Ibnsina Pharma Releases 1H24 Consolidated Results

Ibnsina Pharma at the forefront of drug distribution companies across all segments in the first six months of 2024 with market share of 29.2% in 1H2024; Strong operational performance leading to 55.2% and 67.9% growth in net revenues and net profit respectively.

1H24 Highlights

Market Share
EGP 29.2%
+5.2% market share gain y-o-y

Gross Revenues
EGP 23.6 BN
+56.5% y-o-y

Gross Profit
EGP 1.8 BN
+53.0% y-o-y

EBITDA
EGP 1 BN
+61.6% y-o-y

Net Profit
EGP 221.6 MN
+68% y-o-y

Cash Conversion Cycle
1.3 Days

Debt Ratio
23.9%
Vs 25.8% in 1H23

Cairo, 14 August 2024

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for period ended 30 June 2024, net revenue recorded EGP 22.8 billion for the period up 55.2% Y-on-Y.

Gross profit came in at EGP 1.8 billion, up by 53% Y-on-Y and yielding a gross profit margin of 7.9%.

Key Financial and Operational Highlights:

- **Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in both retail and non-retail segments in the first six months of 2024**
- **Ibnsina Pharma recorded EGP 22.8 bn net revenues in 1H24 for the 1st time and YTD market share of 29.2%**
- **Total Market share reaches 35.59% in June 2024**
- **Clear Economies of scale benefits where EBITDA growth exceeded both gross Profit and Revenues growth.**
- **EBITDA Margin hits 5% for the 1st time in 2Q2024**
- **SG&A margin recorded 3.2% in 1H2024 Vs 3.5% in 1H2023**
- **Debt ratio recorded 23.9% as of 1H24 Vs 25.8% as of 1H23 as growth is spontaneously financed.**
- **Net profit came in at EGP 221.6 million in 1H24, up 67.9% year-on-year**

Despite the devaluation effect and the associated inflation that reached 27.5% by June 2024 which impacted most of cost elements (consumables, packing, prints); Ibnsina pharma adopt conservative policies to control OPEX growth driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints. EBITDA increased by 61.6% Y-on-Y to EGP 1 bn during 1H24 with an EBITDA margin closing at 4.5%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 221 million for 1H24 an increase of 67.9% Y-on-Y.

Summary Income Statement

EGP MN	2Q23	2Q24	Change	1H2023	1H2024	Change
Net Revenue	7,853,663,546	12,237,828,161	55.8%	14,697,036,688	22,812,055,895	55.2%
Gross Profit	**636,984,467**	**1,033,142,314**	62.2%	**1,183,413,426**	**1,810,827,645**	53.0%
GP Margin	8.1%	8.4%		8.1%	7.9%	
OPEX	(267,845,973)	(386,004,352)	44.1%	(515,296,190)	(727,535,706)	41.2%
OPEX / Sales	(3.4 %)	(3.2 %)		(3.5 %)	(3.2 %)	
EBITDA	**349,182,344**	**608,887,691**	74.4%	**628,197,942**	**1,015,264,502**	61.6%
EBITDA Margin	4.4%	5.0%		4.3%	4.5%	
Net Profit	**59,448,498**	**123,453,193**	107.7%	**132,003,346**	**221,596,619**	67.9%
NP Margin	0.8%	1.0%		0.9%	1.0%	

Comments from our Co-CEOs

Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first six months of 2024 in total market and both retail and non-retail segments according to the latest data available from IQVIA. A strong operational performance with 55.2% revenues growth and 67.9% net profit growth, paves the way to record a strong growth over last year by year end in term of revenues and profitability. Total Market share recorded 29.2 % as ibnsina Pharma continues to expand its market share in different sectors.

In order to prevent shortage in the market, the Egyptian drug authority is accelerating the re-pricing of some pharmaceutical products. The Egyptian Drug Authority is currently approving pharma manufacturer's requests for re-pricing given the interest rate rise, exchange rate devaluation and the associated inflationary and supply chain pressures. The effect of re-pricing is expected to be reflected in the market gradually.

