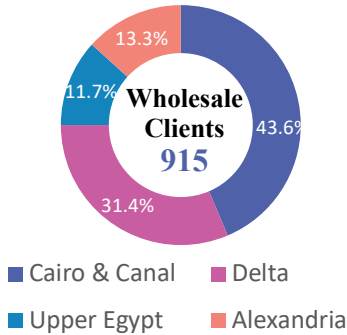
Retail Pharmacies by Geography (1Q24)



Hospital Clients by Geography (1Q24)



Wholesale Clients by Geography (1Q24)



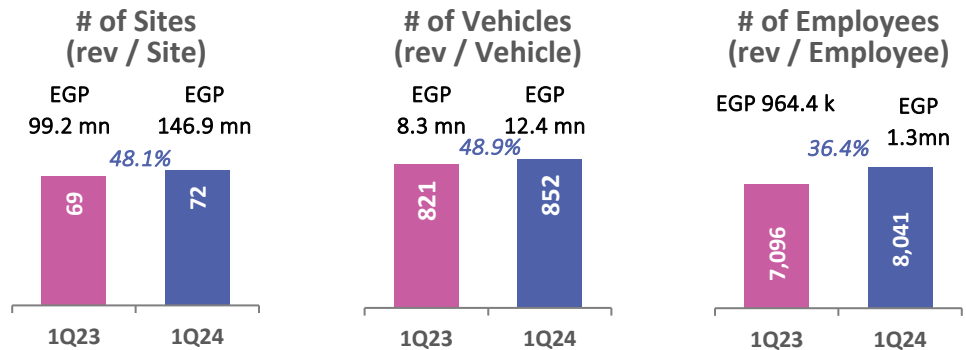
Operational Review

Ibnsina Pharma served 50,989 clients in different segments during 1Q24. 31.5% of Ibnsina Pharma’s clients base was located in Cairo & the Canal Zone, Egypt’s most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 29.1% and 25% of clients, respectively. Clients in Egypt’s second-largest city, Alexandria, constituted 14.3% 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.

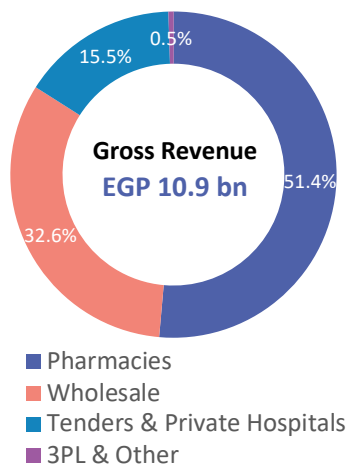
Ibnsina Pharma operated from 72 sites as of 1Q24, Revenue per site increased by 48.1% Q-on-Q to record EGP 146.9 million.

The number of vehicles in Ibnsina Pharma’s delivery fleet stood at 852 vehicles at the close of 1Q24 compared to 821 one year previously. Revenues per vehicle increased by 48.9% Q-on-Q to reach EGP 12.4 million in 1Q24.

Revenue per employee increased by 36.4% during the period, addition of 945 personnel mainly in our early-stage subsidiaries (Scientific Office, Ramp logistics and Ibnsina Trade) was the main reason of the increase in headcount.

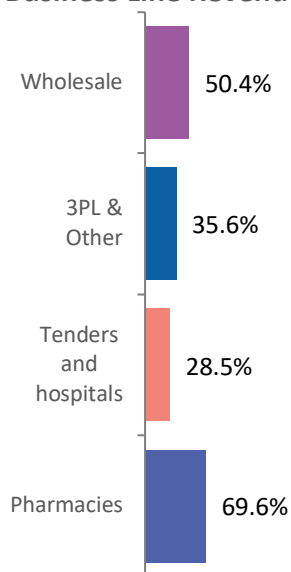


Revenue* by Business Line (1Q24)

