

**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 concludes 2022 reporting solid double-digit growth in non-Covid revenues**

**6 April 2023**

**(Cairo and London)** — Integrated Diagnostics Holdings (“IDH,” “the Group,” or “the Company”), a leading consumer healthcare company with operations in Egypt, Jordan, Nigeria and Sudan, released today its audited financial statements and operational performance for the year ended 31 December 2022, reporting revenue of EGP 3,605 million, 31% below the figure recorded in the previous year. Revenues were supported by a sustained expansion in the Company’s conventional<sup>1</sup> (non-Covid) offering (81% of the consolidated figure), which recorded a strong 18% year-on-year rise in FY 2022, in part outweighing the anticipated drop in Covid-19-related<sup>2</sup> revenues throughout the year.

Growth of IDH’s conventional business was dual driven as both conventional tests performed and average revenue per conventional test expanded a solid 9% each versus the previous year. IDH reported net profit for the year of EGP 527 million, with an associated margin of 15%. Adjusting for the losses resulting from transactions completed by the Company to secure the USD balance needed to fulfil its FY 2021 dividend obligations to shareholders and the one-off item related to Pakistan transaction fees, the Group would have recorded a net profit of EGP 692 million in FY 2022, with a margin on revenue of 19%.

On a quarterly basis, conventional revenues recorded EGP 780 million in Q4 2022, a 31% year-on-year expansion, significantly outpacing the year-on-year growth recorded last quarter and signalling once again the underlying strength of the Group’s conventional business.

*It is worth highlighting that while the table below presents IDH’s full-year performance compliant with IFRS, throughout the release the Company has opted to utilise Alternative Performance Measures as outlined in the following section.*

### **Financial Results**

EGP mn	FY 2021	FY 2022	Change
<b>Revenues</b>	<b>5,225</b>	<b>3,605</b>	<b>-31%</b>
Conventional Revenues	2,452	2,903	18%
Covid-19-related Revenues	2,773	702	-75%
Cost of Sales	(2,421)	(2,143)	-11%
<b>Gross Profit</b>	<b>2,804</b>	<b>1,462</b>	<b>-48%</b>
Gross Profit Margin	54%	41%	-13 pts
Operating Profit	2,291	854	-63%
<b>EBITDA<sup>3</sup></b>	<b>2,501</b>	<b>1,150</b>	<b>-54%</b>
<b>Adjusted EBITDA<sup>4</sup></b>	<b>2,530</b>	<b>1,172</b>	<b>-54%</b>
Adjusted EBITDA Margin	48%	33%	-15 pts
<b>Net Profit</b>	<b>1,493</b>	<b>527</b>	<b>-65%</b>
Net Profit Margin	29%	15%	-14 pts
<b>Cash Balance</b>	<b>2,350</b>	<b>816</b>	<b>-65%</b>

<sup>1</sup> Conventional (non-Covid) tests include all of the Group’s test offering with the exception of its Covid-19-related test offering outlined below.

<sup>2</sup> 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.

<sup>3</sup> EBITDA is calculated as operating profit plus depreciation and amortization.

<sup>4</sup> Adjusted EBITDA is calculated as EBITDA excluding one-off expenses incurred by the Group.

**Commenting on the Group's performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said:** "2022 has been a year of confirmations for IDH which saw us demonstrate the resilience and potential of our traditional business, the effectiveness of our post-Covid-19 strategy, and the fundamentals of our markets. During the past twelve months, the Company reaped the fruits of our tremendous efforts over the last three years and delivered robust, double-digit revenue growth at its conventional business, in line with our guidance to investors and supported by record test volumes. Meanwhile, we continued to push forward our multi-pronged growth strategy, expanding our reach and service offering across existing markets, whilst penetrating a new geography."

Conventional revenue posted robust growth on both a quarterly and full-year basis supported by a continued normalisation of patient traffic post-Covid-19. In fact, conventional revenue expanded 18% year-on-year in FY 2022, driven by a 9% year-on-year increase in conventional test volumes. Similarly, in the final quarter of the year, conventional revenue delivered an impressive 31% year-on-year expansion, supported by a 12% year-on-year increase in test volumes. Solid growth in conventional revenues helped to partially offset the expected decline in Covid-19-related business as infection rates declined steadily throughout the year. Overall, consolidated revenue contracted 31% year-on-year to record EGP 3,605 million in 2022. Meanwhile, consolidated net sales<sup>5</sup> recorded EGP 3,542 million during FY 2022, a 30% year-on-year contraction. The decline wholly reflects the fall in Covid-19-related business which had boosted consolidated results in FY 2021. On a quarterly basis, consolidated revenues (identical to net sales) declined 37% year-on-year to reach EGP 805 million.

