

Integrated Diagnostics Holdings Plc reports impressive 44% year-on-year conventional revenue growth in 9M 2023, with consolidated figures surpassing the high Covid base of 9M 2022

16 November 2023

(Cairo and London) — Integrated Diagnostics Holdings (“IDH,” “the Group,” or “the Company”), a leading provider of diagnostic services with operations in Egypt, Jordan, Nigeria, Sudan, and soon launching in Saudi Arabia, announced today its reviewed financial statements for the nine-month period ended 30 September 2023, booking its strongest quarter since the start of the year. IDH recorded consolidated revenues of EGP 1,182 in Q3 2023 million, yielding 40% year-on-year and 24% quarter-on-quarter growth rates.

When excluding¹ Covid-19-related contributions from the previous period, conventional revenues recorded a 51% year-on-year growth in Q3 2023. Impressive top-line performance during the quarter translated to improved results down the income statement, with net profit coming in at EGP 176 million and yielding an NPM of 15% in Q3 2023. This represents a significant improvement from the net loss of EGP 36 million recorded in Q3 2022 when IDH’s bottom-line profitability had been weighed down by a one-off expense.

On a year-to-date basis, IDH recorded consolidated revenues of EGP 3,054 million, a 9% year-on-year expansion versus the high base of 9M 2022, which had included EGP 678 million in Covid-19-related² revenues (constituting 24% of the Company’s top-line). Meanwhile, the Company booked conventional revenue growth of 44% year-on-year in 9M 2023, supported by a 16% year-on-year increases in test volumes coupled with a 24% year-on-year increase in average revenue per conventional test.

Further down the income statement, the Company posted a net profit of EGP 387 million in 9M 2023, representing a marginal 4% year-on-year decline from the figure reported in the same period of last year and yielding a net profit margin (NPM) of 13%.

Financial Results (IFRS)³

EGP mn	Q3 2022	Q3 2023	Change	9M 2022	9M 2023	Change
Revenues	846	1,182	40%	2,800	3,054	9%
Conventional Revenues	784	1,182	51%	2,123	3,054	44%
Covid-19-related Revenues	63	-	-	678	-	-
Cost of Sales	(497)	(702)	41%	(1,619)	(1,916)	18%
Gross Profit	350	480	37%	1,182	1,138	-4%
Gross Profit Margin	41%	41%	-1 pts	42%	37%	-5 pts
Operating Profit	186	312	67%	749	577	-23%
Normalised EBITDA⁴	265	411	55%	974	873	-10%
EBITDA Margin	31%	35%	3 pts	35%	29%	-6 pts
Net Profit	(36)	176	-	403	387	-4%
Net Profit Margin	-4%	15%	19 pts	14%	13%	-2 pts
Cash Balance	816	794	-3%	816	794	-3%

¹ Starting Q1 2023, IDH has opted to stop reporting on its Covid-19-related revenues and test volumes due to their material insignificance to the consolidated figures and to Egypt’s and Jordan’s country-level results for the quarter. In the comparable period of last year (9M 2022) IDH had recorded EGP 678 million in Covid-19-related revenues and had performed 1.6 million Covid-19-related tests.

² 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.

³ Important notice: In the Company’s earnings releases covering the five quarters starting from Q4 2021 and ending Q4 2022, management had opted to present Alternative Performance Measures (APM) alongside IFRS-compliant figures as outlined on page 2 of the Company’s FY 2022 Earnings Release. Starting in Q1 2023, due to the material insignificance of Covid-19-related revenues on consolidated results, the Company will only report IFRS-compliant figures. It is worth noting that revenues for the comparable period (9M 2022), include concession fees amounting to EGP 63 million paid by Biolab as part of its agreement with QAIA and Agaba Port.

⁴ Normalised EBITDA is calculated as operating profit plus depreciation and amortization, excluding non-recurring expenses, specifically a EGP 12 million one-off expense owed to the Egyptian government for vocational training, EGP 6.5 million in pre-operating expenses in Saudi Arabia, and EGP 5.0 million impairment expense in Sudan due to the ongoing situation in the country.

Commenting on the Group's performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: "With the end of the year fast approaching, I am delighted to report an exceptional quarter, characterised by unprecedented financial and operational success and continuing to showcase the strength of IDH's underlying business and its future growth potential. While our results from the first half of the year were somewhat diluted by increasing inflationary environments, particularly in our home market, Egypt, as well as several seasonal slowdowns due to the holy month of Ramadan and other holidays, the Company's strong performance in the third quarter of the year has significantly outpaced the past two quarters. Strong growth in Q3 2023 has also reflected positively down the income statement, with our margins expanding significantly compared to the same quarter last year as well as compared to the first half of 2023. I am also proud to announce that this exceptional performance has enabled our year-to-date results to surpass the comparable period of last year, which had included sizeable contributions from Covid-19-related testing."