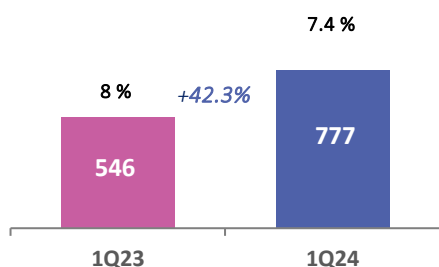


* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (1Q24)



Gross Profit Progression (EGP MN, % margin)

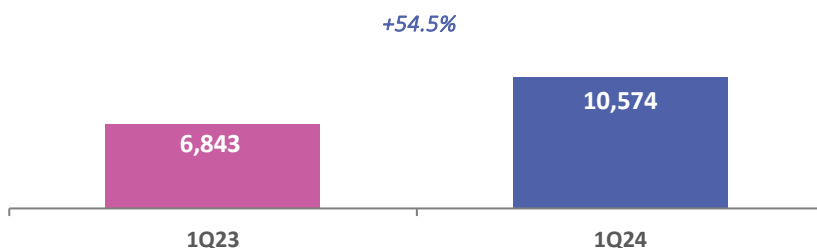


Financial Performance

Revenues

1Q24 saw Ibnsina Pharma’s gross revenues climb by 55.3% Q-on-Q to register EGP 10.9 billion. The company’s core retail business with pharmacies increased by 69.6% Q-on-Q to book EGP 5.6 billion for 1Q24. Retail sales generated 51.4% of the company’s overall top line during 1Q24, up from 47.1% one year previously. The company’s wholesale segment expanded by 50.4% Q-on-Q to book revenues of EGP 3.6 billion for 1Q24, contributing 32.6% of total revenues for the period against 33.7% for 1Q23. Meanwhile, revenues from tenders and private hospitals expanded by 28.5% Q-on-Q to book EGP 1.7 billion in 1Q24.

Net Revenue Progression (EGP BN)



Gross Profit

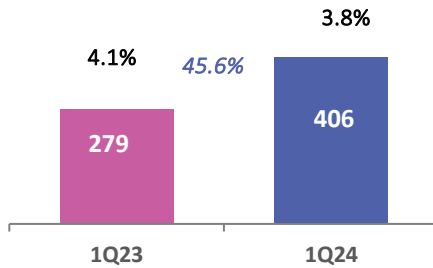
Ibnsina Pharma booked a gross profit of EGP 777.7 million for 1Q24, an increase of 42.3% from the EGP 546.4 million recorded in 1Q23. The gross profit margin recorded 7.4% compared to 8% one-year previously. Ibnsina Pharma is focusing on cash segments due to the current economic challenges which imply more cash discounts while expanding in importation and cosmetics portfolio by adding new contacts with higher margin.

OPEX

Despite the devaluation effect and the associated inflation which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth at level of 38% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 341.5 million in operational expenses for 1Q24, up from the EGP 247.4 million booked in 1Q23.

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



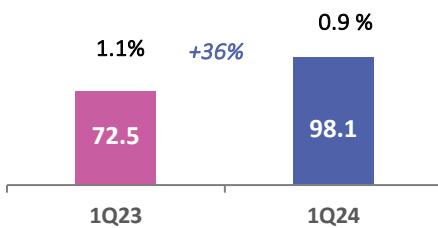
EBITDA

EBITDA booked EGP 406.4 million in 1Q24, an increase of 45.6% from the EGP 279 million recorded in 1Q23. Ibnsina Pharma saw its EBITDA margin stand at 3.8% in 1Q24 from 4.1% recorded in 1Q23.

Depreciation & Amortization

Depreciation & amortization expense registered EGP 60.3 million in 1Q24, increase by 30% from the EGP 46.4million booked for 1Q23. 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.

