

Integrated Diagnostics Holdings Plc
Q1 2022 Results

Wednesday, 8 June 2022

Integrated Diagnostics Holdings Plc kicks off 2022 delivering a strong first quarter in line with last year's performance, supported by sustained growth in conventional business

(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 quarter ended 31 March 2022, recording revenue of EGP 1,180 million, up 5% compared to the same three months of last year. The Group's top-line was supported by a sustained expansion in conventional revenues, which recorded EGP 640 million in Q1 2022, standing well above the Group's pre-Covid-19 levels. Net profit recorded EGP 314 million for the three-month period, down 8% from Q1 2021, with an associated margin of 27%, well above the Group's historical averages.

Financial Results (IFRS)

EGP mn	Q1 2021	Q1 2022	Change
Revenues	1,130	1,180	5%
Cost of Sales	(491)	(649)	32%
Gross Profit	638	532	-17%
<i>Gross Profit Margin</i>	57%	45%	-11 pts
Operating Profit	548	396	-28%
EBITDA¹	600	468	-22%
<i>EBITDA Margin</i>	53%	40%	-13 pts
Net Profit	342	314	-8%
<i>Net Profit Margin</i>	30%	27%	-4 pts
Cash Balance	1,324	2,659	101%

Note (1): Throughout the 1Q 2022 Earnings release, percentage changes between reporting periods are calculated using the exact value (as reported in the Company's Consolidated Financials) and not the corresponding rounded figure.

Key Operational Indicators²

	Q1 2021	Q1 2022	change
Branches	483	520	37
Patients ('000)	2,359	2,649	12%
Revenue per Patient (EGP)	479	422	-12%
Tests ('000)	8,062	8,402	4%
<i>Conventional Tests ('000)</i>	6,781	7,148	5%
Revenue per Test (EGP)	140	133	-5%
<i>Revenue per Conventional Test (EGP)</i>	88	90	2%
Test per Patient	3.4	3.2	-7%

¹ EBITDA is calculated as operating profit plus depreciation and amortization.

² Key operational indicators are calculated based on net sales for the quarter of EGP 1,117 million. More details on the difference between net sales and total revenues is available below.

Important Notice: Treatment of Revenue Sharing Agreements and Use of Alternative Performance Measures

As part of IDH's efforts to support local authorities in Egypt and Jordan in the fight against the pandemic, Biolab (IDH's Jordanian subsidiary) secured several revenue-sharing agreements to operate testing stations, primarily dedicated to PCR testing for Covid-19, in multiple locations across the country including Queen Alia International Airport (QAIA) and Aqaba Port. More specifically, Biolab's partnership with KHIA started in August 2020, followed by the company's agreement with Aqaba Port which kicked off in May 2021, and its partnership with QAIA which commenced in August 2021. It is worth noting that the decision by Jordanian authorities on 1 March 2022 to end mandatory testing led to a sharp decline in patient traffic at Biolab's testing booths.

Under these agreements, Biolab received the full revenue (gross sales) for each test performed and pays a proportion to QAIA (38% of gross sales excluding sales tax) and Aqaba Port (36% of gross sales) as concession fees to operate in the facilities, thus effectively earning the net of these amounts (net sales) for each test supplied. Starting in Q4 2021, the treatment of these agreements has been altered in accordance with IFRS 15 paragraph B34, which considers Biolab as a Principal (and not an Agent). Subsequently, revenues generated from these agreements are reported in the Consolidated Financial Statements as gross (inclusive of concession fees) and the fees paid to QAIA and Aqaba Port are reported as a separate line item in the direct cost.

In an effort to present an accurate picture of IDH's performance for the quarter, throughout the report management utilizes net sales of EGP 1,117 million for Q1 2022 (IFRS revenues stand at EGP 1,180 million for the quarter. Net sales for the quarter are calculated as total gross revenues excluding concession fees and sales taxes paid as part of Biolab's revenue sharing agreements with Queen Alia International Airport (QAIA) and Aqaba Port.

It is important to note that aside from revenue and cost of sales, all other figures related to gross profit, operating profit, EBITDA, and net profit are identical in the APM and IFRS calculations. However, the margins related to the aforementioned items differ between the two sets of performance indicators due to the use of Net Sales in the APM calculations and the use of Revenues for the IFRS calculations.

Adjustments Breakdown

EGP mn	Q1 2022
Net Sales	1,117
QAIA and Aqaba Port Concession Fees	63
Revenues (IFRS)	1,180
Cost of Net Sales	(586)
Adjustment for QAIA and Aqaba Port Agreements	(63)
Cost of Sales (IFRS)	(649)

Adjustments by Country

EGP mn	Q1 2022 (IFRS)	Q1 2022 (APM)
Egypt	879	879
Jordan	281	217
Sudan	6	6
Nigeria	15	15
Total	1,180	1,117

Financial Results (APM)

EGP mn	Q1 2021	Q1 2022	Change
Net Sales	1,130	1,117	-1%
Cost of Net Sales	(491)	(586)	19%
Gross Profit	638	532	-17%
<i>Gross Profit Margin on Net Sales</i>	<i>57%</i>	<i>48%</i>	<i>-9 pts</i>
Operating Profit	548	396	-28%
EBITDA³	600	468	-22%
<i>EBITDA Margin on Net Sales</i>	<i>53%</i>	<i>42%</i>	<i>-11 pts</i>
Net Profit	342	314	-8%
<i>Net Profit Margin on Net Sales</i>	<i>30%</i>	<i>28%</i>	<i>-2 pts</i>
Cash Balance	1,324	2,659	101%

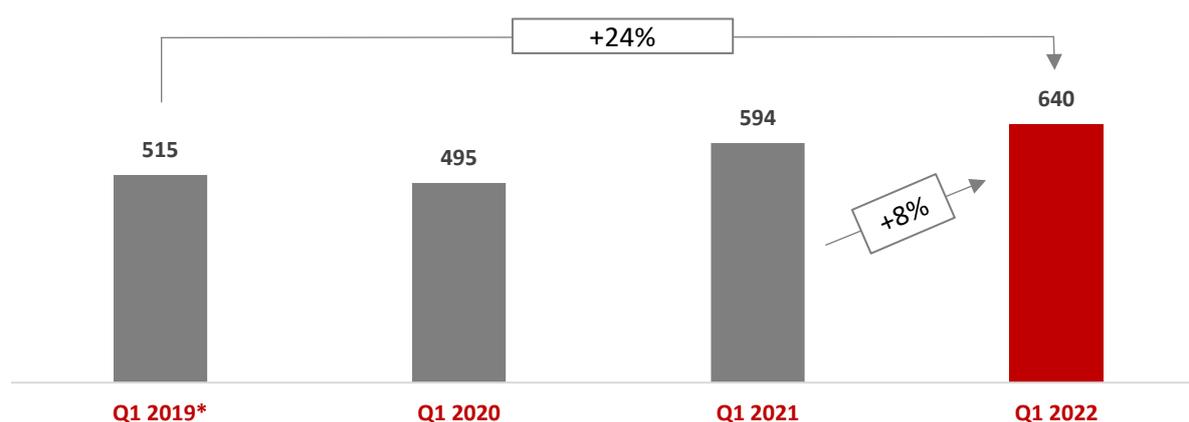
³ EBITDA is calculated as operating profit plus depreciation and amortization.

Introduction

i. Financial Highlights

- Net Sales** recorded EGP 1,117 million in the first quarter of 2022, just 1% below last year's figure, a particularly noteworthy result in light of the large contribution from Covid-19-related tests included in the first three months of 2021. Net sales for the period were supported by both IDH's conventional offering, which posted solid year-on-year growth in the quarter, and the Group's Covid-19-related offering, which continued to make a robust contribution despite recording a year-on-year contraction in revenues. More specifically, IDH recorded a robust 8% year-on-year increase in net sales generated by its conventional offering, supported by a 5% increase in conventional tests performed versus last year. As such, conventional testing made up 57% of consolidated net sales for the quarter, up from 53% this time last year. Solid growth in conventional net sales almost fully offset an 11% year-on-year decline in Covid-19-related⁴ net sales, which contracted on the back of a significant decline in the average price of Covid-19-related testing (average price of PCR tests fell 51% year-on-year in Q1 2022). Subsequently, the Group's Covid-19-related offering made up just 43% of total net sales for the three-month period, versus 47% in Q1 2021.

Conventional Net Sales Quarterly Progression
(EGP mn)



*Q1 2019 exclude net sales generated as part of the Group's contribution to the Egyptian government's 100 Million Healthy Lives campaign which ran from November 2018 to June 2019.

- Gross Profit** recorded EGP 532 million in Q1 2022, down 17% year-on-year. Gross Profit Margin on net sales stood at 48%, in line with the Group's pre-Covid-19 performance, but nine percentage points below the margin recorded in Q1 2021. The contraction in gross profitability partially reflects a rise in raw materials as percentage of net sales following a significant fall in the average price of Covid-19-related tests (for example, the average PCR price was down 51% year-on-year). Lower gross profitability is also attributable to a year-on-year increase in direct salaries and wages during the three-month period related to additional staff employed at Aqaba Port's Covid-19-dedicated testing booths.
- Operating Profit** recorded EGP 396 million in Q1 2022, down 28% year-on-year. operating profit margin on net sales stood at 35% for the quarter, down from the 49% recorded this time last year.

⁴ 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.

- **EBITDA**⁵ recorded EGP 468 million in Q1 2022, down 22% year-on-year and with an associated margin on net sales of 42% versus 53% in Q1 2021 and unchanged versus Q4 2021. Lower margins versus last year reflects relatively lower gross profitability combined with higher SG&A outlays for the period.
- **Net Profit** recorded EGP 314 million in Q1 2022, down 8% year-on-year. Net profit margin on net sales stood at 28% for the quarter, up 1% compared to the 27% margin recorded in Q4 2021, and standing well above the Group's historical averages.
- It is worth highlighting that during the Company's annual general meeting (AGM) held in London on 7 June 2022, IDH's shareholders approved a **record-breaking dividend distribution** of EGP 2.17 per share, or EGP 1.3 billion (US\$ 69.5 million⁶) in aggregate, to shareholders in respect of the financial year ended 31 December 2021. The exact US dollar amount is subject to the exchange rate at the time of the upstreaming from the subsidiaries to the holding company. This represents a remarkable increase compared to a final dividend of US\$ 29.1 million distributed for the previous financial year.

ii. Operational Highlights

- IDH's **branch network** stood at 520 branches as at 31 March 2022, up from 483 branches as of 31 March 2021.
- **Total tests** performed increased 4% year-on-year to reach 8.4 million in Q1 2022. Test volume growth was driven by higher demand for both IDH's core Covid-19 (PCR, antigen, and antibody) and conventional test offering, the latter expanding 5% versus Q1 2021.
- **Average revenue per test**⁷ recorded EGP 133 in Q1 2022, a decrease of 5% year-on-year driven by lower prices for Covid-19-related tests.
- **Total patients** served increased 12% year-on-year to reach 2.6 million in Q1 2022. **Average test per patient** declined to 3.2 in Q1 2022 from 3.4 in Q1 2021, as patients visiting IDH's branches and testing booths for single Covid-19-related tests remained high particularly in the month of January.
- In **Egypt**, IDH recorded revenue of EGP 879 million in Q1 2022, down 4% versus Q1 2021, and contributing to 79% of IDH net sales for the quarter. The year-on-year decline came on the back of a 20% fall in Covid-19-related revenue recorded during the quarter, which declined despite a new wave of infections recorded in January 2022. The decline was partially outweighed by a solid increase in conventional revenues in Egypt, which expanded 8% year-on-year and 7% quarter-on-quarter during Q1 2022. Revenues generated by house call services in the country declined 20% year-on-year in Q1 2022, contributing to 21% of the country's top-line for the three-month period.
- **Al-Borg Scan** continued its steady ramp up, recording revenues of EGP 17 million, up 89% year-on-year. Revenue growth was supported by a 94% and 88% year-on-year increase in test and patient volumes, respectively. The steady growth in volumes comes as a direct result of new branch rollouts over the last year. More specifically, IDH has opened three new branches between September 2021 and March 2022, with the total number of branches now standing at five. The Group plans to roll out two additional branches before year-end 2022.
- **Wayak** recorded a near five-fold year-on-year increase in consolidated revenue in Q1 2022. Coupled with management's cost optimisation strategy, this is continuing to support a steady narrowing of the venture's consolidated EBITDA losses.