"Over the course of the last three years, despite the pandemic-related challenges and opportunities, IDH never lost sight of its conventional business, continuing to care for its traditional patients' needs even at the height of the Covid-19 crisis. Our efforts not only focused on expanding our service offering and delivery capabilities, but also on organising special campaigns and launching dedicated test packages aimed at raising healthcare awareness and ensuring continued affordability for patients suffering from chronic diseases. Simultaneously, we also focused on patient retention, aiming to build long-term relationships with new patients initially acquired through our Covid-19-dedicated offering," **El-Sherbini commented.**

On a geographic basis, in both Egypt and Jordan IDH recorded similar trends as those witnessed at the consolidated level. In IDH's home market of Egypt, despite the fast-rising inflation, the Group's conventional top-line expanded a solid 16% year-on-year in FY 2022 supported by growth test volumes. Similarly, in Jordan conventional revenues grew both in EGP and local currency terms for the year, continuing to showcase Biolab's potential. Across both markets, Covid-19-related net sales declined sharply in FY 2022, falling 78% in Egypt and 68% in Jordan. Meanwhile in Nigeria, Echo-Lab continued its impressive expansion, growing 24% in local currency terms and 47% in EGP terms throughout FY 2022. Top-line growth was supported by an increasingly favourable test mix and higher test volumes despite the difficult operating environment. Finally, in Sudan, IDH recorded an impressive 63% year-on-year rise in revenue in local currency terms in FY 2022.

Further down the income statement, IDH recorded a contraction in gross, EBITDA, and net profitability largely reflecting a post-Covid-19 normalisation. Gross profitability was also impacted by increased outlays related to additional staffing requirements for the new branches, annual salary increases, and a marginal increase in raw material prices in the second half of the year following the Egyptian pound's devaluation. The Group's ability to restrict the increase in raw material costs despite the significant devaluation of the EGP reflected both its proactive inventory management strategy and our long-lasting relationships with

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<sup>5</sup> A detailed reconciliation of APM and IFRS measures is provided in the Company's Earnings Report available on the Company's website.

major test kit providers which enable it to consistently secure favourable pricing for new stock. Meanwhile, EBITDA profitability was partially impacted by higher marketing spending as IDH invested to support the ramp up of new branches and of a new patient loyalty programme. Finally, the Group's bottom-line, which contracted 65% year-on-year, was also impacted by losses resulting from transactions completed by the Company to secure the USD balance needed to fulfil its 2021 dividend obligations to shareholders and transaction costs related to the Pakistan transaction. Adjusting for these, net profit would have recorded EGP 692 million in 2022, with a margin on revenue of 19% and on net sales of 20%.

"While progress has been made to overcome the economic challenges faced throughout 2022, it has become increasingly apparent that they will remain with us throughout 2023. Despite this, I am confident that we possess the needed experience, resources, and strategy to continue navigating them successfully. In fact, IDH boasts a long track record of success in manoeuvring through unanticipated times of economic turmoil, including the 2011 Egyptian Revolution and the devaluation of the Egyptian pound in 2016. With this in mind, our targets and priorities for the new year remain unchanged and I look forward to reporting on our progress throughout the coming year. Front and central will be the continued double-digit growth of our conventional business, in particular across our two largest markets of Egypt and Jordan. To deliver on this, we are targeting the roll out of an additional 20 to 25 branches, including three new branches in Jordan and two new Al-Borg Scan branches in Egypt. Meanwhile, on the pricing front, while throughout 2022 and early 2023 we introduced multiple price adjustments to partially account for the fast-rising inflation in Egypt, we have thus far refrained from passing on the full burden to patients. We believe that as a leading healthcare provider in the country, we have a responsibility to ensure that our services remain accessible to as many patients as possible. Moreover, we are confident that providing additional support to patients in time of financial need will translate in increased loyalty, enhancing long-term patient retention and revenue generation. Finally, across both geographies, we are looking to leverage our market leading position to continue attracting and retaining new patients to the Group offering them appealing value propositions which only a Group boasting our scale can offer," **El-Sherbini added.**

"In light of the above and the results recorded in the first three months of the year, we are confident that despite the ongoing economic challenges witnessed in our geographies, we have put in place the necessary strategies and mitigation mechanisms to continue delivering double-digit conventional revenue growth in 2023. On the profitability front, we expect margins for the coming year to remain healthy and broadly unchanged compared to the year just ended despite rising inflation, in particular in Egypt. Meanwhile, in the longer-term, we see margins converging back to our historical averages as the impacts of the post-Covid-19 normalisation and the recent EGP devaluations subside. As always, a main component of our cost control strategy has been the continued collaboration with our main test kit providers to maintain adequate stocks and secure new stock at competitive prices (with a less than proportionate increase compared to inflation caused by the EGP devaluation). At the same time, we are looking to introduce a wide range of cost optimisation initiatives across the Group's main functions to further streamline operations and extract additional efficiencies where possible," **El-Sherbini concluded.**

IDH's full FY 2022 earnings release for the year ended 31 December 2022 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](http://idhcorp.com).

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### Forward-Looking Statements

These results for the year ended 31 December 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.