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



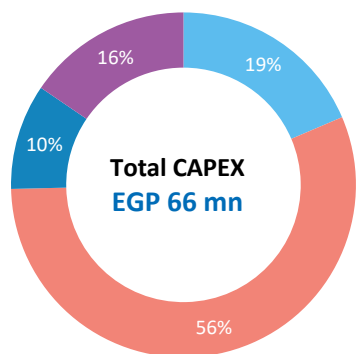
Interest Expense

Interest expense booked EGP 330 million for 1Q24, up 67.1% year-on-year from the EGP 197.5 million recorded in 1Q23. The increase in interest expense reflects the current interest rate level reaching 28.25% rather than increase in facilities usage. in 1Q24 Ibnsina pharma recorded EGP 10.9 billion a revenue growth of 54.5%, while net debt increased only by EGP 277 million.

Net Profit

Net profit came in at EGP 98.1million in 1Q24, up by 35% Q-on-Q from the EGP 72.5 million posted in 1Q23.

CAPEX Breakdown (1Q24)



■ Sites ■ Technology ■ Vehicles ■ Upgrades

Key Balance Sheet Items

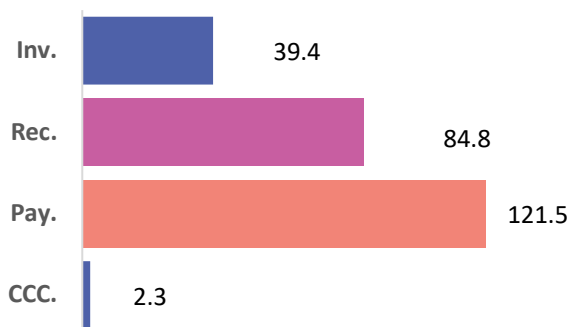
CAPEX

Ibnsina Pharma made core business CAPEX outlays of EGP 66 million in 1Q24 against the EGP 61.2 million committed one year previously. Investments during the period included EGP 12.2 million on distribution centers and sales offices to enhance customer accessibility. EGP 10.2 million, allocated to upgrades, while EGP 6.5 million was allocated to vehicles. Ibnsina Pharma allocated EGP 37 million in CAPEX to technology projects as the company continued to implement its plans for technology investment.

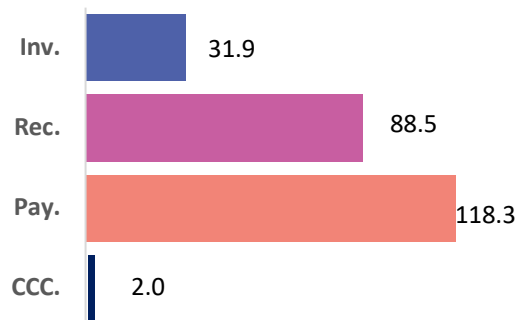
Working Capital

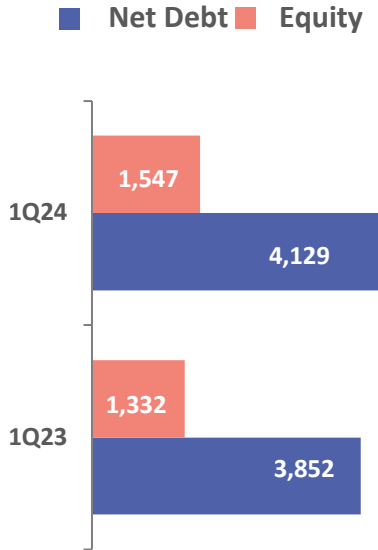
Ibnsina Pharma's cash conversion cycle showed an improvement driven by better inventory management. CCC fell to 1.98 day from 2.33 days in 1Q23 a reduction of 0.35 days. Receivable DOH recorded 88.5 days in 1Q24. Inventory DOH recorded 31.6 days in 1Q24 while Payables DOH recorded 118.3 days.

Cash Conversion Cycle 1Q23



Cash Conversion Cycle 1Q24





Net Debt

Ibnsina Pharma booked total net debt of EGP 4.12 billion as of 1Q24 compared to a 3.85 billion in 1Q23 an increase of only EGP 277 million to finance EGP 3.7 billion revenue growth in 1Q24 as a part of debt optimization strategy which rely on spontaneous financing. Net debt to equity recorded 2.7x in 1Q24 compared to 2.9x in 1Q23.

