

Integrated Diagnostics Holdings Plc kicks off 2023 with a solid first quarter, recording 43% growth in conventional revenues

1 June 2023

(Cairo and London) — Integrated Diagnostics Holdings (“IDH,” “the Group,” or “the Company”), a leading provider of diagnostic services with operations in Egypt, Jordan, Nigeria and Sudan, released today its reviewed financial statements and operational performance¹ for the quarter ended 31 March 2023, booking conventional² revenue of EGP 915 million, a 43% year-on-year expansion. Top-line growth was supported by a 12% year-on-year increase in conventional test volumes and a 27% year-on-year increase in average revenue per conventional test for the quarter. On a consolidated level, IDH booked a 22% decline in total revenues versus the same three months of last year when Covid-19-related testing had significantly boosted the consolidated figure. Net profit for the quarter recorded EGP 168 million, declining 46% from Q1 2022 and with an associated margin of 18%.

Financial Results (IFRS)³

EGP mn	Q1 2022	Q1 2023	Change
Revenues	1,180	915	-22%
Conventional Revenues	640	915	43%
Covid-19-related Revenues	540	-	-
Cost of Sales	(649)	(591)	-9%
Gross Profit	532	325	-39%
Gross Profit Margin	45%	35%	-10 pts
Operating Profit	396	129	-68%
EBITDA⁴	468	227	-51%
EBITDA Margin	40%	25%	-15 pts
Net Profit	314	168	-46%
Net Profit Margin	27%	18%	-8 pts
Cash Balance	2,659	813	-69%

Commenting on the Group’s performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: “With the first five months of the year now behind us, I am happy to report another quarter of sustained growth at our conventional business and of solid progress on our longer-term value creation and growth strategies. Looking at our results for the first quarter of the year in more detail, I am particularly pleased to note that we recorded solid conventional top-line expansions across all four of our markets in both EGP and local currency terms. At the consolidated level, conventional revenue growth was supported by steady rises in both patient and test volumes.”

In the first quarter of 2023, the Company served 1.9 million patients, and performed 8.0 million tests, down 27% and 4% year-on-year respectively. Excluding contributions from Covid-19-related testing in the previous year, test volumes increased 12% year-on-year, from the 7.1 million tests conducted in Q1 2022. The continued growth of IDH’s conventional business is a direct result of the Company’s expansion strategy, which has seen the Group complete the roll out of an additional 56 branches since the same period of last year, and is further bolstered by the targeted marketing campaigns aimed at strengthening its visibility.

¹ Starting Q1 2023, IDH has opted to stop reporting on its Covid-19-related revenues and test volumes due to their material insignificance to the consolidated figures and to Egypt’s and Jordan’s country-level results for the quarter. In the comparable period of last year (Q1 2022) IDH had recorded EGP 540 million in Covid-19-related revenues and had performed 1.3 million Covid-19-related tests.

² Conventional (non-Covid) tests include all of the Group’s test offering with the exception of its Covid-19-related test offering outlined above.

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

⁴ EBITDA is calculated as operating profit plus depreciation and amortization.

“The robust year-on-year expansion of our conventional business was especially impressive as it comes in the midst of an increasingly difficult operating environment with our markets, and the global economy in general, continuing to face rising inflation, tightening monetary policies, and weakening currencies, as was the case in Egypt, Nigeria, and Sudan. On top of this, it is worth noting that our results in March were also impacted by the expected seasonal slowdown related to the holy month of Ramadan which in 2023 weighed on patient volumes starting mid-March,” **El-Sherbini added.**

On a geographic basis, across the Company’s two largest markets of Egypt and Jordan, conventional revenues continued to record double-digit growth, testament to the business’s underlying strength. In Egypt, despite continued economic instability, IDH recorded a 33% year-on-year increase in conventional revenues, primarily on the back of higher test volumes and average revenue per test. Similarly, in Jordan, Biolab recorded solid conventional revenue year-on-year growth of 12% in local currency terms, supported by higher test volumes for the quarter. Increase volumes at the Company’s Jordanian operation partially reflected the addition of three new branches in the first quarter of the year. Meanwhile, Echo-Lab, IDH’s Nigerian subsidiary, saw its revenue for the first quarter of the year expand a solid 26% year-on-year, as patient and test volumes continue to expand in line with recent trends. Finally, IDH’s operations in Sudan recorded revenue growth in local currency terms of 11% continuing to showcase the underlying potential offered by the market. It is important to note that due to the ongoing conflict in Sudan, 16 of the Company’s 18 branches in the country have been temporarily shut to safeguard IDH’s staff, patients and operations.

Further down the income statement, the Company recorded lower gross, EBITDA and net profitability largely reflecting a post-Covid-19 normalisation. Lower gross profitability was also in part due to an increase in wages and salaries related to new staff hires and wage adjustments introduced by the Company to support its staff during the ongoing challenging times. Meanwhile, the Company’s proactive inventory management strategy and well-establish relationships with test kit providers, IDH recorded only a moderate rise in raw material prices, well below the inflation caused by a weaker Egyptian pound. During the three-month period, the Company also booked higher marketing expenses related to campaigns launched to support the ramp up of Al-Borg Scan and of the newly rolled out branches. As such, IDH’s net profit for the quarter recorded EGP 168 million, 46% below last year’s figure and with a net profit margin of 18% in Q1 2023.

“Heading into the second half of 2023, we remain on track to deliver on our financial and operational targets for the year. I am particularly looking forward to the launch of our first branch in Saudi Arabia, which is currently scheduled for September 2023. Meanwhile, across our current markets our priorities remain unchanged as we continue to navigate the ongoing macroeconomic turbulence to drive further conventional revenue growth, safeguard our margins, and continue to deliver world-class quality to our patients. In Egypt, we are planning to roll out several more branches as the year progresses, with a particular focus on growing our radiology network to capitalise on the strong momentum currently enjoyed by the segment. In light of our strong start to the year and the solid strategies in place, we are targeting year-on-year conventional revenue growth of 30% in FY 2023,” **El-Sherbini concluded.**

IDH’s full Q1 2023 earnings release for the quarter ended 31 March 2023 is available at [idhcorp.com](https://www.idhcorp.com).

—Ends—



About Integrated Diagnostics Holdings (IDH)

IDH is a leading diagnostics services provider in the Middle East and Africa offering a broad range of pathology and radiology tests to patients in Egypt, Jordan, Sudan and Nigeria. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Lab (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 2,000 diagnostics tests. From its base of 552 branches as of 31 December 2022, IDH served over 8.7 million patients and performs more than 32.7 million tests in 2022. IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern, African, and East Asian markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015 with a secondary listing on the EGX since May 2021 (ticker: IDHC.CA). Learn more at idhcorp.com.

Contact

Nancy Fahmy

Investor Relations Director

T: +20 (0)2 3345 5530 | M: +20 (0)12 2255 7445 | nancy.fahmy@idhcorp.com

Forward-Looking Statements

These results for the quarter ended 31 March 2023 have been prepared solely to provide additional information to shareholders to assess the group's performance in relation to its operations and growth potential. These results should not be relied upon by any other party or for any other reason. This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

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.