⁵ EBITDA is calculated as operating profit plus depreciation and amortization.

⁶ Calculated on USD/EGP exchange rate of 18.70/1 as of 7 June 2022.

⁷ Calculated on net sales for the period.

- In **Jordan**, net sales reached EGP 217 million (IFRS revenues⁸ recorded EGP 281 million in Q1 2022), representing a 14% increase versus the same three months of 2021. Net sales growth for the quarter, saw the country's contribution to total consolidated net sales reach 19%, up from 17% in the same three months of last year. The expansion in net sales was supported by both Biolab's Covid-19-related and conventional offering. Revenue generated by Covid-19-related tests expanded 20% year-on-year, making up 68% of the country's net sales. The increase was largely supported by volumes generated by Biolab's multiple revenue sharing agreements to perform PCR testing for international passengers, with the company's agreement with QAIA, which started in August 2021, generating EGP 140 million in the quarter. In parallel, revenue generated by Biolab's conventional test offering increased 4% year-on-year in the first quarter of the year.
- IDH's **Nigerian** operations reported year-on-year revenue growth of 19% in Q1 2022. Top-line growth was supported by a 25% year-on-year increase in average revenue per test which came on the back of a rise in demand for the generally higher-priced MRI and CT testing, highlighting the rising popularity of the venture's radiology offering.
- In **Sudan**, IDH recorded a 16% year-on-year contraction in revenues as tests performed declined 25% versus the same three months of last year. In local currency terms, IDH's Sudanese operations reported a 149% year-on-year increase in revenue as management continued to successfully increase test prices in step with inflation.

⁸ Biolab's revenues for the quarter are calculated as net sales and including concession fees paid to QAIA and Aqaba Port as part of their revenue sharing agreements.

iii. Management Commentary

Commenting on the Group's performance, IDH chief Executive Officer Dr. Hend El-Sherbini said: "I am happy to report that IDH witnessed a strong start to 2022, as we continued to drive steady growth in our conventional business while effectively catering to the needs of Covid-19 patients during the wave of new infections recorded in Egypt during the first part of the quarter. More specifically, during Q1 2022, IDH recorded net sales in excess of EGP 1.1 billion, largely unchanged from last year's first quarter. The remarkable performance was primarily supported by the steady growth of our conventional business, which offset a decline in Covid-19-related revenues during the period. In fact, our conventional net sales expanded a solid 8% versus last year supported by growing demand for our services, with conventional tests performed increasing 5% versus Q1 2021. We were very happy to note the 12% year-on-year increase in patients served, as our attractive and expanded offering continued to draw an increasing number of patients to the Group. Solid growth in our conventional business outweighed an 11% year-on-year decline in Covid-19-related revenues which came on the back of a large fall in the average price per Covid-19-related test versus last year coupled with a significant decline in demand during the month of March as infection rates fell sharply. Meanwhile, on the volumes front we recorded a marginal 2% year-on-year fall in Covid-19-related test performed as demand remained high across both Egypt and Jordan, in particular during January and February. It is worth noting that in Egypt, demand for Covid-19-related testing peaked in January as the country experienced a new wave of infections which later subsided as we moved further into the quarter. In Jordan, demand was driven by our testing booths across international travel terminals in Amman and Aqaba. Similar to Egypt, traffic remained high during January and February, before dropping sharply as Jordan's government ended mandatory testing on 1 March 2022.

Looking at our geographies in more detail, across both Egypt and Jordan our conventional business continued to grow steadily with net sales expanding 8% and 4% versus Q1 2021, respectively. In Egypt, this was supported by a solid 7% year-on-year rise in conventional tests performed as we continued to leverage our growing footprint and visibility, and expanded service offering to capture a leading share of demand. This enabled us to successfully offset a 20% year-on-year fall in Covid-19-related revenues which declined despite a new wave of infections recorded in January and February of this year. Meanwhile in Jordan, Covid-19-related revenues continued growing, coming in 20% above last year's figure, in part boosted by our multiple revenue-sharing agreements to perform PCR testing for international passengers. Combined with the steady growth of our conventional offering in the country, this saw Biolab report a solid 14% year-on-year increase in net sales⁹, contributing to a record 19% of consolidated net sales for the three-month period. In Nigeria, Echo-lab continued to report solid year-on-year growth, with revenues expanding 19% versus last year's first quarter. We were particularly happy to note the growing demand for Echo-lab's radiology offering, with both MRI and CT exams recording rising patient interest. Finally, in Sudan we reported a 16% contraction in revenues versus the first three months of 2021 as our results continue to be impacted by the sharp devaluation of the Sudanese Pound in February 2021. However, thanks to management's efforts to raise prices in pace with inflation, revenue in local currency terms expanded 149% year-on-year. During the quarter, in an effort to optimise our Sudanese operations further, we opted to shut down two underperforming branches taking the number of operational branches in the country to 17. It is also important to mention that despite the challenging operating environment and heightened uncertainty faced in the country, operations across all other branches are continuing without major interruptions.

We entered 2022 with a clear and ambitious strategy aimed at driving new, sustainable growth across our operations and guarantee continued value creation as we transition in a post-Covid-19 reality. At the three-month mark, I am very pleased with the progress made across all fronts in particular in our home market of Egypt and in Jordan. Across both countries, our focus is shifting towards capitalising on the post-Covid-19 rebound in conventional testing while actively working to maintain the new relationships we were able to establish during the pandemic thanks to our Covid-19-dedicated offering. To deliver on this, we have recently launched a new dedicated loyalty programme, rolled out multiple marketing campaigns, and began making more effective use of the large pool of patient data at our disposal to provide increasingly tailored services and boost cross-selling. We are also looking to leverage our popular house

⁹ Revenue stood at EGP 281 million, up 48% year-on-year.

call service to continue driving growth across both markets. The service, which generated 18% of our total net sales for the quarter, was ramped up significantly over the past two years in response to heightened demand and continues to represent an important driver of future growth for IDH. Our house call services' convenient offering represents an increasingly attractive alternative for patients looking to access our services from the comfort of their homes. This is not only enabling us to sell more tests per patient than at our traditional branches, but has also seen us penetrate new segments of the population and develop long-term relationships with a broader patient base. At the same time, we are expanding our branch network, having rolled out an additional 20 branches in Egypt during the first three months of the year, and are continuing to take full advantage of our expanded visibility and service offering to grow our market share across both countries. It is also important to highlight the continued quarter-on-quarter improvements of our radiology venture Al-Borg Scan, which recorded a 20% quarter-on-quarter and an 89% year-on-year increase in revenues during the first three months of the year. To capitalise on this success, we inaugurated the venture's fifth branch at the start of March 2022. We are proud to have a radiology branch network covering the entire Greater Cairo area from east to west, and plan to open at least two more branches in the coming months to broaden our reach and strengthen our branch equity further. Of course, while we are working tirelessly to deliver on our post-Covid-19 strategy, we remain fully committed to helping Egyptian and Jordanian authorities combat possible future waves in infections, continuing to provide patients with widespread access to our Covid-19-related offering going forward. Finally, we are looking forward to receiving the remaining regulatory approvals to finalise our partnership with Islamabad Diagnostic Centre (IDC) in Pakistan.

Looking ahead, we remain committed to delivering exceptional value to our patients, shareholders, and wider communities, and drive solid growth across our business. We are without a doubt faced with difficult operating conditions both globally and in our home market of Egypt. On the global front, the world economy is still coming to grips with the long-term economic spill overs of the pandemic and the impact of the ongoing Russia-Ukraine war. Meanwhile, on the home front we have been witnessing double-digit inflation and a c.18% devaluation of the Egyptian Pound versus the US Dollar. Despite this, we are confident that our proven track record in navigating similar turbulent times and the strong mitigation frameworks we have in place provide abundant protection across our operations. Thanks to our proactive inventory build-up and sourcing strategy we are facing no issues in securing raw materials and continue to hold sufficient inventories to cover three months of operations, in line with our standard operating policy. Moreover, our stock until 30 June 2022 has been secure at pre-devaluation rates and, going forward, we will continue to leverage our long-lasting relationships with test kit providers to secure additional stock at competitive prices, shielding our business from the impacts of rising inflation and the EGP devaluation.

In recent weeks, following the expected slowdown related to the holy month of Ramadan and the Eid holiday, we have witnessed a steady acceleration of patient traffic across our branch network. We expect this rapid normalisation of patient flow to support a further acceleration of growth of our conventional business, further boosting our optimism for the remainder of 2022. In light of this, we are revising our full-year guidance, with the Company now on track to deliver conventional revenue year-on-year growth of at least 18% to 20%. These revised estimates, which assume no additional contributions from our Covid-19-related offering, further highlight our confidence in the business' potential going forward.

Finally, we are also delighted to announce that during our annual general meeting held on 7 June 2022 in London, shareholders approved the distribution of a record-breaking dividend of EGP 1.3 billion in aggregate in respect of the financial year ended 31 December 2021. Our ability to reward shareholders even in the midst of such difficult times demonstrates our business' strong cash-generating abilities and our unwavering confidence in its future growth potential and in the solid fundamentals of our industry."

– End –

Analyst and Investor Call Details

An analyst and investor call will be hosted at 2pm (UK) | 3pm (Egypt) on Wednesday, 8 June 2022. You can access the call by clicking on this [link](#), and you may dial in using the conference call details below:

- **Event number:** 2372 285 1168
- **Event password:** 7qdVVHnZT46

For more information about the event, please contact: halaa@EFG-HERMES.com

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 520 branches as of 31 March 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).

Shareholder Information

LSE: IDHC.L
EGX: IDHC.CA
Bloomberg: IDHC:LN
Listed on LSE: May 2015
Listed on EGX: May 2021
Shares Outstanding: 600 million

Contact

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Forward-Looking Statements

These results for the quarter ended 31 March 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.

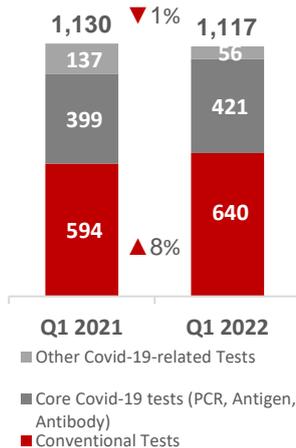
Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements 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.