It's worth mentioning that Ibnsina Pharma's outstanding debt was affected 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).

Income Statement

In EGP	1Q23	1Q24	YoY Δ
Gross Revenue	7,037,468,315	10,928,380,736	55.3%
Net Revenue	6,843,373,142	10,574,227,734	54.5%
Cost Of Revenue	(6,296,944,183)	(9,796,542,403)	55.6%
Gross Profit	546,428,959	777,685,331	42.3%
Gross Profit Margin	8.0%	7.4%	
Selling, General & Administrative	(247,450,217)	(341,531,354)	38.0%
AR Provision	(19,963,144)	(29,777,166)	0.0%
EBITDA	279,015,599	406,376,811	45.6%
EBITDA Margin	4.1%	3.8%	
Depreciation & Amortization	(46,406,943)	(60,310,524)	30.0%
EBIT	232,608,656	346,066,287	48.8%
EBIT Margin	3.4%	3.3%	
Financial Expenses	(197,556,024)	(330,048,093)	67.1%
Credit interest from clients	14,432,568	47,951,449	232.2%
Credit interests		37,359	
FOREX Gain (Loss)	35,168,554	47,693,714	35.6%
Other Expenses		(182,407)	
Other Income	1,436,907	5,753,538	300.4%
Loss from sister Company		(308,650)	
EBT	86,090,662	116,963,197	35.9%
EBT Margin	1.3%	1.1%	
Deferred Tax	6,862,485	8,258,254	20.3%
Income Tax	(20,786,553)	(27,078,024)	30.3%
Net Profit	72,166,594	98,143,427	36.0%
Minority interest	(388,257)		(100.0 %)
Parent Company Net income	72,554,850	98,143,427	35.3%
Net Profit Margin	1.1%	0.9%	

Balance Sheet

In EGP	FY 2023	1Q24
<u>Non- Current assets</u>		
Property & Equipment, net	1,061,746,170	1,038,396,640
Projects Under Construction	427,510,272	208,923,000
Intangible assets, net	219,017,302	213,642,150
Leased Assets, net	695,052,758	702,323,105
Long Term NR	78,932,234	50,280,861
Deferred Income Taxes	114,398,274	122,656,528
Investment In related Company - AIM	15,918,463	16,019,981
Total Non-Current Assets	2,612,575,473	2,352,242,265
<u>Current assets</u>		
Inventories	3,194,808,025	4,500,914,273
Trade & Notes receivable, net	9,743,889,331	10,912,837,524
Supplier Advances	328,105,821	320,602,560
Debtors & Other Debit Balance, net	767,821,328	854,372,627
Due from Related Parties, net	10,540	10,540
Cash & Cash Equivalent	1,130,726,519	942,232,903
Assets Held for Sale	771,873,889	771,873,889
Total Current Assets	15,937,235,453	18,302,844,316
Total Assets	18,549,810,926	20,655,086,581
<u>Shareholders' equity</u>		
Paid-In Capital	252,000,000	252,000,000
Share Premium	237,412,116	237,412,116
Legal Reserve	126,000,000	126,000,000
Legal reserve - Subsidiaries	217,252	217,252
General Reserve	3,079,334	3,079,334
Treasury Stock Reserve	(171,643,212)	(171,643,212)
Retained Earnings	1,002,054,151	1,100,046,614
Holding Shareholders' Equity	1,449,119,641	1,547,130,106
Non-controlling	158	243
Total Shareholders' Equity	1,449,119,799	1,547,130,337
<u>Non-Current liabilities</u>		
Non-Current Portion of Medium-Term Loan	363,816,582	239,682,715
Non-Current Portion of Obligation Under Finance Lease	620,416,926	614,114,572
Non-Current Notes Payable	192,200,504	-
Total Long-term Liabilities	1,176,434,012	853,797,287
<u>Current liabilities</u>		
Credit Facilities	3,165,450,940	3,608,954,753
Current Portion of Medium-Term Loan	475,877,345	478,671,196
Trade and Notes Payable	11,858,321,994	13,712,463,984
Creditors & Other Credit Balances	206,855,072	198,986,252
Customers Advance Payments	13,048,790	11,638,205
Income Tax	79,906,663	106,984,686
Current Portion Of Obligation Under Finance Lease	117,939,365	129,602,934
Contingency Provision	6,856,946	6,856,946
Total Current Liabilities	15,924,257,115	18,254,158,956
Total Liabilities & Shareholders' Equity	18,549,810,926	20,655,086,581

