

Ibnsina Pharma Releases 9M24 Consolidated Results

Ibnsina Pharma continues to lead drug distribution market in Egypt across all segments; Strong operational performance leading to 61% and 134% growth in net revenues and net profit respectively.

9M24 Highlights

Market Share

EGP 29.8%

+6% market share gain y-o-y

Gross Revenues

EGP 39.8 BN

+62.7% y-o-y

Gross Profit

EGP 3 BN

+61.9% y-o-y

EBITDA

EGP 1.7BN

+73.1% y-o-y

Net Profit

EGP 406.5 MN

+133.6% y-o-y

Cash Conversion Cycle

-0.48 Days

Debt Ratio

18.5%

Vs 25.4% in 9M23

Cairo, 7 November 2024

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for period ended 30 September 2024, net revenue recorded EGP 38.4 billion for the period up 61.3% Y-on-Y.

Gross profit came in at EGP 3 billion, up by 61.9% Y-on-Y and yielding a gross profit margin of 7.8%.

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 nine months of 2024**
- **Ibnsina Pharma recorded EGP 38.4 bn net revenues in 9M24 and YTD market share of 29.8%**
- **Clear Economies of scale benefits where Net Profit growth exceeded EBITDA and Revenues growth.**
- **SG&A margin recorded 3% in 9M2024 Vs 3.4% in 9M2023**
- **Positive Cash Flow from Operation of EGP 174 million Vs negative EGP 410 million in 9M23**
- **Debt ratio recorded 18.5% as of 9M24 Vs 25.4% as of 9M23 as growth is spontaneously financed.**
- **Net profit came in at EGP 406.5 million in 9M24, up 133.6% year-on-year**

Despite the devaluation effect and the associated inflation that reached 26.4% in September 2024 which impacted most of cost elements (consumables, packing, prints); Ibnsina Pharma adopted conservative policies to control OPEX growth driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints. EBITDA increased by 73.1% Y-on-Y to EGP 1.7 bn during 9M24 with an EBITDA margin closing at 4.5%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 406.5 million for 9M24 an increase of 133.6% Y-on-Y.

Summary Income Statement

EGP MN	9M23	9M24	Change	3Q23	3Q24	Change
Net Revenue	23,805,209,037	38,401,630,346	61.3%	9,108,172,349	15,588,139,766	71.1%
Gross Profit	1,856,902,822	3,006,183,373	61.9%	673,489,396	1,193,921,042	77.3%
GP Margin	7.8%	7.8%	0.4%	7.4%	7.7%	
OPEX	802,429,318	1,153,327,950	43.7%	287,133,128	425,055,489	48.0%
OPEX / Sales	3.4 %	3.0 %		3.2 %	2.7 %	
EBITDA	993,578,597	1,719,980,986	73.1%	365,380,655	704,018,553	92.7%
EBITDA Margin	4.2%	4.5%	7.3%	4.0%	4.5%	
Net Profit	174,037,209	406,513,389	133.6%	42,033,862	184,916,770	339.9%
NP Margin	0.7%	1.1%		0.5%	1.2%	

Comments from our Co-CEOs

Ibnsina Pharma achieved its strongest quarter in the company's history, recording unprecedented net profit of EGP 185 million. This remarkable performance underscores the company's strategic growth strategy and operational efficiency, positioning itself as Egypt's largest pharmaceutical distributor. With these record-breaking results, Ibnsina Pharma demonstrates robust financial health and a commitment to expanding its market presence and value for shareholders. ISP continues to lead the drug distribution scene in Egypt in the first nine 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, paves the way to record a new record in term of revenues and profitability by year end. Total market share recorded 29.8 % as ibnsina Pharma continues to expand its market share in different sectors.

The third quarter witnessed the acceleration of pharmaceutical products' re-pricing by the Egyptian Drug Authority to help pharma companies to absorb pressures coming from the interest rate rise, exchange rate devaluation and the associated inflationary pressures in order to ensure drugs availability. The effect of re-pricing is expected to be reflected in the market gradually.

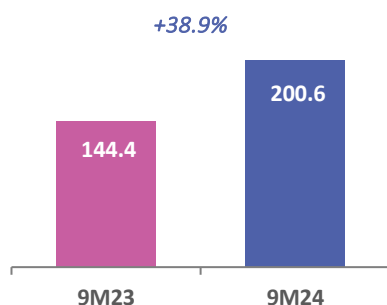
Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are lower than 9M23 as we succeeded in financing most of our growth by spontaneous financing. We succeeded also in controlling our cash conversion cycle to reach (0.48) days. We continue to adopt some initiatives to achieve these objectives including focusing on cash sales segments, decreasing cash discounts, focusing on imported items, extend payments terms 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 further improvement will be shown on profitability levels.

