

Important Notice: The Group has opted to utilise “alternative performance measure” (APM) alongside the IFRS measure when describing the business’ performance throughout this document. A detailed reconciliation of APM and IFRS measures is provided in the Company’s Earnings Report available on the Company’s website.

Integrated Diagnostics Holdings Plc delivers robust growth in traditional offering demonstrating underlying strength

12 September 2022

(Cairo and London) — Integrated Diagnostics Holdings (“IDH,” “the Group,” or “the Company”), a leading consumer healthcare company with operations in Egypt, Jordan, Sudan and Nigeria, released today its reviewed financial statements and operational performance for the six-month period ended 30 June 2022, recording revenue (compliant with IFRS) of EGP 1,954 million and net profit of EGP 439 million. During the period, IDH’s conventional business continued to demonstrate its underlying strength and growth potential, recording robust year-on-year growth and helping to offset the decline in Covid-19-related¹ revenues for the period. More specifically, IDH’s conventional business (comprising 69% of total revenues) recorded a solid 13% year-on-year increase in revenue during 1H 2022, on the back of rising test volumes.

Similarly, in Q2-2022, IDH’s conventional offering recorded a remarkable 18% year-on-year and 9% quarter-on-quarter rise in revenues, with the robust growth versus Q1-2022 coming despite the seasonal slowdown related to the holy month of Ramadan and the Eid holidays. Consolidated revenues for the quarter recorded EGP 774 million, while net profit stood at EGP 125 million in Q2 2022. As noted above, consolidated results for the three- and six-month periods ended 30 June 2022 were weighed down by a significant slowdown in Covid-19-related business owing to a widespread decline in infection rates, the lifting of mandatory testing for international travellers, and a substantial decline in the average price per Covid-19-related test.

Financial Results

EGP mn	1H 2021	1H 2022	Change
Revenues	2,293	1,954	-15%
Conventional Revenues	1,188	1,339	13%
Covid-19-related Revenues	1,105	615	-44%
Cost of Sales	(988)	(1,122)	14%
Gross Profit	1,305	832	-36%
Gross Profit Margin	57%	43%	-14 pts.
Operating Profit	1,094	562	-49%
EBITDA²	1,203	709	-41%
EBITDA Margin	52%	36%	-16 pts.
Net Profit	668	439	-34%
Net Profit Margin	29%	22%	-7 pts.
Cash Balance	1,587	2,182	37%

¹ Covid-19-related tests include both core Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other routine inflammatory and clotting markers including, but not limited to, Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), which the Company opted to include in the classification as “other Covid-19-related tests” due to the strong rise in demand for these tests witnessed following the outbreak of Covid-19.

² EBITDA is calculated as operating profit plus depreciation and amortization.

Commenting on the Group's performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: "I am pleased to present another set of solid financial and operational results, which saw us build on a strong start to the year to deliver further growth in our conventional business despite a difficult operating environment. I was particularly happy to note the robust year-on-year and quarter-on-quarter growth delivered by our conventional service offering during the second quarter of the year, a noteworthy achievement in light of the seasonal slowdown associated with the holy month of Ramadan and Eid holiday. The segment's steady expansion comes as a direct result of our multi-pronged growth and investment strategy which has enabled us to continue delivering exceptional value to our patients despite the unprecedented challenges faced over the last several years. Moreover, our ability to consistently grow our business irrespective of ongoing challenges, has enabled our conventional revenues to currently stand an impressive 32% above pre-pandemic revenues recorded in the first half of 2019 once controlling for contributions from the 100 Million Healthy Lives campaign."

In both periods, conventional net sales growth was supported by higher test and patient volumes, once more showcasing the attractiveness of the Company's value proposition and the business' strong future growth potential. More specifically, in 1H 2022, IDH performed 6% more conventional tests than in the comparable period of 2021. Similarly, in Q2 2022, conventional tests performed stood 7% above Q2 2021 and an impressive 4% above conventional test volumes recorded in the first quarter of 2022. Robust growth at the conventional segment is helping to offset the significant decline in IDH's Covid-19-related net sales both on a quarterly and year-to-date basis. More specifically, starting in March the Company recorded sharp declines across both Egypt and Jordan on the back of lower infection rates, a lifting of mandatory testing for international travellers, and a widespread decline in Covid-19 test prices.