Group Operational & Financial Review

i. Revenue/Net Sales and Cost Analysis

Net Sales (EGP mn)



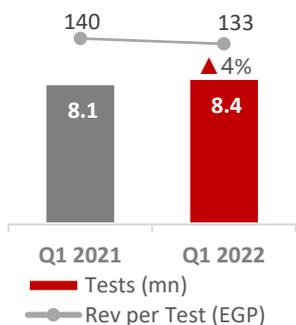
Revenue/Net Sales

Consolidated Analysis

IDH recorded **total revenue** of EGP 1,180 million in the first three months of the year, up 5% year-on-year. **Consolidated net sales**¹⁰ recorded EGP 1,117 million, down 1% compared to the EGP 1,130 million recorded in the same quarter of 2021. Net sales for the period were supported by both IDH’s conventional offering, which posted solid year-on-year growth in the quarter, and the Group’s Covid-19-related¹¹ offering, which continued to make a robust contribution despite recording a year-on-year contraction in revenues.

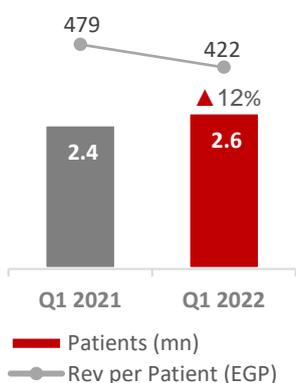
During the quarter, IDH continued to deliver steady growth in **conventional** net sales supported by rising conventional test volumes, which are now growing in line with the Group’s pre-pandemic trend. More specifically, during the quarter IDH recorded an 8% year-on-year rise in conventional net sales, with conventional test volumes performed rising 5% versus Q1 2021. Conventional net sales were also in part supported by a 2% year-on-year increase in average revenue per test, as growth at the Group’s contract segment was more pronounced during the first three months of the year.

Tests



Meanwhile, owing largely to a widespread decline in the average price per Covid-19-related test, IDH’s **Covid-19-related** net sales contracted 11% year-on-year during the quarter. In Q1 2022, the Group recorded a fall in the average price per Covid-19-related test (the average price per PCR test fell by 51% year-on-year), as prices decreased significantly in both Egypt and Jordan. On the volumes front, despite having recorded strong demand in January and February as Egypt experienced a new wave of infections, a widespread decline in demand during March saw total Covid-19-related tests performed fall 2% versus the comparable period of last year. Geographically, the decline in Covid-19-related net sales is fully attributable to lower revenues in Egypt driven by a substantial reduction in the average price per test. This more than offset the solid 20% year-on-year rise in Covid-19-related net sales reported by the Group’s Jordanian operations.

Patients

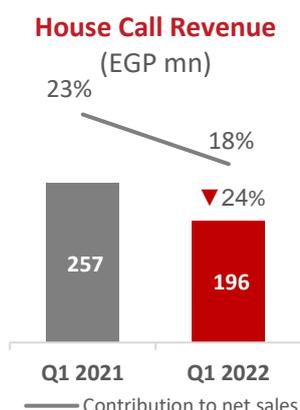


House Call Service

The Group’s consolidated net sales were also in part supported by its house call services in Egypt and Jordan, which generated EGP 196 million in revenue in Q1 2022, representing a 24% year-on-year decrease. Geographically, in Egypt house call services generated EGP 187 million in revenue, contributing 21% to the country’s revenue for the quarter compared to a 25% contribution made this time last year. Meanwhile, in Jordan house call revenue stood at EGP 9 million, making up 4% of the country’s net sales for the three month period. Finally, it is worth noting that in the first quarter of

¹⁰ A reconciliation between revenue and net sales is available earlier in this announcement.

¹¹ 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.



2022, average net sales per house call test stood at EGP 161, significantly above the Group's average of EGP 133.

Detailed Consolidated Performance Breakdown

	Q1 2021	Q1 2022
Total net sales (EGP mn)	1,130	1,117
Total tests (mn)	8.1	8.4
Conventional test net sales (EGP mn)	594	640
Conventional tests performed (mn)	6.8	7.1
Total Covid-19-related test net sales (EGP mn)	536	477
Core Covid-19 tests (PCR, Antigen, Antibody) (EGP mn)	399	421
Core Covid-19 tests performed (k)	407	837
Other Covid-19-related tests (EGP mn)	137	56
Other Covid-19-related tests performed (k)	874	417
Contribution to Consolidated Results		
Conventional test net sales	53%	57%
Conventional tests performed	84%	85%
Total Covid-19-related tests	47%	43%
Core Covid-19 tests (PCR, Antigen, Antibody)	35%	38%
Core Covid-19 tests performed	5%	10%
Other Covid-19-related tests	12%	5%
Other Covid-19-related tests performed	11%	5%

Net Sales Analysis: Contribution by Patient Segment



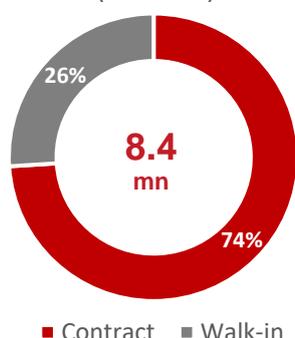
Contract Segment

Total revenue¹² generated by IDH's contract segment recorded EGP 645 million in Q1 2022, up 8% from the same quarter last year. Meanwhile, net sales generated by the Group's contract segment expanded 7% year-on-year to record EGP 643 million in Q1 2022. The increase was supported by a 5% year-on-year rise in contract tests performed. The segment's contribution to total net sales subsequently increased to reach 58% from 53% in Q1 2021. Covid-19-related¹³ testing contributed 38% of contract net sales in the first three months of the year down from 44% this time last year. Controlling for contributions made by Covid-19-related tests during the year, the contract segment would record an 18% year-on-year increase in conventional test net sales supported by a 10% increase in tests performed and a 7% expansion in average net sales per test.

In Jordan, the Group's partnership with Queen Alia International Airport (QAIA), generated net sales of EGP 140 million in the three months to 31 March 2022. As part of the agreement, Biolab carried out 293 thousand PCR tests, representing 62% of total PCR tests performed in Jordan for the quarter. At the same time, Biolab's agreements with Aqaba's King Hussein International Airport (KHIA) and Aqaba Port contributed an

¹² A reconciliation between revenue and net sales is available earlier in this announcement.

¹³ 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.

Tests by Segment
(Q1 2022)


additional EGP 18 million to the segment. It is worth noting that Biolab's partnership with KHIA started in August 2020, followed by the company's agreement with Aqaba Port which kicked off in May 2021, and its partnership with QAIA which commenced in August 2021. It is also worth highlighting that while the testing booths recorded strong demand during January and February, following the Jordanian government's decision to end mandatory testing on 1 March 2022 traffic decline substantially.

Walk-in Segment

The Group's walk-in segment recorded total revenue of EGP 535 million in the first three months of the year, up marginally year-on-year. On the other hand, walk-in net sales for the quarter declined 10% year-on-year to record EGP 474 million in Q1 2022. The decline, which came fully on the back of an 11% fall in average net sales per walk-in test (walk-in tests performed came in 1% above last year's figure), saw the segment's contribution to total net sales for the quarter fall to 42% from 47% last year. Meanwhile, the contribution of Covid-19-related tests to the walk-in segment stood at 48% in Q1 2022, compared to 51% in Q1 2021. Excluding Covid-19-related contributions, conventional walk-in net sales recorded a 6% decrease versus the same quarter of last year, as a 10% decline in conventional walk-in tests volumes. It is important to note that despite the decline, walk-in segment test volumes remain 2% ahead of pre-Covid-19 levels.

Key Performance Indicators

	Walk-in Segment			Contract Segment			Total		
	1Q21	1Q22	Change	1Q21	1Q22	Change	1Q21	1Q22	Change
Net sales[^] (EGP mn)	529	474	-10%	600	643	7%	1,130	1,117	-1%
<i>Total Covid-19-related net sales (EGP mn)</i>	271	230	-15%	265	247	-7%	536	477	-11%
Patients ('000)	800	971	21%	1,559	1,678	8%	2,359	2,649	12%
<i>% of Patients</i>	34%	37%		66%	63%				
<i>Net sales per Patient (EGP)</i>	661	488	-26	385	383	0%	479	422	-12%
Tests ('000)	2,124	2,144	1%	5,938	6,258	5%	8,062	8,402	4%
<i>% of Tests</i>	26%	26%		74%	74%				
<i>Total Covid-19-related tests ('000)</i>	429	614	43%	852	641	-25%	1,281	1,254	-2%
<i>Net Sales per Test (EGP)</i>	249	221	-11%	101	103	2%	140	133	-5%
<i>Test per Patient</i>	2.7	2.2	-17%	3.8	3.7	-2%	3.4	3.2	-7%

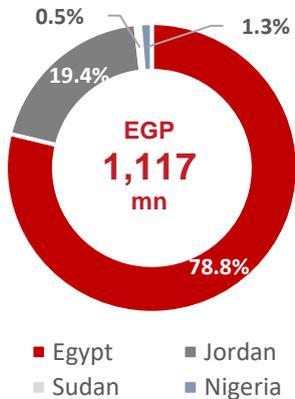
Revenue Analysis: Contribution by Geography

Egypt

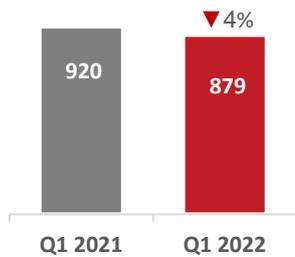
In Egypt, IDH reported revenue¹⁴ of EGP 879 million, down 4% from the EGP 920 million recorded this time last year. The decline came on the back of a 6% year-on-year fall in average revenue per test following a significant fall in the average price per Covid-19-related test during the period (average price per PCR test in Egypt declined 44% year-on-year). Meanwhile, net sales generated from conventional tests increased by 8% and 7% on a year-on-year and quarter-on-quarter, respectively. Growth was supported by a 7% increase in conventional test volumes compared to the same quarter last year.

¹⁴ It is important to note that revenues and net sales in Egypt, Nigeria and Sudan are identical in absolute terms. A reconciliation between revenue and net sales is available earlier in this announcement.

Net Sales by Geography
(Q1 2022)



Egypt Revenue
(EGP mn)



Egypt Revenue by Category
(Q1 2022)



Overall, IDH served 2.0 million patients in Egypt and performed 7.3 million tests in Q1 2022, both up 2% from the first three months of 2021.

House Call Service

IDH’s house call service in Egypt recorded revenue of EGP 187 million in Q1 2022, down 20% from the first three months of last year. The decline came on the back of 21% year-on-year fall in Covid-19-related revenue generated through the house call service as infection rates in the country declined significantly throughout March.

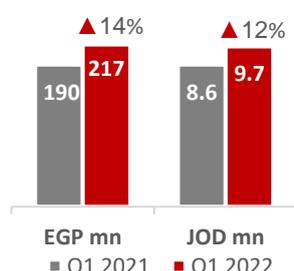
Al-Borg Scan

IDH has been actively investing to ramp up its radiology venture, Al-Borg Scan. Over the past nine months, the Group has rolled out three additional branches taking the total number of branches up to five. While all three remain in their ramp up phases, IDH is recording growing contributions from each one, with all three playing a central role in driving steady growth across both volumes and revenues. More specifically, in Q1 2022 Al-Borg Scan’s revenues rose 89% year-on-year to record EGP 17 million. Top-line growth came on the back of a 94% year-on-year rise in radiology tests performed (patients served was up 88% for the quarter). To build on this momentum, in the coming months IDH is planning to inaugurate two additional branches to expand its reach across Greater Cairo and capitalise on the service’s increasing popularity.