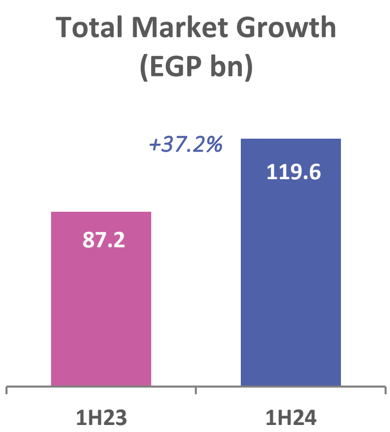
Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are slightly higher than 1H23 although we succeeded in increasing revenues by 55.2% as we succeeded in financing most of our growth by spontaneous financing. We succeeded also in controlling our cash conversion cycle to reach 1.3 days. We took a number of successful initiatives to achieve these objectives including focusing on cash sales segments, decreasing cash discounts, focusing on imported items, extend payments term from suppliers.

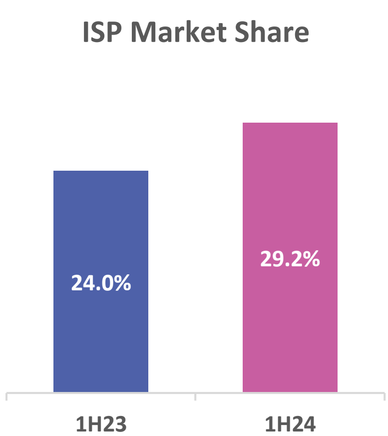
Economies of scale continues to show in our financials where EBITDA is growing faster gross profit and net revenues. Although the high-interest rate environment hinders the translation of our growth into higher net profit levels, our strong operational performance will partially mitigate the high finance cost effects. Once interest rates levels start to decline, a direct improvement will be shown on profitability levels.

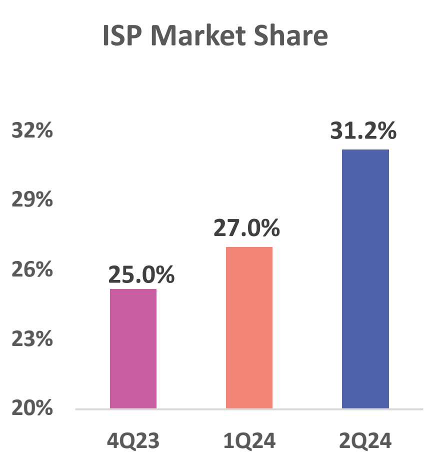
Our cosmetics segments (such as hair care, diapers, personal care, etc.) continues to expand by adding new international and local suppliers. Revenues from non-pharma products recorded EGP 1.5 billion in 1H24, showing a growth of 230% compared to the same period last year. Our competitive advantage, as a leading pharma distributor, facilitated our expansion into different sales channels, including pharmacies and modern trade. We have four warehouses dedicated to non-pharma products, with plans for further expansion

We succeeded in finalizing sell and leaseback agreements for the two major assets available for sale, which will facilitate the selling process as the buyer will not be obliged to pay the full price in advance as instead, he can replace Ibnsina Pharma in the lease contract. In addition, the leasing contracts prove that the book value of those assets on the balance sheet is accurate.

Additionally, as part of our revenue stream diversification, we expanded into the medical promotion field. Our penetration in the medical promotion sector gives us the opportunity to broaden the portfolio of products and services we provide for our clients. By securing medical promotion contracts, we gain a competitive advantage that differentiates us from our competitors by actively promoting products and providing support services.







Market Overview

According to IQVIA Egypt's total market registered sales of EGP 119.6 billion in 1H24. Sales were up by 37.2%. Sales growth was driven by increases in the average selling price (ASP).