Cash Flow

In EGP	1Q23	1Q24
<u>Cash flow from operating activities:</u>		
Net profit before tax	86,090,661	116,963,197
<u>Adjustments for:</u>		
Depreciation of fixed assets & intangible assets	29,664,188	39,554,085
Right of use Assets Amortization	16,742,755	20,756,439
Estimated Credit loss - Customer and receivables	19,963,144	29,777,166
Capital gain (loss) from sale of fixed assets	(51,323)	(207,600)
Gain from sales of investment	(322,473)	
Financing Expenses	197,556,024	330,048,093
Related parties' impairment		308,650
Operating profit before changes in working capital	349,642,976	537,200,030
<u>Changes in working capital:</u>		
Change in inventory	(1,117,200,558)	(1,306,106,248)
Change in trade receivables	(1,172,060,489)	(1,170,073,986)
Change in supplier advances	(74,192,694)	7,503,261
Change in debtors and other debt balances	(72,523,551)	(86,551,299)
Change in trade payables	1,674,343,739	1,927,651,981
Change in customer advance payments	5,990,470	(1,410,585)
Change in due from related parties	(3,161,377)	
Change in creditors and other credit balances	49,222,407	8,553,006
Cash flow from operating activities	(359,939,076)	(83,233,840)
Financing expense utilized impairment	(181,830,242) (318,769)	(312,459,288)
Net cash flow from operating activities	(542,088,087)	(395,693,128)
<u>Cash flow from investment activities:</u>		
Payments for purchase of fixed assets and puc	(74,271,219)	(58,720,985)
Payments for purchase of other assets	(1,075,733)	(422,287)
Proceeds from sale of assets held for sale	22,324,922	
Proceeds from sale of fixed assets & RoU	495,999	1,398,245
Change in Investment In Related		(543,058)
Net cash flow from investment activities	(52,526,031)	(58,288,085)
<u>Cash flow from financing activities:</u>		
Payment of borrowings	(130,195,281)	(121,340,016)
Overdraft facilities	768,395,999	443,503,813
Payment of lease liabilities	(17,174,032)	(56,676,201)
Net cash flow from financing activities	621,026,686	265,487,596
Net change in cash and cash equivalents during the period	26,412,568	(188,493,616)
Cash and cash equivalents at the beginning of the period	541,210,495	1,130,726,519
Cash and cash equivalents at the end of the period	567,623,062	942,232,903

About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is the largest pharmaceutical distribution company in Egypt. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 50 k customers including pharmacies, hospitals, retail outlets and wholesalers using a fleet of around 850 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.

For further information, please contact:

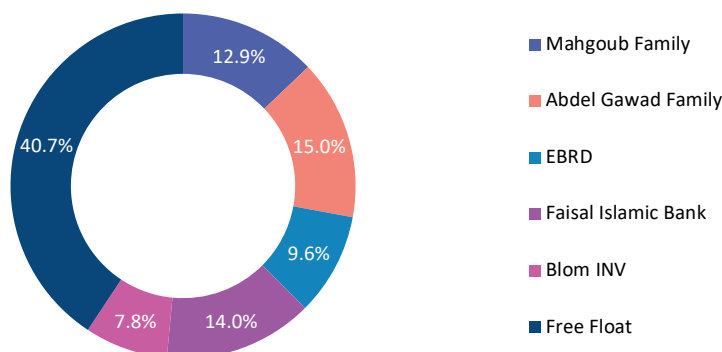
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Shareholding Structure



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.

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