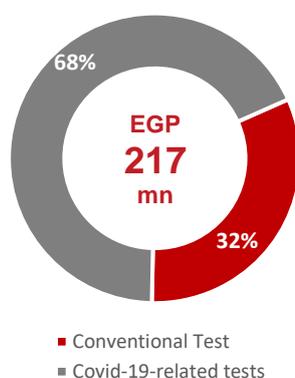
Detailed Egypt Revenue Breakdown

EGP mn	Q1 2021	Q1 2022
Total Revenue	920	879
Conventional Revenue	507	549
Total Covid-19-related Revenue	414	330
Core Covid-19 tests (PCR, Antigen, Antibody)	277	274
Other Covid-19-related tests	137	56
Contribution to Consolidated Results		
Conventional tests	55%	62%
Total Covid-19-related tests	45%	38%
Core Covid-19 tests (PCR, Antigen, Antibody)	30%	31%
Other Covid-19-related tests	15%	6%

Jordan Net Sales



Jordan Net Sales by Category (Q1 2022)



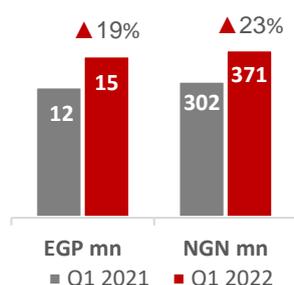
Jordan

In Jordan, IDH recorded revenue of EGP 281 million in Q1 2022, up 48% year-on-year. Meanwhile, net sales¹⁵ expanded 14% year-on-year to reach EGP 217 million in Q1 2022. Growth in net sales came on the back of a 30% year-on-year rise in tests performed which more than offset a 12% decline in net sales per test. During the quarter, Covid-19-related revenue stood at EGP 147 million, contributing to 68% of Biolab's net sales (Covid-19-related test volumes made up 48% of total tests performed). Covid-19-related net sales in Jordan was boosted by contributions of EGP 140 million from Biolab's new partnership with QAIA coupled with the EGP 18 million in net sales coming from its partnerships with KHIA and Aqaba Port. As part of these agreements, Biolab has been operating testing stations across all three locations primarily focused on PCR testing for Covid-19 to passengers arriving in Jordan. The stations which recorded strong demand in January and February have since witnessed a decline in traffic following the end of mandatory testing in the country. Meanwhile, conventional test net sales increased 4% year-on-year, despite a 4% decline in test volumes versus last year. Finally, the country's net sales continued to be supported by Biolab's house call service which generated EGP 9 million in net sales in Q1 2022, down 61% year-on-year.

Detailed Jordan Net Sales Breakdown

EGP mn	Q1 2021	Q1 2022
Total Net Sales	190	217
Conventional Net Sales	68	70
Total Covid-19-related Net Sales (PCR and Antibody)	122	147
Contribution to Consolidated Results		
Conventional Net Sales	36%	32%
Total Covid-19-related Net Sales (PCR and Antibody)	64%	68%

Nigeria Revenue



Nigeria

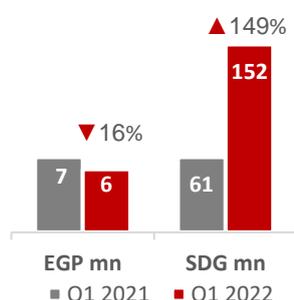
Echo-Lab, the Group's Nigerian subsidiary, reported revenue growth of 19% versus the same three months of last year, with the venture's top-line recording EGP 15 million in Q1 2022. In local currency terms revenue was up 23% year-on-year on the back of a 25% increase in average revenue per test. The increase was supported by the increased number of CT and MRI exams performed during the period, both of which are relatively higher-priced services. It is important to note that during Q1 2022 management decided to shut down its operational activities in the PPP branches due to their under-performance on the profitability level. This subsequently led to a decline in the number of tests performed during the quarter compared to the same period last year. Management is planning to open two additional branches during this year, bringing the total number of operational branches 12.

Sudan

In Sudan, IDH recorded revenues of EGP 6 million, down 16% from the first quarter of last year. The country's results continue to be impacted by the devaluation of the Sudanese pound in early 2021 with the average SDG/EGP rate in Q1 2022 standing at 0.04 versus 0.11 in Q1 2021. Nonetheless, management's continued success in raising

¹⁵ Biolab's net sales for the period are calculated as revenues excluding concession fees paid to QAIA and Aqaba Port as part of their revenue sharing agreement.

Sudan Revenue



prices in step with inflation throughout the year saw revenue in local currency terms grow an impressive 149% in Q1 2022.

Net Sales Contribution by Country

	Q1 2021	Q1 2022	Change
Egypt Net Sales (EGP mn)	920	879	-4%
Covid-19-related (EGP mn)	414	330	-20%
Egypt Contribution	81%	79%	
Jordan Net Sales (EGP mn)	190	217	14%
Covid-19-related (EGP mn)	122	147	20%
Jordan Revenues (EGP mn) (IFRS)	190	281	48%
Jordan Net Sales (JOD mn)	8.6	9.6	12%
Jordan Revenues (JOD mn) (IFRS)	8.6	12.5	45%
Jordan Contribution	17%	19%	
Nigeria Net Sales (EGP mn)	12	15	19%
Nigeria Net Sales (NGN mn)	302	371	23%
Nigeria Contribution	1.1%	1.3%	
Sudan Net Sales (EGP mn)	7	6	-16%
Sudan Net Sales (SDG mn)	61	152	149%
Sudan Contribution	0.6%	0.5%	

Patients Served and Tests Performed by Country

	Q1 2021	Q1 2022	Change
Egypt Patients Served (mn)	2.0	2.0	2%
Egypt Tests Performed (mn)	7.2	7.3	2%
Covid-19-related tests (mn)	1.1	0.8	-26%
Jordan Patients Served (k)	301	552	83%
Jordan Tests Performed (k)	762	991	30%
Covid-19-related tests (k)	224	472	111%
Nigeria Patients Served (k)	38	33	-11%
Nigeria Tests Performed (k)	65	62	-5%
Sudan Patients Served (k)	19	28	47%
Sudan Tests Performed (k)	62	47	-25%
Total Patients Served (mn)	2.4	2.6	12%
Total Tests Performed (mn)	8.1	8.4	4%

Branches by Country

	31 March 2021	31 March 2022	Change
Egypt	431	472	41
Jordan	20	21	1
Nigeria	12	10	-2
Sudan	20	17	-3
Total Branches	483	520	37

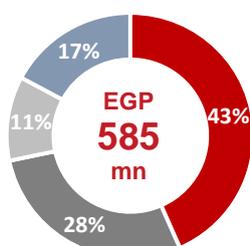
Cost of Net Sales¹⁶

IDH's cost of net sales rose 19% year-on-year to record EGP 586 million in the first quarter of 2022, rising at a faster pace than the Group's revenue for the three-month period. This weighed down on the Group's gross profit which recorded EGP 532 million in Q1 2022, down 17% from last year. It is important to note that gross profit for the

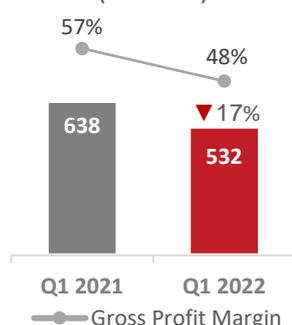
¹⁶ Cost of net sales is calculated as cost of sales (IFRS) for the period excluding commission fees paid to QAIA and Aqaba Port by Biolab as part of its revenue sharing agreements with the two terminals. According to IFRS 15, cost of sales recorded EGP 649 million in Q1 2022, up 32% year-on-year.

**Cost of Net Sales
Breakdown**

(Q1 2022)



- Raw Materials
- Wages & Salaries
- Dep. & Amort.
- Other Exp.

Gross Profit
(EGP mn)


quarter was identical in absolute terms between IFRS and APM measures. IDH's gross profit margin¹⁷ on revenue recorded 45% in Q1 2022 versus 57% last year. Meanwhile, IDH's gross profit margin on net sales¹⁸ recorded 48% in Q1 2022 versus 57% in Q1 2021.

Cost of Net Sales Breakdown as a Percentage of Net Sales

	Q1 2021	Q1 2022
Raw Materials	19.3%	22.6%
Wages & Salaries	12.4%	14.9%
Depreciation & Amortisation	4.1%	5.8%
Other Expenses	7.7%	9.1%
Total	43.5%	52.4%

Raw material costs, which include cost of specialized analysis at other laboratories, recorded EGP 253 million for the first quarter of the year, continuing to make up the largest share of total COGS at 43%. As a share of net sales, raw material costs increased to 22.6% in Q1 2022 compared to 19.3% in the previous year. This increase is primarily attributable to a substantial reduction in the average selling price of Covid-19-related tests during the quarter (PCR tests were priced 51% lower in Q1 2022 than in Q1 2021). Prices were down in both Egypt and Jordan on both a year-on-year and quarter-on-quarter basis.

Direct salaries and wages for the year rose 19% year-on-year to EGP 167 million, making the second largest share of total COGS at 28%.

Direct depreciation and amortisation increased 39% year-on-year in the first three months of the year to EGP 64 million, largely due to the incremental amortisation of new branches (IFRS 16 right-of-use assets).

Other expenses for the first quarter of 2022 increased 18% year-on-year to EGP 102 million. The increase was principally due to higher transportation costs related to IDH's house call service, increased utilities mainly due to the addition of 37 new branches throughout the year, and increased repair and maintenance outlays.

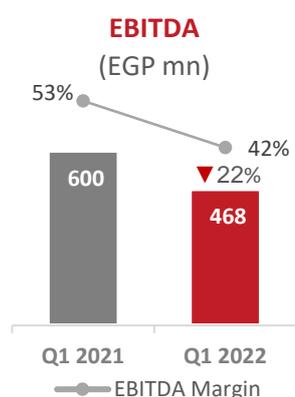
Selling, General and Administrative Expenses

Total SG&A outlays stood at EGP 135 million in Q1 2022, representing a 50% year-on-year increase for the quarter. Higher SG&A costs came on the back of rising salaries and marketing spending, coupled with higher call center costs and higher fees for external auditing services.

Marketing and advertising expenses came in at EGP 23 million in Q1 2022, up 63% year-on-year. The increase largely reflects an overall expansion in IDH's marketing and advertisement efforts which for the last year has seen the Company launch targeted campaigns across a wide variety of channels mainly to support the ramp up of its radiology venture, Al-Borg Scan.

¹⁷ It is important to note that while in absolute terms the Gross Profit figure is identical when using IFRS or APM, its margin differs between the two sets of performance indicators.

¹⁸ A reconciliation between revenue and net sales is available earlier in this announcement.



EBITDA

IDH's EBITDA¹⁹ recorded EGP 468 million in the first three months of 2022, down 22% from the same three months a year ago. It is important to note that EBITDA for the quarter was identical in absolute terms between IFRS and APM measures. EBITDA margin on consolidated revenue recorded 40% in Q1 2022 versus 53% in the same quarter of a year ago. Meanwhile, EBITDA margin on net sales declined to 42% in Q1 2022 from 53% in Q1 2021.²⁰ The decline in EBITDA level profitability comes primarily on the back of lower gross profitability for the three month period coupled with higher sales and marketing outlays versus last year.