Although the pharma market is pressured by interest rate rise, exchange rate devaluation and the associated inflationary and supply chain pressures; total market pharmaceutical sales are anticipated to record strong growth in FY2023. Such expectations are supported by the continuous re-pricing of pharmaceutical products. The Egyptian Drug Authority is currently approving pharma manufacturer's requests for re-pricing after the devaluations waves which started early 2022 in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first six months of 2024 in total market and both retail and non-retail segments according to the latest data available from IQVIA.ISP total market share recorded 29.2% in 1H24 vs 24.0% in 1H23 a 5.2% market share gain as our financial stability and competitive advantage vs our competitors induced more clients to deal with us and more pharma suppliers to sign distribution and importation agreements with Ibnsina Pharma to join our portfolio.

Expectations of double-digit growth in FY2023 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. Consumer demand is consequently a major driver of Egypt's economic growth, with relatively inelastic goods such as pharmaceuticals experiencing consistent demand growth. Egypt's per capita outlay on pharmaceuticals continues to lag behind regional peers, leaving significant room for further growth and attracting large investments from domestic and foreign pharma players.

Operational Review

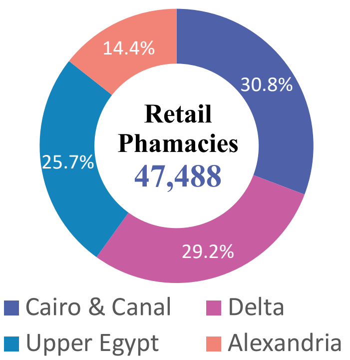
Ibnsina Pharma served 51,355 clients in different segments during 1H24 where 31.5% of Ibnsina Pharma's client base was located in Cairo in the Canal Zone, Egypt's most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 29.1% and 25.1% of clients, respectively. Clients in Egypt's second-largest city, Alexandria, constituted 14.3% of Ibnsina Pharma's client base during the period. Ibnsina Pharma works to optimize the geographical distribution of its client base, aligning the network as far as possible with population density in Egypt's various regions.

Ibnsina Pharma operated 72 sites as of 1H24, Revenue per site increased by 48.7% year-on-year to record EGP 316.8 million.

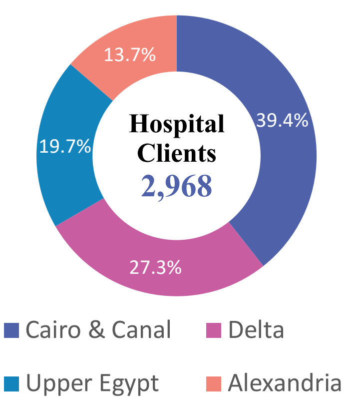
The number of vehicles in Ibnsina Pharma's delivery fleet stood at 869 vehicles at the close of 1H24 Vs 821 vehicles one year previously. Revenues per vehicle increased by 46.6% year-on-year to reach EGP 26.3 million in 1H24.

Revenue per employee increased by 35.8% during the period, addition of 1,025 personnel mainly to support growth in ibnsina pharma and our early-stage businesses (Ramp logistics and Medical Promotion teams).

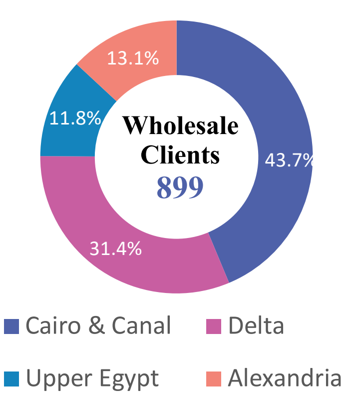
Retail Pharmacies by Geography (1H 2024)



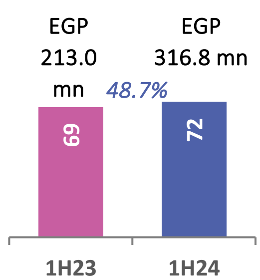
Hospital Clients by Geography (1H 2024)



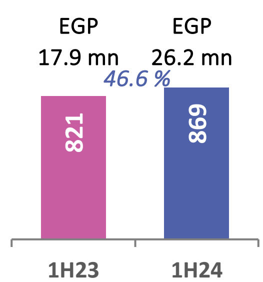
Wholesale Clients by Geography (1H 2024)