During the third quarter of 2023, IDH booked total revenues of EGP 1,182 million, increasing 40% year-on-year. Top-line growth for the period was driven by record-high test volumes, which expanded 20% year-on-year to reach 10.0 million tests, the highest figure ever recorded by the Company in a single quarter. IDH also implemented strategic price increases during the quarter which boosted revenues, with its average revenue per test increasing 17% year-on-year, remaining below inflation and market averages to boost patient retention. As a result, the Company booked another record-high, with its average number of tests per patient reaching 4.3 tests in Q3 2023.

IDH's robust quarterly performance drove results on a year-to-date basis as well, enabling the Company to record positive revenue growth even when including contributions from Covid-19-related testing in the comparative period. During 9M 2023, consolidated revenues amounted to EGP 3,054 million, 9% above the figure reported in 9M 2022.

On a geographic basis, the Company's largest markets, Egypt and Jordan, maintained their growth trajectory into Q3 2023, capitalising on the strong momentum seen starting in May to record their highest monthly figures. In Egypt, IDH's home market, conventional revenues expanded 49% year-on-year in Q3 2023, supported by both 24% and 20% year-on-year increases in conventional test volumes and average revenue per conventional test, respectively. Meanwhile, in Jordan, the Company booked conventional revenue growth of 13% year-on-year in Q3 2023 in local currency terms, fuelled by a 13% year-on-year increase in test volumes.

"Following the anticipated seasonal slowdown in the first half of the year due to the holy month of Ramadan and Eid vacations, our operations in both Egypt and Jordan were able to capitalise on the operational pick up seen starting in May to post their strongest monthly revenues in Q3 2023. These geographies' expansion continues to showcase their versatility and growth potential in the face of economic difficulties. As we head into the final quarter of the year, the post-pandemic growth strategies that the Company has set in place continue to yield strong results with sustained top-line expansion and improved profitability," **El-Sherbini added.**

In parallel, IDH's Nigerian subsidiary, Echo-Lab, posted sustained top-line growth in 9M 2023, spurred by higher average revenue per test in both EGP and NGN terms as the Company continues to optimise its test mix and expand its radiology and pathology offerings. Finally, results in Sudan continued to be impacted by the ongoing conflict which has led to the closure of 16 of the country's 18 branches starting in April 2023. IDH continues to monitor the situation as it unfolds and will update the market should any material aspects evolve.



With regards to profitability, the Company reported significantly improved margins on all levels on a quarterly basis, with Q3 2023 booking higher gross profit, EBITDA, and net profit margins both compared to the same quarter of the previous year as well as versus the previous quarter. Improved profitability down the income statement is a reflection of the fading of the initial effects of devaluation of the Egyptian Pound. It is worth highlighting that profitability on a year-to-date basis continued to be diluted by higher raw material costs due to a rise in the average cost per test kit, as well as higher total wages and salaries due to higher than usual wage increases at the start of the year to compensate inflation in addition to higher USD-linked salaries following the devaluation of the Egyptian Pound in FY 2022 and early FY 2023. Finally, higher USD-denominated expenses, including auditor fees and expenses at the Company's holding level, also pushed the Company's cost base for the nine-month period and weighed down on profitability.

"I am pleased to report that in the coming weeks, we will be officially launching our operations in Saudi Arabia, adding a fifth geography to our portfolio and entering one of the region's most attractive markets. Our first two branches in the country will both be located in the Kingdom's capital city, Riyadh, allowing us to take advantage of the important growth opportunities offered by the city's growing and increasingly health-conscious population. In light of the continued strengths of our results, the solid strategies in place, and the positive momentum enjoyed by our operations in Egypt and Jordan, we reaffirm our guidance of 30% conventional revenue growth with a normalised EBITDA margin excluding one-off expenses and pre-operating expenses in Saudi Arabia of 28-30% for FY 2023," **El-Sherbini concluded.**

IDH's full 9M 2023 earnings release for the nine-month period ended 30 September 2023 is available at [idhcorp.com](https://www.idhcorp.com).

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About Integrated Diagnostics Holdings (IDH)

IDH is a leading diagnostics services provider in the Middle East and Africa offering a broad range of pathology and radiology tests to patients 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 552 branches as of 31 December 2022, IDH served over 8.7 million patients and performs more than 32.7 million tests in 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 nine-month period ended 30 September 2023 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.

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