In IDH's home market of Egypt, EBITDA recorded EGP 395 million in Q1 2022 EBITDA margin on net sales stood at 45% in the three-month period versus 57% this time last year.

In JOD terms, Biolab's EBITDA recorded JOD 3.3 million, down 5% year-on-year. EBITDA margin on revenue recorded 26% in Q1 2022 down from 41% this time last year. Meanwhile, EBITDA margin on net sales for the three months period recorded 34% versus 41% in Q1 2021. The decrease in Biolab's EBITDA margin (from 41% to 34%) is mainly attributable to higher expenses related to Biolab's testing booths in QAIA and Aqaba Port.

Operations in Nigeria posted an EBITDA loss of EGP 1.2 million compared to a loss of EGP 0.5 million in the same three months of last year. It is important to note that Nigeria's annual inflation rate reached c.16.8% mainly due to increased energy prices. Due to Echo-Lab's reliance on diesel-powered generators across labs, the doubling of fuel prices compared to the same period of last year weighed down on the venture's margins.

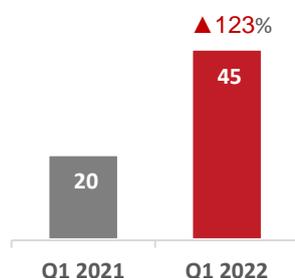
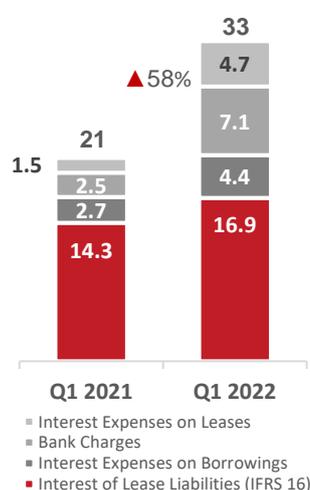
Finally, in Sudan the Company recorded an EBITDA of EGP 0.1 million in Q1 2022, down from the EGP 1.1 million in EBITDA recorded this time last year. EBITDA for the quarter continued to be impacted by the sharp SDG devaluation in February 2021. In SDG terms EBITDA declined 199% year-on-year.

Regional EBITDA in Local Currency

Mn		Q1 2021	Q1 2022	Change
Egypt	EGP	522	395	-24%
	Margin on net sales	57%	45%	
Jordan	JOD	3.5	3.3	-5%
	Margin on net sales	41%	35%	
	Margin on revenues (IFRS)	41%	27%	
Nigeria	NGN	-11	-31	181%
	Margin on net sales	-4%	-8%	
Sudan	SDG	-3.84	3.81	-199%
	Margin on net sales	-6%	3%	

¹⁹ EBITDA is calculated as operating profit plus depreciation and amortization and minus one-off fees incurred in Q1 2021 related to the Company's EGX listing completed in May 2021.

²⁰ It is important to note that while in absolute terms the Normalised EBITDA figure is identical when using IFRS or APM, its margin differs between the two sets of performance indicators.

Interest Income
(EGP mn)

Interest Expense
(EGP mn)

Interest Income / Expense

The Group reported interest income of EGP 45 million in Q1 2022, up 123% year-on-year on the back of higher cash balances during the quarter coupled with an optimised cash allocation between T-bills and time deposits.

Interest expense recorded EGP 33 million in the quarter, up 58% year-on-year. The increase is attributable to:

- Higher interest on lease liabilities related to IFRS 16 following the addition of new branches in Egypt and Jordan and the renewal of medical equipment agreements with the Group's main equipment suppliers.
- Higher bank charges reflecting an increased penetration of, and reliance on, POS machines and electronic payments in both Egypt and Jordan during the three-month period.
- Loan-related expenses incurred by IDH during the period is largely in line with last year. That being said, interest expenses are expected to increase following the CBE decision to increase rates by 300 bps year-to-date.
- Fees amounting to EGP 1.9 million related to the US\$ 45 million facility with the International Finance Corporation (IFC) granted in May 2021. Fees include front-end fee, syndication fee, and legal advisory fees.

Interest Expense Breakdown

EGP mn	Q1 2021	Q1 2022	Change
Interest on Lease Liabilities (IFRS 16)	14.3	16.9	18%
Interest Expenses on Borrowings ²¹	2.7	2.5	8%
Loan-related Expenses on IFC facility	-	1.9	N/A
Interest Expenses on Leases	1.5	4.7	224%
Bank Charges	2.5	7.1	184%
Total Interest Expense	21.0	33.1	58%

Foreign Exchange

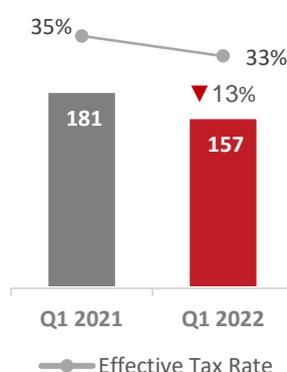
IDH recorded a net foreign exchange gain of EGP 61 million in the first three months of 2022 compared to an EGP 15 million FX loss in the comparable three months of last year. The figure reflects the US Dollar balance held at the Group along with the intercompany balances revaluation.

Taxation

Tax expenses recorded EGP 157 million in the first quarter of the year versus EGP 181 million in Q1 2021. The effective tax rate stood at 33% for the three-month period ended 31 March 2022 versus 35% in Q1 2021. The lower effective tax rate largely reflects the large balance of Treasury bills held by IDH's Egyptian Subsidiaries.

Tax

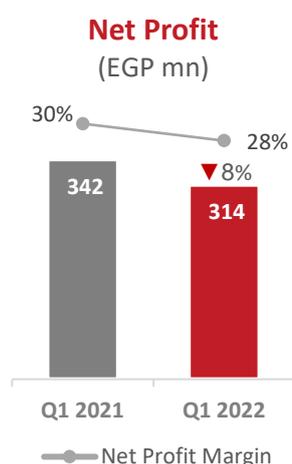
(EGP mn)



²¹ Interest expenses on medium-term loans divided as EGP 0.3 million related to IDH's medium term facility with the Commercial International Bank (CIB) and EGP 2.2 million to the Group's facility with Ahli United Bank Egypt (AUBE).

Taxation Breakdown by Region

EGP Mn	Q1 2021	Q1 2022	Change
Egypt	165.3	143.6	-13%
Jordan	15.4	13.6	-12%
Nigeria	0.02	(0.05)	N/A
Sudan	(0.03)	0.05	N/A
Total Tax Expenses	180.7	157.2	-13%


Net Profit

IDH's consolidated net profit for the first quarter of the year stood at EGP 314 million, down 8% from the same three months of last year. It is important to note that net profit for the quarter was identical in absolute terms between IFRS and APM measures. Net profit margin on consolidated revenue recorded 27% for the quarter, versus 30% in Q1 2021. Meanwhile, net profit margin on net sales²² stood at 28% in Q1 2022, representing a two percentage point contraction from the first quarter of 2021. The decline in net profitability for the quarter comes on the back of lower EBITDA profitability for the period. Despite this, net profit margin recorded well above the Group's historical averages for the quarter.

ii. Balance Sheet Analysis
Assets
Property, Plant and Equipment

IDH held gross property, plant and equipment (PPE) of EGP 1,774 million as at 31 March 2022, up from the EGP 1,653 million as at year-end 2021. Meanwhile, CAPEX outlays excluding payments on account and accounting for the impact of hyperinflation, represented 10.9% of consolidated net sales in Q1 2022. The increase in CAPEX outlays as a share of total net sales for the quarter is in part attributable to EGP 41 million spent on new radiology branches (Capital Business Park Branch in West Cairo) during the period and EGP 56 million translation effect (mainly related to Jordan) resulting from the depreciation of the Egyptian Pound during the quarter.

Total CAPEX Breakdown

EGP Mn	Q1 2022	% of Net Sales
AI-Borg Scan Expansion	40.5	3.6%
Translation Effect	56.3	5.0%
Leasehold Improvements/others	24.9	2.2%
Total CAPEX Additions	121.7	10.9%

Accounts Receivable and Provisions

As at 31 March 2022, accounts receivables' Days on Hand (DOH) recorded at 115 days compared to 107 days at year-end 2021. The increase reflects the large balance related to the airlines deals in QAIA airport, characterized by a relatively higher credit period.

²² It is important to note that while in absolute terms the net profit figure is identical when using IFRS or APM, its margin differs between the two sets of performance indicators.

Accounts receivables' DOH is calculated based on credit revenues²³) amounting to EGP 312 million during Q1 2022.

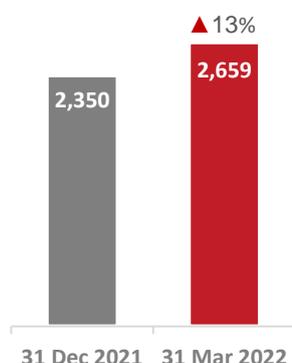
The receivables balance in Egypt and Jordan stood at EGP 391 million as at 31 March 2022. More specifically, in Egypt account receivables' DOH increased to 102 days as at the end of the current reporting period compared to 96 days as at year-end 2021. Accounts receivables' DOH for Egypt is calculated based on credit revenues amounting to EGP 258 million during Q1 2022. Meanwhile, in Jordan accounts receivables' DOH increased to 186 days from 154 days as at year-end 2021 largely due to agreements with various airline companies as part of QAIA and KHIA agreements. Accounts receivables' DOH for Jordan is calculated based on credit revenues amounting to EGP 47 million during the first quarter of 2022.

Provision for doubtful accounts established during the three-month period ended 31 March 2022 amounted to EGP 7 million, up from EGP 5 million in the same three months of last year

Inventory

As at 31 March 2022, the Group's inventory balance reached EGP 255 million, up from EGP 223 million as at year-end 2021. Meanwhile, days Inventory Outstanding (DIO) increased to 87 days as at 31 March 2022 from 61 days as at year-end 2021. The increase largely reflects management's decision to accumulate inventory in a trial to overcome any disruption that might result from the global supply chain challenges.

Cash Balances (EGP mn)



Cash and Net Debt/Cash

IDH's cash balances increased to EGP 2,659 million as at 31 March 2021 up from EGP 2,350 million as at 31 December 2021.

EGP million	31 Dec 2021	31 Mar 2022
Time Deposits	628	1,126
T-Bills	1,461	1,451
Current Accounts	239	69
Cash on Hand	22	12
Total	2,350	2,659

²³ Credit revenues relates to patients who paid for IDH's services on credit.

Net cash balance²⁴ amounted to EGP 1,724 million as at 31 March 2022 compared to EGP 1,488 million as of 31 December 2021.

EGP million	31 Dec 2021	31 Mar 2022
Cash and Financial Assets at Amortised Cost ²⁵	2,350	2,659
Interest Bearing Debt ("Medium Term Loans") ²⁶	102	100
Lease Liabilities Property	532	574
Long-term Equipment Liabilities	229	261
Net Cash Balance	1,488	1,724

Note: Interest Bearing Debt includes accrued interest for each period.