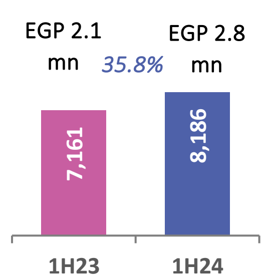
# of Sites (rev / Site)



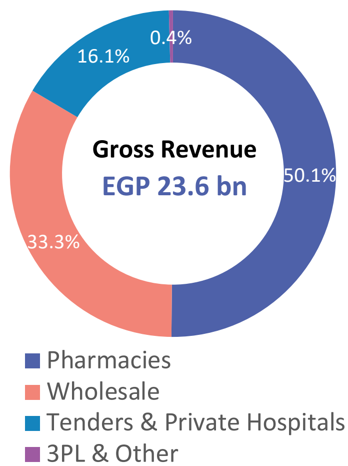
# of Vehicles (rev / Vehicle)



# of Employees (rev / Employee)



Revenue* by Business Line (1H24)



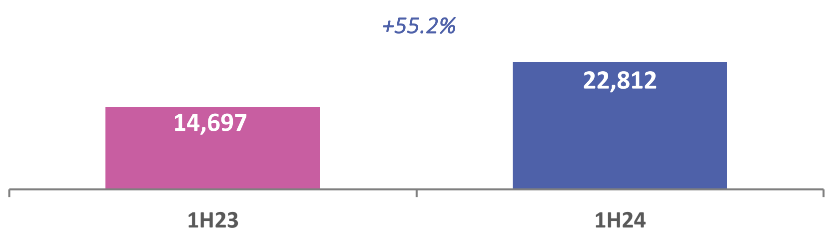
Revenues refer to gross sales prior to discounts

Financial Performance

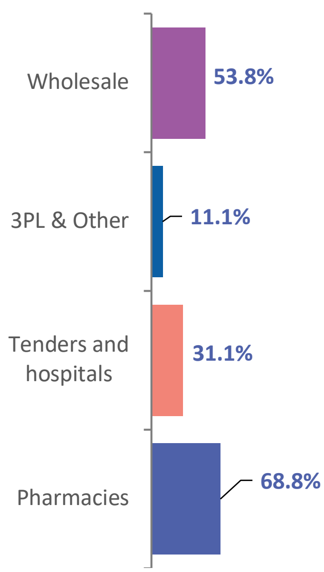
Revenues

1H24 saw Ibnsina Pharma's gross revenues climb by 56.5% year-on-year to register EGP 23.6 billion. The company's core retail business with pharmacies increased by 69.8% year-on-year to book EGP 11.8 billion for 1H24. Retail sales generated 50.1% of the company's overall top line during 1H24 vs 46.2% one year previously. The company's wholesale segment expanded by 53.8% year-on-year to book revenues of EGP 7.9 billion for 1H24, contributing 33.3% of total revenues for the period against 33.9% for 1H23. Meanwhile, revenues from tenders and private hospitals expanded by 31.1% year-on-year to book EGP 3.8 billion in 1H24.

Net Revenue Progression (EGP BN)



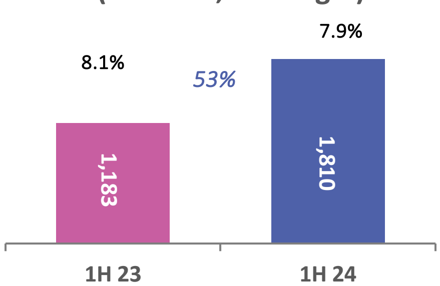
Business Line Revenue Growth (1H24)



Gross Profit

Ibnsina Pharma booked a gross profit of EGP 1.81 billion for 1H24, an increase of 53% from the EGP 1.18 billion recorded in 1H23. The gross profit margin recorded 7.9% compared to 8.1% one year previously as Ibnisna Pharma is focusing on cash segments due to the current economic challenges which imply more cash discounts while expanding in importation and cosmetics portfolio by adding new contacts with higher margin.

