

Integrated Diagnostics Holdings Plc reports double digit revenue growth in FY 2023 supported by record-high test volumes

27 March 2024

(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 Saudi Arabia, announced today its audited financial statements and operational performance for the year ended 31 December 2023, booking consolidated revenue of EGP 4.1 billion, a 14% year-on-year increase on the back of expanding test volumes and average revenue per test. This is a particularly impressive result when considering that Covid-19-related testing in the previous year (FY 2022) had contributed 19% of the Company’s top-line. When excluding¹ Covid-19-related contributions from FY 2022 results, conventional revenues expanded an impressive 42% year-on-year. Further down the income statement, the Company booked net profit of EGP 468 million in FY 2023, down 11% year-on-year and yielding a net profit margin (NPM) of 11%.

On a quarterly basis, IDH posted consolidated revenue growth of 33%, reaching EGP 1.1 billion. Meanwhile the Company recorded conventional revenue growth of 37% year-on-year, boosted by 17% increases in both test volumes and average revenue per conventional test. Net profit recorded EGP 81 million, down 34% year-on-year and yielding an NPM of 8%.

Financial Results (IFRS)

EGP mn	Q4 2022	Q4 2023	Change	FY 2022	FY 2023	Change
Revenues	805	1,069	33%	3,605	4,123	14%
Conventional Revenues	780	1,069	37%	2,903	4,123	42%
Covid-19-related Revenues	24	-	-100%	702	-	-100%
Cost of Sales	(524)	(682)	30%	(2,143)	(2,598)	21%
Gross Profit	281	387	38%	1,462	1,524	4%
Gross Profit Margin	35%	36%	1 pts	41%	37%	-4 pts
Operating Profit	83	184	121%	832	738	-11%
Adjusted EBITDA²	197	319	62%	1,172	1,192	2%
Adjusted EBITDA Margin	25%	30%	5 pts	33%	29%	-4 pts
Net Profit	123	81	-34%	527	468	-11%
Net Profit Margin	15%	8%	-8 pts	15%	11%	-3 pts
Cash Balance³	816	835	2%	816	835	2%

Commenting on the Group’s performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: “2023 was a year characterised by growth and execution as the Company delivered robust revenue growth despite a challenging operating environment and took important steps forward on our long-term growth and value creation strategy. After months of preparation, in January 2024 we added a fifth market to our portfolio with the official launch of Biolab KSA in Saudi Arabia. At the same time, we continued to capitalise on the important growth opportunities offered by our existing markets to drive strong year-on-year consolidated revenue growth and continue expanding our reach in the process. Throughout 2023, IDH continued delivering on its promise of caring for its patients, providing unparalleled quality and accuracy in its testing, and building long-term relationships across its communities. At the same time, in line with our commitment

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. During last year (FY 2022), IDH had recorded EGP 702 million in Covid-19-related revenues and had performed 1.7 million Covid-19-related tests.

² Adjusted EBITDA is calculated as operating profit plus depreciation and amortization, excluding non-recurring expenses, specifically an EGP 11.9 million one-off expense owed to the Egyptian government for vocational training, EGP 18.2 million in pre-operating expenses in Saudi Arabia, EGP 5.0 million impairment expense in Sudan due to the ongoing situation in the country, an EGP 18.0 million impairment expense in goodwill and assets in Nigeria.

³ Cash balance includes time deposits, treasury bills, current accounts, and cash on hand.

to shareholders, we continued to drive growth and profitability across the business, recording remarkable results throughout the year.”

IDH closed off the year maintaining similar trends as seen throughout FY 2023, recording consolidated revenues of EGP 4,123 million, up 14% year-on-year. Total revenue growth was supported primarily by higher test volumes, which rose 10% year-on-year to 32.7 million tests, as well as by increased average revenue per test, which rose to EGP 114, a 4% year-on-year increase. The year-on-year growth is especially notable when considering the contribution of EGP 702 million made by Covid-19-related testing during FY 2022. Excluding Covid-19 contributions, IDH booked conventional revenue growth of 42% year-on-year, up from EGP 2,903 million in FY 2022.

In the final quarter of the year, IDH booked consolidated revenues of EGP 1,069 million, an increase of 33% versus the comparable three-month period of FY 2022. Meanwhile, conventional revenues were up 37% versus Q4 2022. Conventional revenues during the quarter were buoyed by a simultaneous increase in test volumes and average revenues per conventional test, which both grew 17% year-on-year.