Lease liabilities on property recorded EGP 574 million as at 31 March 2022, up from the EGP 532 million booked as at year-end 2021. The increase is driven by the addition of new branches throughout the first three months of the year. Meanwhile, financial obligations related to equipment recorded EGP 261 million as at the end of the current reporting period, up from EGP 229 million as of year-end 2021, largely reflecting the renewal of the Company's contracts and the addition of new equipment. Total financial obligations related to equipment in Q1 2022 includes EGP 122 million for equipment at Al-Borg Scan. The rise in interest-bearing debt is related to IDH's two medium-term facilities with Commercial International Bank (CIB) and Ahli United Bank of Egypt (AUBE). More specifically, IDH's interest-bearing debt as at 31 March 2022 is split as EGP 13.2 million related to its medium-term facility with CIB and EGP 85 million related to its facility with AUBE. It is worth noting that interest-bearing debt in both periods excludes accrued interest.

Liabilities

Accounts Payable²⁷

As at the end of March 2022, accounts payable balance recorded EGP 277 million down from EGP 311 million as of 31 December 2021. Despite this, the Group's days payable outstanding (DPO) increase to 107 days as at 31 March 2022 from 93 days as at 31 December 2021. The increase is mainly related to lower Covid-19-related kits consumption coupled with the renegotiation of extended payment terms with the Group's test kit suppliers.

Put Option

The put option current liability is related to the option granted in 2011 to Dr. Amid, Biolab's CEO, to sell his stake (40%) to IDH. The put option is in the money and exercisable since 2016 and is calculated as 7 times LTM EBITDA minus net debt. Biolab's put option liability increased following the depreciation of the Egyptian Pound by around 16% as at 31 March 2022 compared to year-end 2021.

²⁴ The net cash balance is calculated as cash and cash equivalent balances including includes financial assets at amortised cost, less interest-bearing debt (medium term loans), finance lease and Right-of-use liabilities.

²⁵ As outlined in Note 9 of IDH's Consolidated Financial Statements, some term deposits and treasury bills cannot be accessed for over 90 days and are therefore not treated as cash. Term deposits which cannot be accessed for over 90 days stood at EGP 201 million in Q1 2022, while there were no such term deposits in the previous year. Meanwhile, treasury bills not accessible for over 90 days stood at EGP 1,230 million in Q1 2022, down from EGP 1,310 million in FY 2021.

²⁶ IDH's interest bearing debt as at 31 March 2022 is split as EGP 13 million related to its medium term facility with the Commercial International Bank (CIB) and EGP 85 million to its facility with Ahli United Bank Egypt (AUBE) (outstanding loan balances are excluding accrued interest for the period).

²⁷ Accounts payable is calculated based on average payables at the end of each year.

The put option non-current liability is related to the option granted in 2018 to the International Finance Corporation from Dynasty – shareholders in Echo Lab – and it is exercisable in 2024. The put option is calculated based on fair market value (FMV).

iii. Cash Flow Analysis

Net cash flow from operating activities recorded EGP 309 million in Q1 2022 continuing to demonstrate IDH's strong cash generation ability. New cash flow from operating activities declined from EGP 488 million the same three months of last year.

–End–

**INTEGRATED DIAGNOSTICS HOLDINGS plc – “IDH”
AND ITS SUBSIDIARIES**

Consolidated Financial Statements

for the quarter ended 31 March 2022

Consolidated statement of financial position as at 31 March 2022

	Notes	31 March 2022 EGP '000	31 March 2021 EGP '000
Assets			
Non-current assets			
Property, plant and equipment	4	1,112,344	1,061,808
Intangible assets and goodwill	5	1,670,693	1,658,867
Right of use assets	6	502,949	462,432
Financial assets at fair value through profit and loss	7	12,312	10,470
Total non-current assets		3,298,298	3,193,577
Current assets			
Inventories		254,924	222,612
Trade and other receivables	8	508,174	469,727
Financial assets at amortized cost	9	1,430,153	1,458,724
Cash and cash equivalents	10	1,228,728	891,451
Total current assets		3,421,979	3,042,514
Total assets		6,720,277	6,236,091
EQUITY AND LIABILITIES			
Equity			
Share Capital		1,072,500	1,072,500
Share premium reserve		1,027,706	1,027,706
Capital reserve		(314,310)	(314,310)
Legal reserve		51,641	51,641
Put option reserve		(1,127,337)	(956,397)
Translation reserve		164,671	150,730
Retained earnings		1,849,154	1,550,976
Equity attributable to the equity holders of the parent		2,724,025	2,582,846
Non-controlling interests		292,814	211,513
Total equity		3,016,839	2,794,359
Non-current liabilities			
Provisions		3,484	4,088
Borrowings	13	76,345	76,345
Other financial obligations	15	708,203	645,196
Non-current put option liability	14	36,806	35,037
Deferred tax liabilities	19-C	384,230	332,149
Total non-current liabilities		1,209,068	1,092,815
Current liabilities			
Trade and other payables	11	656,059	777,354
Other financial obligations	15	126,541	115,478
Current put option liability	12	1,090,531	921,360
Borrowings	13	21,721	21,721
Current tax liabilities		599,518	513,004
Total current liabilities		2,494,370	2,348,917
Total liabilities		3,703,438	3,441,732
Total equity and liabilities		6,720,277	6,236,091

These condensed consolidated interim financial information were approved and authorized for issue by the Board of Directors and signed on their behalf on 7 June 2022 by:

Dr. Hend El Sherbini
Chief Executive Officer

Hussein Choucri
Independent Non-Executive Director

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated income statement for the quarter ended 31 March 2022

	Notes	Q1 2022 EGP '000	Q1 2021 EGP '000 (Unreviewed)
Revenue	22	1,180,479	1,129,538
Cost of sales		(648,793)	(491,131)
Gross profit		531,686	638,407
Marketing and advertising expenses		(40,764)	(28,806)
Administrative expenses	17	(86,300)	(70,921)
Impairment loss on trade and other receivable		(7,178)	(5,084)
Other (expense)/income		(1,082)	4,085
Operating profit		396,362	537,681
Finance costs	18	(33,060)	(35,687)
Finance income	18	108,045	20,273
Net finance cost		74,985	(15,414)
Profit before tax		471,347	522,267
Income tax expense	19-B	(157,214)	(180,672)
Profit for the period		314,133	341,595
Profit attributed to:			
Equity holders of the parent		296,609	326,032
Non-controlling interests		17,524	15,563
		314,133	341,595
Earnings per share (expressed in EGP):			
Basic and diluted earnings per share	21	0.49	0.54

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated statement of comprehensive income/(expenses) for the quarter ended 31 March 2022

	Q1 2022 EGP '000	Q1 2021 EGP '000 (Unreviewed)
Net profit	314,133	341,595
Items that may be reclassified to profit or loss:		
Exchange difference on translation of foreign operations	77,308	14,436
Other comprehensive income for the period net of tax	77,308	14,436
Total comprehensive income for the period	391,441	356,031
Attributed to:		
Equity holders of the parent	310,550	335,893
Non-controlling interests	80,891	20,138
	391,441	356,031

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated statement of cash flows for the quarter ended 31 March 2022

	Note	Q1 2022 EGP '000	Q1 2021 EGP '000 (Unreviewed)
Cash flows from operating activities			
Profit for the period before tax		471,347	522,267
Adjustments			
Depreciation of property, plant and equipment		46,048	32,460
Depreciation of right of use assets		23,926	17,966
Amortisation of intangible assets		1,949	1,521
Gain on disposal of Property, plant and equipment		(4)	(19)
Impairment in trade and other receivables		7,178	5,084
Interest income	18	(45,247)	(20,273)
Interest expense	18	25,916	18,248
Bank Charges		7,144	2,516
Equity settled financial assets at fair value		(1,842)	(841)
ROU Asset/Lease Termination		1,743	(410)
Hyperinflation	18	(1,664)	-
Unrealised foreign currency exchange loss	18	(61,134)	14,735
Change in Provisions		(331)	37
Change in Inventories		(28,598)	(20,238)
Change in trade and other receivables		(78,311)	(162,222)
Change in trade and other payables		(58,801)	77,114
Net cash from operating activities		309,319	487,944
Cash flows from investing activities			
Proceeds from sale of Property, plant and equipment		184	390
Interest received on financial asset at amortised cost		8,180	19,473
Payments for acquisition of property, plant and equipment	4	(33,363)	(30,439)
Payments for acquisition of intangible assets	5	(843)	(171)
Payments for the purchase of financial assets at amortized cost		(312,592)	(172,117)
Proceeds for the sale of financial assets at amortized cost		341,163	126,924
Net cash flows generated from/ (used in) investing activities		2,729	(55,941)
Cash flows from financing activities			
Proceeds from borrowings		-	2,617
Payment of finance lease liabilities		(8,535)	(12,405)
Payment of financial obligations			
Interest paid		(28,688)	(14,947)
Bank charge paid		(7,144)	(2,516)
Net cash flows used in financing activities		(44,367)	(27,250)
Net increase in cash and cash equivalent		267,681	404,753
Cash and cash equivalents at the beginning of the year		891,451	600,130
Effect of exchange rate		69,596	(2,267)
Cash and cash equivalent at the end of the period	10	1,228,728	1,002,616

Non-cash investing and financing activities disclosed in other notes are

- acquisition of right-of-use assets - note 26
- Property plant and equipment - note 11
- Put option liability - note 23 and 25

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated statement of changes in equity for the quarter ended 31 March 2022

EGP '000

Attributable to owners of the Parent

	Share capital	Share premium reserve	Capital reserve	Legal reserve*	Put option reserve	Translation reserve	Retained earnings	Total attributable to the owners of the Parent	Non-controlling interests	Total equity
At 1 January 2022	1,072,500	1,027,706	(314,310)	51,641	(956,397)	150,730	1,550,976	2,582,846	211,513	2,794,359
Profit for the period	-	-	-	-	-	-	296,609	296,609	17,524	314,133
Other comprehensive income for the period	-	-	-	-	-	13,941	-	13,941	63,367	77,308
Total comprehensive income at 31 March 2022	-	-	-	-	-	13,941	296,609	310,550	80,891	391,441
Transactions with owners of the Company										
Contributions and distributions										
Movement in put option liabilities	-	-	-	-	(170,940)	-	-	(170,940)	-	(170,940)
Impact of hyperinflation	-	-	-	-	-	-	1,570	1,570	409	1,979
Total contributions and distributions	-	-	-	-	(170,940)	-	1,570	(169,370)	409	(168,961)
Balance at 31 March 2022	1,072,500	1,027,706	(314,310)	51,641	(1,127,337)	164,671	1,849,155	2,724,026	292,813	3,016,839
At 1 January 2021	1,072,500	1,027,706	(314,310)	49,218	(314,057)	145,617	603,317	2,269,991	156,383	2,426,374
Profit for the period	-	-	-	-	-	-	326,032	326,032	15,563	341,595
Other comprehensive loss for the period	-	-	-	-	-	9,861	-	9,861	4,575	14,436
Total comprehensive income at 31 March 2021(Unreviewed)	-	-	-	-	-	9,861	326,032	335,893	20,138	356,031
Transactions with owners of the Company										
Contributions and distributions										
Legal reserve formed during the period	-	-	-	2,423	-	-	(2,423)	-	-	-
Movement in put option liabilities	-	-	-	-	(226,945)	-	-	(226,945)	-	(226,945)
Impact of hyperinflation	-	-	-	-	-	-	(14,987)	(14,987)	(5,934)	(20,921)
Total contributions and distributions	-	-	-	2,423	(226,945)	-	(17,410)	(241,932)	(5,934)	(247,866)
Balance at 31 March 2021(Unreviewed)	1,072,500	1,027,706	(314,310)	51,641	(541,002)	155,478	911,939	2,363,952	170,588	2,534,540

*Under Egyptian Law, each subsidiary in Egypt must set aside at least 5% of its annual net profit into a legal reserve until such time that this represents 50% of each subsidiary's issued capital. This reserve is not distributable to the owners of the Company.