Gross Profit Progression (EGP MN, % margin)

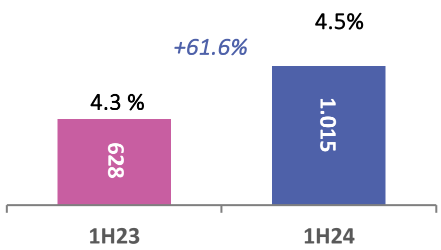


OPEX

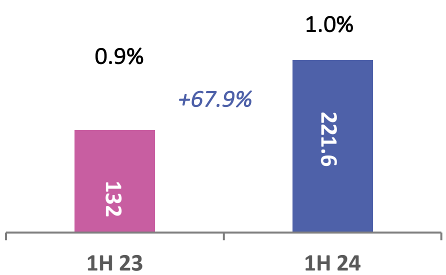
Despite the devaluation effect and the associated inflation that reached 27.5% by June 2024 which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 727.5 million in operational expenses OPEX for 1H24, up from the EGP 515.3 million booked in 1H23. SG&A margin recorded 3.2% in 1H2024 Vs 3.5% in 1H2023

EBITDA Progression
(EGP MN, % margin)



Net Profit Progression
(EGP MN, % margin)



EBITDA

EBITDA booked EGP 1 billion in 1H24, an increase of 61.6% from the EGP 628.2 million recorded in 1H23. Ibnsina Pharma saw its EBITDA margin increased to reach 4.5% in 1H24 from 4.3% recorded in 1H23. EBITDA growth shows a clear economy of scale, effectively spreading fixed operational and administrative costs across a wide revenue base.

Interest Expense

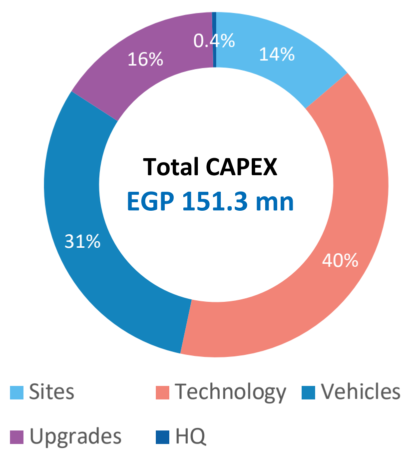
Interest expense booked EGP 766.2 million for 1H24, up 73% year-on-year from the EGP 422.5 million recorded in 1H23. By June 2024, interest rates reached 28.25% compared to 19.25% in July 2023. Although ibnsina pharma recorded 55.2% revenue growth in 1H24, debt levels slightly increased as we financed most of our growth through spontaneous financing.

Net Profit

Net profit came in at EGP 221.6 million in 1H24, up by 67.9% year-on-year from the EGP 132 million posted in 1H23. The period saw Ibnsina Pharma's net profit margin steady at 1.0%

Key Balance Sheet Items

CAPEX Breakdown (1H 2024)



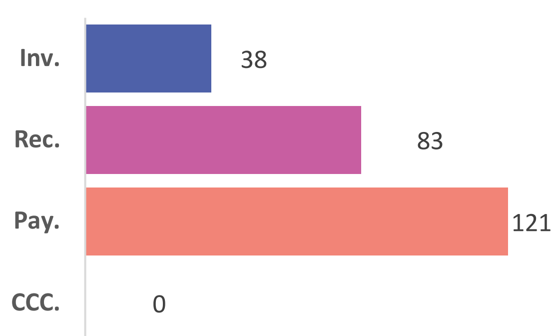
CAPEX

Ibnsina Pharma made core business CAPEX outlays of EGP 151.3 million in 1H24 against the EGP 110.5 million committed one year previously. Investments during the period included EGP 20.8 million on distribution centers and sales offices to enhance customer accessibility. EGP 23.5 million, allocated to upgrades, while EGP 46.5 million was allocated to vehicles. Construction at Ibnsina Pharma's headquarters was allocated EGP 0.5 million during 1H24. Ibnsina Pharma allocated EGP 59.9 million in CAPEX to technology projects as the company continued to implement its plans for technology investment. The CAPEX for FY24 is expected to be around EGP 360 million.