On a geographic basis, across both Egypt and Jordan, IDH is continuing to leverage its market leading position, expanded product offering and patient base, increased service delivery capabilities, and growing visibility to deliver robust growth in its conventional business. Across both Egypt and Jordan, the Company is continuing to focus on retaining the thousands of new patients acquired through its Covid-19-related services over the past two years. Initiatives on this front have included the launch of a dedicated loyalty programme, the roll out of multiple marketing campaigns, and the enhancement of our cross-selling capabilities through a more effective use of patient data. In parallel, the Group is continuing to invest in growing our direct-to-patient reach, further developing our branch network, house call service, and digital offering. Looking at IDH's other geographies, in Nigeria the Company recorded solid year-on-year revenue growth supported by a record-breaking second quarter performance, and reflecting the growing popularity of the venture's radiology offering. On an equally positive note, IDH witnessed the return to year-on-year growth in EGP terms of its Sudanese operations demonstrating the market's underlying potential.

Further down the income statement, IDH recorded lower margins during the first six month of the year reflecting a sharp fall in the average price per Covid-19-related test as well as additional expenses incurred as part of its marketing strategy and planned annual salary increases. As such, gross profit was down 36% year-on-year with a margin on net sales of 44%, while EBITDA declined 41% which a margin on net sales of 38%. Finally, net profit declined 34% versus 1H 2021 with a margin on net sales of 23%, in line with the Group's pre-pandemic averages.³

³ Gross profit margin on revenues recorded 43% in 1H 2022, adjusted EBITDA margin on revenue recorded 36% in 1H 2022, and net profit margin on revenues recorded 22% for the six-month period.



“While we expect the current operational challenges to persist throughout the rest of 2022, I firmly believe that the robust mitigation measures we have put in place provide ample protection against possible future disruptions to the business. Coupled with our flexible business model and the inherently counter-cyclical nature of the healthcare industry, this sees us well placed to take full advantage of the vast growth opportunities offered by our markets. Looking at our mitigation strategy in more detail, as with similar situations in the past, we expect protracted high inflation, in particular in Egypt, to have the most significant impact on patients who pay for their own healthcare. With this in mind, we have been developing our marketing programs to target them with a strong health awareness message in combination with a compelling value component. This includes offering bundled diagnostic test packages for lifestyle-related diseases and chronic health conditions as well as an in-house point redemption system. We are also exploring various solutions to offer more affordable payment plans to help our patients during the ongoing difficulties. At the same time, I am confident that the brand equity we have built over many years has translated into strong loyalty, and I am certain that patients will continue to choose us as their trusted diagnostic services provider irrespective of the ongoing inflationary pressures. Meanwhile, thanks to our proactive inventory build-up and sourcing strategy we continue to face no problems acquiring raw materials and we hold sufficient inventories to cover four months of operations. Going forward, we are confident that our long-lasting relationships with test kit suppliers enable us to continue procuring stock at competitive prices,” **El-Sherbini added.**

“We are also very pleased to note that despite the challenging conditions faced on the foreign exchange markets over the past several months, we have successfully completed the payment of the entire full-year 2021 dividend to all shareholders. The distribution of a record-breaking USD 69.6 million dividend reaffirms our trust in the business’ fundamental strength and sustainability, and its potential going forward,” **El-Sherbini concluded.**

IDH’s full 1H 2022 earnings release for the six-month period ended 30 June 2022 is available at idhcorp.com.

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About Integrated Diagnostics Holdings (IDH)

IDH is a leading consumer healthcare company in the Middle East and Africa with operations in Egypt, Jordan, Sudan and Nigeria. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Lab (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 2,000 diagnostics tests. From its base of 538 branches as of 30 June 2022, IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern, African, and East Asian markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015 with a secondary listing on the EGX since May 2021 (ticker: IDHC.CA). Learn more at idhcorp.com.

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Forward-Looking Statements

These results for the six-month period ended 30 June 2022 have been prepared solely to provide additional information to shareholders to assess the group's performance in relation to its operations and growth potential. These results should not be relied upon by any other party or for any other reason. 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", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "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 business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's 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 the Group's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this communication. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.