The accompanying notes form an integral part of these condensed consolidated interim financial information.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

1. Reporting entity

Integrated Diagnostics Holdings plc “IDH” or “the Company” is a Company which was incorporated in Jersey on 4 December 2014 and established according to the provisions of the Companies (Jersey) Law 1991 under Registered No. 117257. These condensed consolidated interim financial information as at and for the three months ended 31 March 2022 comprise the Company and its subsidiaries (together referred as the ‘Group’). The Company is a dually listed entity, in both London Stock Exchange (since 2015) and in the Egyptian Exchange (during May 2021).

The principal activities of the Company and its subsidiaries (together “The Group”) include investments in all types of the healthcare field of medical diagnostics (the key activities are pathology and Radiology related tests), either through acquisitions of related business in different jurisdictions or through expanding the acquired investments they have. The key jurisdictions that the Group operates are in Egypt, Jordan, Nigeria and Sudan.

The Group’s financial year starts on 1 January and ends on 31 December of each year.

These condensed consolidated interim financial information were approved for issue by the Directors of the Company on 7 June 2022.

2. Basis of preparation

A) Statement of compliance

These condensed consolidated interim financial information have been prepared as per IAS 34 ‘Interim Financial Reporting’ (As adopted by the IASB). as the accounting policies adopted are consistent with those of the previous financial year ended 31 December 2021 and corresponding interim reporting period.

These condensed consolidated interim financial information do not include all the information and disclosures in the annual consolidated financial Statement, and should be read in conjunction with the financial Statement published as at and for the year ended 31 December 2021 which is available at www.idhcorp.com. In addition, results of the three month period ended 31 March 2022 are not necessary indicative for the results that may be expected for the financial year ending 31 December 2022.

B) Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except where adopted IFRS mandates that fair value accounting is required which is related to the financial assets and liabilities measured at fair value.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

C) Functional and presentation currency

These condensed consolidated interim financial information is presented in Egyptian Pounds (EGP’000). The functional currency of the majority of the Group’s entities is the Egyptian Pound (EGP) and is the currency of the primary economic environment in which the Group operates.

The Group also operates in Jordan, Sudan and Nigeria and the functional currencies of those foreign operations are the local currencies of those respective territories, however due to the size of these operations, there is no significant impact on the functional currency of the Group, which is the Egyptian Pound (EGP).

3. Significant accounting policies

In preparing these condensed consolidated interim financial information, the significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial information for the year ended 31 December 2021. “The preparation of these condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated interim financial statement is described in note 2.2 of the annual consolidated financial information published for the year ended 31 December 2021. In preparing these condensed consolidated interim financial information, the significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial information for the year ended 31 December 2021”.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

4. Property, plant and equipment

	Land & buildings	Medical, electric & information system equipment	Leasehold improvements	Fixtures, fittings & vehicles	Building & Leasehold assets in the course of construction	Payment on account	Total
Cost							
At 1 January 2022	380,883	824,628	335,203	95,966	15,937	6,761	1,659,378
Additions	-	53,136	8,658	1,721	1,490	-	65,005
Hyper inflation	-	1,482	-	-	-	-	1,482
Disposals	-	(353)	(453)	(318)	-	-	(1,124)
Transfers	-	-	256	-	(256)	-	-
Exchange differences	2,302	30,440	15,509	6,727	1,357	-	56,335
At 31 March 2022	383,185	909,333	359,173	104,096	18,528	6,761	1,781,076
Depreciation							
At 1 January 2022	53,490	333,806	177,230	33,044	-	-	597,570
Depreciation for the period	1,539	29,925	12,127	2,457	-	-	46,048
Disposals	-	(326)	(414)	(204)	-	-	(944)
Exchange differences	372	14,405	7,231	4,051	-	-	26,059
At 31 March 2022	55,401	377,810	196,174	39,348	-	-	668,732
Net book value at 31 March	327,784	531,523	162,999	64,748	18,528	6,761	1,112,344
At 31 December 2021	327,393	490,822	157,973	62,922	15,937	6,761	1,061,808

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

5. Intangible assets and goodwill

Intangible assets represent goodwill acquired through business combinations and brand names.

	Goodwill	Brand name	Software	Total
Cost				
Balance at 1 January 2022	1,260,965	383,909	77,394	1,722,268
Additions	-	-	843	843
Effect of movements in exchange rates	9,293	2,957	1,184	13,434
Balance at 31 March 2022	1,270,258	386,866	79,421	1,736,545
Amortisation and impairment				
Balance at 1 January 2022	4,552	372	58,477	63,401
Amortisation	-	-	1,949	1,949
Effect of movements in exchange rates	-	-	502	502
Balance at 31 March 2022	4,552	372	60,928	65,852
Carrying amount				
Balance at 31 December 2021	1,256,413	383,537	18,917	1,658,867
Balance at 31 March 2022	1,265,706	386,494	18,493	1,670,693

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. No indicators of impairment have been identified during the three months ended 31 March 2022.

6. Right-of-use assets

	31 March 2022	31 December 2021
Balance at 1 January	462,432	354,688
Addition for the period / year	57,097	198,402
Depreciation charge for the period / year	(24,444)	(79,617)
Terminated contracts	(8,034)	(7,643)
Exchange differences	15,898	(3,398)
Balance	502,949	462,432

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

7. Financial asset at fair value through profit and loss

	<u>31 March 2022</u>	<u>31 December 2021</u>
Equity investments*	12,312	10,470
	12,312	10,470

* On August 17, 2017, Almakhabariyoun AL Arab (seller) has signed IT purchase Agreement with JSC Mega Lab (Buyer) to transfer and install the Laboratory Information Management System (LIMS) for a purchase price amounted to USD 400 000, which will be in the form of 10% equity stake in JSC Mega Lab. In case the valuation of the project is less or more than USD 4,000,000, the seller stake will be adjusted accordingly, in a way that the seller equity stake shall not fall below 5% of JSC Mega Lab.

- ownership percentage in JSC Mega Lab at the transaction date on April 8, 2019, and as of March 31, 2022, was 8.25%.

- On April 8, 2019, Al Mokhabariyoun Al Arab (Biolab) has signed a Shareholder Agreement with JSC Mega Lab and JSC Georgia Healthcare Group (CHG), whereas, BioLab Shall have a put option, exercisable within 12 months immediately after the expiration of five(5) year period from the signing date, which allows BioLab stake to be bought out by CHG at a price of the equity value being USD 400,000 plus 15% annual Interred Rate of Return (IRR). In case the Management Agreement or the Purchase Agreement and/or the Service level Agreement is terminated/cancelled within 6 months period from the date of such termination/cancellation, CHG shall have a call option, which allows the CHG to purchase Biolab’s Strake in JSC Megalab having value of USD 400,000.00 plus 20% annual Interred Rate of Return (IRR). If JCI accreditation is not obtained, immediately after the expiration of the 12 months period, CHG shall have a call option (the Accreditation Call option), exercisable within 6 months period, allowing CHG to purchase BioLab’s Shares in JSC Mega Lab at a price of the equity value of USD 400,00.00 plus the 20% annual IRR.

After 12 months from the date of the put option period expiration, CHG to purchase Biolab’s Stake in JSC Megalab having value of USD 400,000 plus higher of 20% annual IRR or 6X EV/EBITDA (of the financial year immediately preceding the call option exercise date).

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

8. Trade and other receivables

	31 March 2022	31 December 2021
Trade receivables – net	398,618	371,051
Prepayments	34,848	22,647
Due from related parties note (16)	3,459	5,237
Accrued revenue	3,513	2,818
Other receivables	67,736	67,974
	508,174	469,727

9. Financial assets at amortised cost

	31 March 2022	31 December 2021
Term deposits (more than 90 days)	200,934	148,136
Treasury bills (more than 90 days)	1,229,219	1,310,588
	1,430,153	1,458,724

The maturity date of the treasury bills and Fixed-term deposits is between 3-12 months and have average interest rates of 12.53% and 8.50% respectively.

10. Cash and cash equivalents

	31 March 2022	31 December 2021
Cash at banks and on hand	81,467	261,430
Treasury bills (less than 90 days)	222,139	150,431
Term deposits (less than 90 days)	925,122	479,590
	1,228,728	891,451

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

11. Trade and other payables

	<u>31 March 2022</u>	<u>31 December 2021</u>
Trade payable	277,051	311,321
Accrued expenses	252,379	325,677
Due to related parties note (16)	13,025	13,234
Other payables	73,702	99,040
Deferred revenue	37,711	24,603
Accrued finance cost	2,191	3,479
	<u>656,059</u>	<u>777,354</u>

12. Current put option liability

	<u>31 March 2022</u>	<u>31 December 2021</u>
Put option - Biolab Jordan	1,090,531	921,360
	<u>1,090,531</u>	<u>921,360</u>

The accounting policy for put options after initial recognition is to recognise all changes in the carrying value of the put option liability within equity.

Through the historic acquisitions of Makhbaryoun Al Arab the Group entered into separate put option arrangements to purchase the remaining equity interests from the vendors at of a subsequent date. At acquisition, a put option liability has been recognised at the net present value of the exercise price of the option.

The option is calculated at seven times EBITDA of the last 12 months minus Net Debt and its exercisable in whole starting the fifth anniversary of completion of the original purchase agreement, which fell due in June 2016. The vendor has not exercised this right at 31 March 2022. It is important to note that the put option liability is treated as current as it could be exercised at any time by the NCI. However, based on discussions and ongoing business relationship, there is no expectation that this will happen in next 18 months. The option has no expiry date.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

13. Loans and borrowings

	Currency	Nominal interest rate	Maturity	31 March 2022	31 December 2022
CIB – Bank	EGP	Secured rate 9.5%	5 April 2022	13,238	13,238
AUB – Bank	EGP	CBE corridor rate+1%	26 April 2026	84,828	84,828
				98,066	98,066
<u>Amount held as:</u>					
Current liability				21,721	21,721
Non- current liability				76,345	76,345
				98,066	98,066

A) In April 2017 AL-Mokhtabar for medical lab, one of IDH subsidiaries, was granted a medium-term loan amounting to EGP 110m from the Commercial International Bank “CIB Egypt” to finance the purchase of the new administrative building for the Group. As at 31 March 2022, the loan has been secured through restricted time deposits.

B) In July 2018, AL-Borg lab, one of IDH subsidiaries, was granted a medium term loan amounting to EGP 130.5m from the Ahli United Bank “AUB Egypt” to finance the investment cost related to the expansion into the radiology segment. As at 31 March 2022 only EGP 84.4m had been drawn down from the total facility available. The loan contains the following financial covenants which if breached will mean the loan is repayable on demand:

- The financial leverage shall not exceed 0.7 throughout the period of the loan
“Financial leverage”: total bank debt divided by net equity
- The debt service ratios (DSR) shall not be less than **1.35 starting 2020**
“Debt service ratio”: cash operating profit after tax plus depreciation for the financial year less annual maintenance on machinery and equipment adding cash balance (cash and cash equivalent) divided by total financial payments.