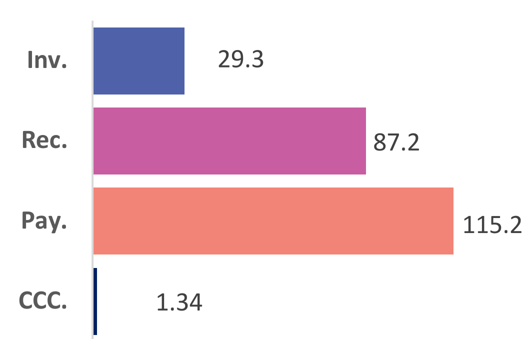
Working Capital

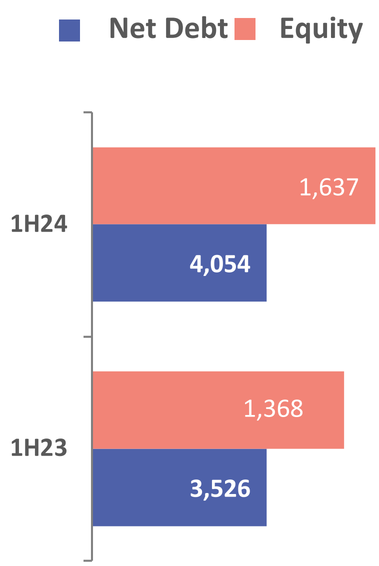
Ibnsina Pharma's succeeded in controlling its' cash conversion cycle while growing. CCC recorded 1.34 days from 0 days in 1H23. Receivable DOH recorded 87.2 days in 1H24 up from 83 days in 1H23. Inventory DOH recorded 29.3 days in 1H24 down from 38 days in 1H23 while Payables DOH recorded 115.2 days in 1H24 down from 121 in 1H23 reflecting the shortage of medicine in the market.

Cash Conversion Cycle 1H 2023



Cash Conversion Cycle 1H 2024





Net Debt

Ibnsina Pharma booked total net debt of EGP 4.05 billion as of 1H24 compared to a 3.6 billion in 1H23 a 441 million increase in debt level despite 55.2% growth in revenues as a part of debt optimization strategy which rely on spontaneous financing. Net debt to equity recorded 2.5x in 1H24 compared to 2.6x in 1H23.

Debt ratio recorded 23.9% as of 1H24 Vs 25.8% as of 1H23 as growth is spontaneously financed.

Income Statement

In EGP	1H23	1H24	YoY %
Gross Revenue	**15,092,077,993**	**23,624,751,462**	**56.5%**
Net Revenue	**14,697,036,688**	**22,812,055,895**	**55.2%**
Cost Of Revenue	(13,513,623,262)	(21,001,228,250)	55.4%
Gross Profit	**1,183,413,426**	**1,810,827,645**	**53.0%**
Gross Profit Margin	*8.1%*	*7.9%*	
Selling, General & Administrative	(515,296,190)	(727,535,706)	41.2%
Expected Credit losses in customers and receivables	(39,919,294)	(63,027,437)	57.9%
Formation of provision		(5,000,000)	
EBITDA	**628,197,942**	**1,015,264,502**	**61.6%**
EBITDA Margin	*4.3%*	*4.5%*	
Depreciation & Amortization	(92,912,377)	(124,182,762)	33.7%
EBIT	**535,285,565**	**891,081,740**	**66.5%**
EBIT Margin	*3.6%*	*3.9%*	
Financial Expenses	(442,562,860)	(766,239,616)	73.1%
Financing Income	36,314,129	69,316,432	90.9%
Credit interests		91,999	
FOREX Gain (Loss)	35,168,554	49,790,328	41.6%
Other Expenses	-	(736,756)	
Other Income	2,817,659	6,996,413	148.3%
Loss from investment in Associate		(179,859)	
EBT	**167,023,047**	**250,120,682**	**49.8%**
EBT Margin	1.1%	1.1%	
Deferred Tax	13,090,441	23,194,885	77.2%
Income Tax	(48,498,404)	(51,718,948)	6.6%
Net Profit	**131,615,084**	**221,596,619**	**68.4%**
Non-controlling share	**(388,263)**		**(100.0 %)**
Parent Company Net income	**132,003,346**	**221,596,619**	**67.9%**
Net Profit Margin	*0.9%*	*1.0%*	