On a geographic basis, the Company’s home and largest market, Egypt, recorded impressive growth trends, building on the growth momentum recorded starting May and contributing 83% to consolidated revenues. The Company’s Egyptian operations recorded consolidated revenue of EGP 3,411 million, up 18% year-on-year. Excluding the significant contributions made by Covid-19-related testing in FY 2022 (16% of Egypt’s revenue in FY 2022), conventional revenue growth was even more impressive at 40% for the year, boosted by 18% increases both in test volumes and average revenue per conventional test.

Meanwhile, the Company’s second largest market, Jordan, booked consolidated revenue of JOD 14 million in FY 2023, 42% below last year’s figure (down 1% year-on-year in EGP terms). The significant year-on-year decline is wholly attributable to the high base effect resulting from Covid-19-related testing in FY 2022 which had significantly boosted last year’s consolidated top-line. Excluding this contribution, conventional revenues recorded an 8% year-on-year expansion in local currency terms, supported by an 8% rise in conventional test volumes.

“Despite the significant economic challenges we faced throughout the year, specifically in our home market of Egypt which has been particularly impacted by global economic headwinds, our two largest markets, Egypt and Jordan, remained resilient supported by attractive fundamentals which are set to drive their long-term growth over the coming decade. Leveraging our established brand name and strong market positioning, we are ideally positioned to capitalise on these fundamentals, drive future growth, and generate sustainable value for all stakeholders,” **El-Sherbini added.**

In parallel, IDH’s Nigerian subsidiary, Echo-Lab, maintained the growth momentum seen throughout the year, reporting revenue growth of 15% in local currency terms, and reaching NGN 1,961 million in FY 2023. In EGP terms, Nigerian operations booked top-line growth of 22% year-on-year, with revenues coming in at EGP 96 million. Revenue growth for the period was driven by 32% and 39% year-on-year increases in average revenue per test in NGN and EGP terms, respectively, as the Company continued to implement strategic price hikes in response to inflationary pressures in the country. Finally, ongoing conflict in Sudan has significantly affected IDH’s operations in the country, leading to the closure of 17 of the Company’s 18 branches in the country since April 2023. During FY 2023, Sudanese operations booked revenues of SDG 220 million, down 60% year-on-year compared to FY 2022. In EGP terms, revenues stood at EGP 11 million, a 44% year-on-year decrease.

Turning to profitability, the Company’s adjusted EBITDA stood at EGP 319 million in Q4 2023, representing a robust 62% year-on-year increase compared to the same period of the previous year. IDH’s EBITDA margin during the quarter stood at 30%, up from 25% in Q4 2022. Increased EBITDA profitability in the

final three months of the year primarily reflects the normalisation of the Company's cost base as the initial effects of the devaluation begin to fade. On a full-year basis, IDH booked an adjusted EBITDA of EGP 1,192 million, increasing 2% year-on-year and reflecting cost normalisation compared to the previous year. Meanwhile, EBITDA margin recorded 29%, four points below FY 2022 due to higher SG&A outlays. Further down the income statement, IDH reported a net profit of EGP 468 million during FY 2023, down 11% year-on-year and yielding a net profit margin of 11%. Lower net profitability for the year came as a result of lower EBITDA profitability, coupled with decreases in interest income, higher interest expenses, as well as several non-recurring expenses.

"We started 2024 on an exciting note, with the launch of the first two branches of Biolab KSA in partnership with our Jordanian subsidiary, Biolab, and Izhoor, a company owned by Fawaz Alhokair, chairman of the renowned Saudi retail group, Fawaz Alhokair Group. The inauguration of Biolab KSA's first two locations marked our entrance into the Saudi Arabian market, one of the fastest growing and most attractive markets in the region. Heading into 2024, our priorities across our more established markets of Egypt, Jordan and Nigeria remain unchanged. Throughout these markets, we will continue to target double-digit revenue growth supported by a combination of higher volumes and prices. Finally, in terms of profitability, we expect continued margin normalisation throughout 2024, as businesses and consumers adapt to the initial effects of the devaluation," **El-Sherbini concluded.**

IDH's full FY 2023 earnings release for the year ended 31 December 2023 is available at 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 clinical pathology and radiology tests to patients in Egypt, Jordan, Nigeria, Sudan, and Saudi Arabia. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Echo-Lab (Nigeria), Ultralab and Al Mokhtabar Sudan (both in Sudan), and Biolab KSA (Saudi Arabia). With over 40 years of experience, 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 3,000 diagnostics tests. From its base of 601 branches as of 31 December 2023, IDH served over 8.5 million patients and performed more than 36.1 million tests in 2023. 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 targets expansion in appealing markets, including acquisitions in the 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

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