“Cash operating profit”: Operating profit after tax, interest expense, depreciation and amortisation, is calculated as follows: Net income after tax and unusual items adding Interest expense, Depreciation, Amortisation and provisions excluding tax related provisions less interest income and Investment income and gains from extraordinary items.

“Financial payments”: current portion of long-term debt including finance lease payments, interest expense and fees and dividends distributions.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

Loans and borrowings (continued)

3. The current ratios shall not be less than 1.

“Current ratios”: Current assets divided current liabilities.

The terms and conditions of outstanding loans are as follows:

* As at 31 March 2022 corridor rate 10.25% (2021: 9.25%)

AL- Borg company didn’t breach any covenants for MTL agreements.

C) Last year the Group signed two agreements of debt facilities. The debt package includes US\$ 45.0 million secured facilities with the tenor of an 8-year starting May 2021 from the International Finance Corporation (IFC), and an additional US\$ 15.0 million IFC syndicated facility from Mashreq Bank. In as at 31 March 2022, the debt facility has not been withdrawn by IDH.

14. Non-current put option liability

	<u>31 March 2022</u>	<u>31 December 2021</u>
Put option liability*	<u>36,806</u>	<u>35,037</u>
	<u>36,806</u>	<u>35,037</u>

* According to the definitive agreements signed on 15 January 2018 between Dynasty Group Holdings Limited and the International Finance Corporation (IFC) related to the Eagle Eye-Echo scan transaction, IFC has the option to put its shares to Dynasty in year 2024. The put option price will be calculated on the basis of the fair market value determined by an independent valuator.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

15. Other Financial obligations

	<u>31 March 2022</u>	<u>31 December 2021</u>
Lease liabilities – buildings	574,163	531,804
Financial obligations– laboratory equipment	260,581	228,870
	<u>834,744</u>	<u>760,674</u>

The financial obligations for the laboratory equipment and building are payable as follows:

	31 March 2022		
	<u>Minimum payments</u>	<u>Interest</u>	<u>Principal</u>
Less than one year	231,413	104,872	126,541
Between one and five years	720,180	224,284	495,896
More than five years	252,090	39,783	212,307
	<u>1,203,683</u>	<u>368,939</u>	<u>834,744</u>
	31 December 2021		
	<u>Minimum payments</u>	<u>Interest</u>	<u>Principal</u>
Less than one year	211,242	95,764	115,478
Between one and five years	701,084	227,314	473,770
More than Five years	191,229	19,803	171,426
	<u>1,103,555</u>	<u>342,881</u>	<u>760,674</u>

Amounts recognised in profit or loss:

	For the three months ended	
	<u>2022</u>	<u>2021</u>
	31 March	
	(Unreviewed)	
Interest on lease liabilities	16,861	14,276
Expenses related to short-term lease	5,757	5,219

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

16. Related party transactions

The significant transactions with related parties, their nature volumes and balance during the period 31 March 2022 are as follows:

Related Party	Nature of transaction	Nature of relationship	31 March 2022	
			Transaction amount of the period	Balance
ALborg Scan (S.A.E)*	Expenses paid on behalf	Affiliate	-	351
International Fertility (IVF)**	Expenses paid on behalf	Affiliate	-	1,767
H.C Security	Provided service	Entity owned by Company’s board member	(12)	(331)
Life Health Care	Provide service	Entity owned by Company's CEO	(1,791)	303
Dr. Amid Abd Elnour	Put option liability	Bio. Lab C.E.O and shareholder	(169,171)	(1,090,531)
International Finance corporation (IFC)	Put option liability	Eagle Eye – Echo Scan limited shareholder	(7,311)	(42,348)
International Finance corporation (IFC)	Current account	Eagle Eye – Echo Scan limited shareholder	221	(12,694)
Integrated Treatment for Kidney Diseases (S.A.E.)	Rental income	Entity owned by Company’s CEO	61	1,036
	Medical Test analysis		72	
Total				(1,142,447)

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

Related party transactions (continued)

Related Party	Nature of transaction	Nature of relationship	31 December 2021	
			Transaction amount of the year	Balance
ALborg Scan (S.A.E)*	Expenses paid on behalf	Affiliate	1	351
International Fertility (IVF)**	Expenses paid on behalf	Affiliate	-	1,767
H.C Security	Provide service	Entity owned by Company’s board member	(243)	(319)
Life Health Care	Provide service	Entity owned by Company’s CEO	(11,232)	2,094
Dr. Amid Abd Elnour	Put option liability	Bio. Lab C.E.O and shareholder	(639,093)	(921,360)
International Finance corporation (IFC)	Put option liability	Eagle Eye – Echo Scan limited shareholder	(3,247)	(35,037)
International Finance corporation (IFC)	Current account	Eagle Eye – Echo Scan limited shareholder	(12,915)	(12,915)
Integrated Treatment for Kidney Diseases (S.A.E)	Rental income	Entity owned by Company’s CEO	(298)	1,025
			530	
				<u>(964,394)</u>

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

Related party transactions (continued)

- * ALborg Scan is a company whose shareholders include Dr. Moamena Kamel (founder of IDH subsidiary Al-Mokhtabar Labs).
- ** International Fertility (IVF) is a company whose shareholders include Dr. Moamena Kamel (founder of IDH subsidiary Al-Mokhtabar Labs).

Compensation of key management personnel of the Group

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

	31 March 2022	31 March 2021 (Unreviewed)
Short-term employee benefits	25,424	12,871
	25,424	12,871

17. General and administrative expenses

	For the three months ended 31 March	
	2022	2021 (Unreviewed)
Wages and salaries	33,931	27,013
Depreciation	6,483	4,890
Amortisation	920	638
Other expenses	44,966	38,380
Total	86,300	70,921

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

18. Net finance cost

	For the three months ended	
	31 March	
	2022	2021
	(Unreviewed)	
Finance income		
Interest income	45,247	20,273
Net foreign exchange gain	61,134	-
Gain on hyperinflationary net monetary position	1,664	-
Total finance income	108,045	20,273
Finance cost		
Loss on hyperinflationary net monetary position		
Bank charges	(7,144)	(2,516)
Interest expense	(25,916)	(18,436)
Net foreign exchange (loss)	-	(14,735)
Total finance cost	(33,060)	(35,687)
Net finance cost	74,985	(15,414)

On March 21, 2022, the Central Bank of Egypt raised prices by 100 basis points and allowed its prices against the US dollar, which was imposing inflationary pressures in the short to medium term. Inflation rates are expected to average between 13% and 15% during 2022.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

19. Tax

A) Tax expense

Tax expense is recognised based on management’s best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

B) Income tax

Amounts recognised in profit or loss as follow:

	For the three months ended 31 March	
	2022	2021
		(Unreviewed)
Current tax:		
Current period	(101,360)	(138,810)
Deferred tax:		
Deferred tax arising on undistributed reserves in subsidiaries	(55,225)	(40,712)
Relating to origination and reversal of temporary differences	(629)	(1,150)
Total Deferred tax expense	- (55,854)	(41,862)
Tax expense recognised in profit or loss	(157,214)	(180,672)

C) Deferred tax liabilities

Deferred tax relates to the following:

	31 March 2022	31 December 2021
Property, plant and equipment	(28,544)	(28,925)
Intangible assets	(106,530)	(105,358)
Undistributed reserves from Group subsidiaries	(278,649)	(223,425)
Provisions and financial obligation	29,493	25,559
Net deferred tax liabilities	(384,230)	(332,149)

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

20. Financial instruments

The Group has reviewed the financial assets and liabilities held at 31 March 2022. It has been deemed that the carrying amounts for all financial instruments are a reasonable approximation of fair value. All financial instruments are deemed Level 3.

Contingent liabilities

As required by article 134 of the labour law on Vocational Guidance and Training issued by the Egyptian Government in 2003, Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs are required to conform to the requirements set out by that law to provide 1% of net profits each year into a training fund. During the year, Integrated Diagnostics Holdings plc have taken legal advice and considered market practice in Egypt relating to this and more specifically whether the vocational training courses undertaken by Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs suggest that obligations have been satisfied through training programmes undertaken in-house by those entities. Since the issue of the law on Vocational Guidance and Training, Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs have not been requested by the government to pay or have voluntarily paid any amounts into the external training fund. The board of Integrated Diagnostics Holdings plc have concluded that an outflow of funds is not probable.

Should a claim be brought against Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs, an amount of between EGP 24.5m to EGP 33 m could become payable, however this is not considered probable.

21. Earnings per share

	For the three months ended 31 March	
	2022	2021
		(Unreviewed)
Profit attributed to owners of the parent	296,609	326,032
Weighted average number of ordinary shares in issue	600,000	600,000
Basic and diluted earnings per share	0.49	0.54

The Company has no potential diluted shares as at 31 March 2022 and 31 March 2021, therefore; the earnings per diluted share are equivalent to basic earnings per share.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

22. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The Group has four operating segments based on geographical location rather than two operating segments based on service provided, as the Group’s Chief Operating Decision Maker (CODM) reviews the internal management reports and KPIs of each geography.

The Group operates in four geographic areas, Egypt, Sudan, Jordan, and Nigeria. As a provider of medical diagnostic services, IDH’s operations in Sudan are not subject to sanctions. The revenue split, EBITDA split (being the key profit measure reviewed by CODM) net profit and loss between the four regions is set out below.

Revenue by geographic location

For the three months ended	Revenue by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
31 March 2022	879,490	5,672	280,514	14,803	1,180,479
31 March 2021 (Unreviewed)	920,462	6,753	189,870	12,453	1,129,538

EBITDA by geographic location

For the year ended	EBITDA by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
31 March 2022	395,056	86	74,312	(1,169)	468,285
31 March 2021 (Unreviewed)	511,268	1,088	77,727	(455)	589,628

Net profit / (loss) by geographic location

For three month period ended	Net profit / (loss) by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
31 March 2022	269,516	2,756	45,030	(3,169)	314,133
31 March 2021 (Unreviewed)	303,095	(10,315)	51,516	(5,659)	338,637

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

	Revenue by type		Net profit by type	
	For the three months ended 31		For the three months ended 31	
	March		March	
	2022	2021	2022	2021
	(Unreviewed)		(Unreviewed)	
Pathology*	1,148,804	1,107,927	330,024	343,701
Radiology	31,675	21,611	(15,891)	(2,106)
	1,180,479	1,129,538	314,133	341,595

	Revenue by categories	
	For the three months ended	
	31 March	
	2022	2021
	(Unreviewed)	
Walk-in	535,105	529,361
Corporate	645,374	600,177
	1,180,479	1,129,538

* 31 March 2022 figure includes Covid-19 related Pathology tests amounted to EGP 540m (31 March 2021: EGP 535m).

	Non-current assets by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
31 March 2022	2,853,476	8,025	335,245	101,552	3,298,298
31 December 2021	2,803,954	7,234	291,880	90,509	3,193,577

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

Segment reporting (continued)

The operating segment profit measure reported to the CODM is EBITDA, as follows:

	For the three months period ended 30 March	
	2022	2021
		(Unreviewed)
Profit from operations	396,362	537,681
Property, plant and equipment depreciation	46,048	28,897
Right of use depreciation	23,926	17,966
Amortisation of Intangible assets	1,949	5,084
EBITDA	468,285	589,628