Balance Sheet

In EGP	FY 2023	1H 24
Non- Current assets		
Fixed Assets (net)	1,061,746,170	1,022,028,975
Projects Under Construction	427,510,272	219,416,144
Intangible assets (net)	219,017,302	216,320,424
Right of use assets (net)	695,052,758	1,237,000,585
Notes receivable - long term	78,932,234	6,400,240
Deferred Taxes assets	114,398,274	137,593,159
Investment In Associate	15,918,463	16,148,773
Total Non-Current Assets	**2,612,575,473**	**2,854,908,300**
Current assets		
Inventories	3,194,808,025	4,435,358,891
Accounts and Notes receivable (net)	9,743,889,331	12,273,796,670
suppliers advance payments	328,105,821	330,614,507
Debtors & Other Debit Balance (net)	767,821,328	712,524,827
Due from Related Parties	10,540	10,540
Cash on hand and at banks	1,130,726,519	1,210,071,318
Assets Held for Sale	771,873,889	249,298,055
Total Current Assets	**15,937,235,453**	**19,211,674,808**
Total Assets	**18,549,810,926**	**22,066,583,108**
Shareholders equity		
Issued and paid - up capital	252,000,000	252,000,000
Share Premium (special reserve)	237,412,116	237,412,116
Legal Reserve	126,000,000	126,000,000
Legal reserve Subsidiaries companies	217,252	217,252
General Reserve	3,079,334	3,079,334
Treasury Stock Reserve	(171,643,212)	(171,643,212)
Retained Earnings	1,002,054,151	1,190,777,394
Holding Shareholders' Equity	**1,449,119,641**	**1,637,842,884**
Non-controlling	158	233
Total Shareholders' Equity	**1,449,119,799**	**1,637,843,117**
Non-Current liabilities		
Loans - long term	363,816,582	139,898,815
Lease liabilities - Long term	620,416,926	1,089,067,064
Notes Payable - Long term	192,200,504	
Total Long-term Liabilities	**1,176,434,012**	**1,228,965,879**
Current liabilities		
Credit Facilities	3,165,450,940	3,375,944,258
Short Term loans and Current Portion of Long-Term Loan	475,877,345	472,185,505
Suppliers and Notes Payable (net)	11,858,321,994	14,820,536,958
Creditors & Other Credit Balances	206,855,072	277,321,263
Customers Advance Payments	13,048,790	9,739,899
Income Tax Payments	79,906,663	44,518,944
Current Portion of lease liabilities	117,939,365	187,670,339
Provisions	6,856,946	11,856,946
Total Current Liabilities	**15,924,257,115**	**19,199,774,112**
Total Liabilities & Shareholders' Equity	**18,549,810,926**	**22,066,583,108**

Cash Flow

In EGP	1H23	1H24
Cash flow from operating activities:		
Net profit before tax	167,023,047	250,120,682
Adjustments for:		
Depreciation of fixed assets	56,508,280	66,388,705
Amortization of intangible assets	2,852,876	11,763,987
Right of use Assets Amortization	33,551,221	46,030,072
Expected credit losses / impairment in the value of account and notes receivable	39,919,294	63,027,437
Capital (gain)	(287,656)	(298,502)
sale assets held for sale (Gain)	(447,527)	
Financing Expenses	442,562,860	766,239,616
Losses from investment in associate		179,859
Formation of provisions		5,000,000
Operating profit before changes in working capital	**741,682,395**	**1,208,451,856**
Changes in working capital:		
Change in inventory	(1,218,982,711)	(1,240,550,866)
Change in accounts and notes receivable	(1,873,229,086)	(2,520,402,782)
Change in supplier advances payment	(92,847,778)	(2,508,686)
Change in debtors and other debt balances	(157,522,006)	(58,776,986)
Change in suppliers and notes payable	2,866,219,229	3,039,987,286
Change in customer advance payments	4,338,993	(3,308,891)
Change in due from related parties	(7,276,743)	
Change in creditors and other credit balances	54,567,939	62,783,284
Cash flow from operating activities	**316,950,232**	**485,674,215**
(Paid) from financing Expenses	(417,007,284)	(664,503,522)
Used from Provisions	(318,769)	
Net cash flow from operating activities	**(100,375,821)**	**(178,829,307)**
Cash flow from investment activities:		
(Payments) to acquire fixed assets and projects under construction	(161,691,609)	(92,000,646)
(Payments) to acquire intangible assets	(1,569,646)	(9,067,109)
(Payment) in assets held for sale		(1,976,106)
Proceeds from sale of assets held for sale	30,449,976	
Proceeds from sale of fixed assets and intangible assets	813,812	1,718,429
Net cash flow from investment activities	**(131,997,467)**	**(101,325,432)**
Cash flow from financing activities:		
Dividends paid	(22,927,727)	(25,600,563)
Payment from short- and long-term loans	(248,130,724)	(227,609,607)
proceeds from credit facilities	684,369,928	210,493,318
Increase in "financing" lease liability		554,708,312
(Paid) for lease liabilities	(33,685,988)	(152,491,922)
Net cash flow from financing activities	**379,625,489**	**359,499,538**

Net change in cash and cash equivalents during the period	**147,252,201**	**79,344,799**
Cash and cash equivalents at the beginning of the period	541,210,495	1,130,726,519
Cash and cash equivalents at the end of the period	**688,462,696**	**1,210,071,318**

About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is the largest pharmaceutical distribution company in Egypt. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 50 k customers including pharmacies, hospitals, retail outlets and wholesalers using a fleet of around 830 vehicles.

Ibnsina Pharma's core services for suppliers include management of warehousing and logistics for pharmaceutical products as well as the development and execution of tailored marketing solutions targeting a nationwide database of customers. The Company also provides efficient and reliable order-taking and delivery services to customers and was the first in its industry to pioneer a telesales model. Operating nationwide, Ibnsina Pharma's team of more than 6,000 employees is dedicated to improving people's quality of life by ensuring their access to safe and high-quality pharmaceutical products.

For more information about Ibnsina Pharma, please visit: www.ibnsina-pharma.com.

For further information,
please contact:

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Investor Relations & Corporate Communication Director
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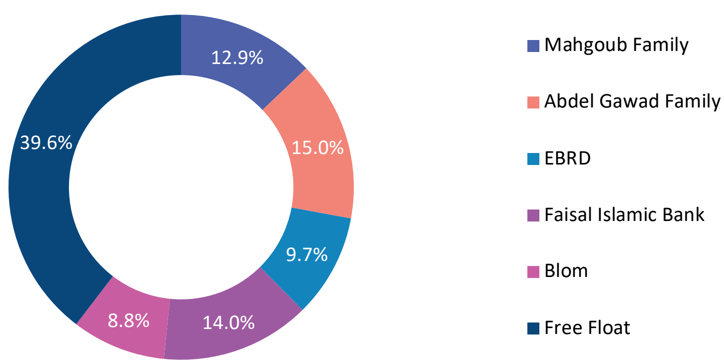
Shareholding Structure



Forward-Looking Statements

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", "anticipates", "assumes", "believes", "could", "estimates", "expects", "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 our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause our 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 our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.