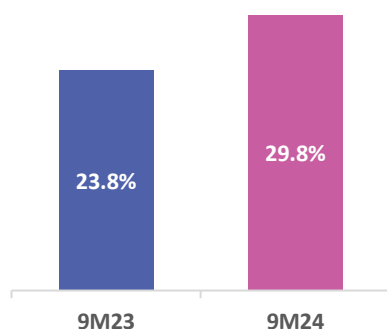
Our cosmetics segments (such as hair care, diapers, personal care, etc.) continues to expand by adding new international and local suppliers. Revenues from non-pharma products recorded EGP 2.1 billion in 9M24, showing a growth of 155% compared to the same period last year. Our competitive advantage, 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

Additionally, medical promotion segments continue its strong performance. 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.

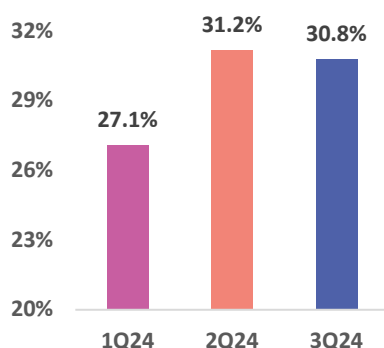
Total Market Growth (EGP bn)



ISP Market Share



ISP Market Share



Market Overview

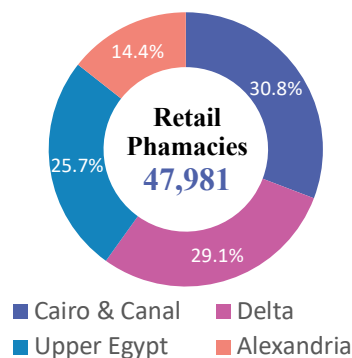
According to IQVIA Egypt's total market registered sales of EGP 200.6 billion in 9M24. Sales were up by 38.9%. Sales growth was driven by increases in the average selling price (ASP).

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 FY2024. 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.

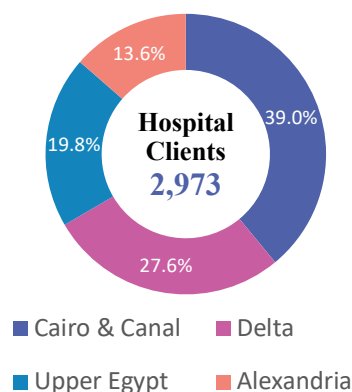
Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first nine months of 2024 in total market and both retail and non-retail segments according to the latest data available from IQVIA. ISP total market share recorded 29.8% in 9M24 vs 23.8% in 9M23 a 6% market share gain 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 strong double-digit growth in FY2024 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.

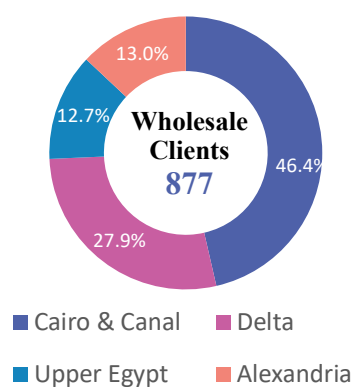
Retail Pharmacies by Geography (9M 2024)



Hospital Clients by Geography (9M 2024)



Wholesale Clients by Geography (9M 2024)



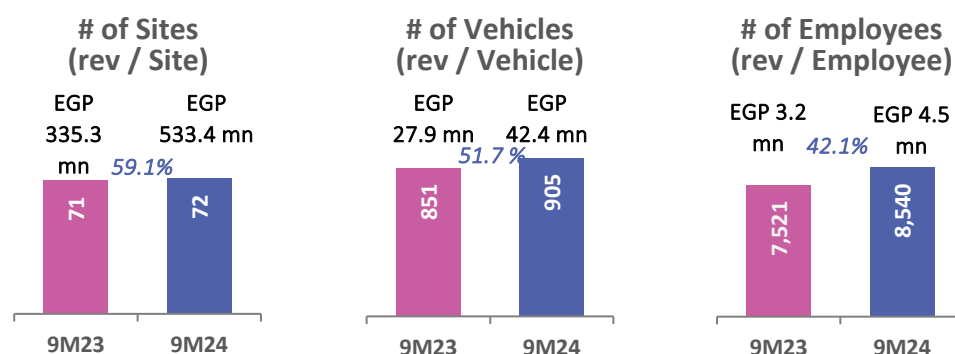
Operational Review

Ibnsina Pharma served 51,831 clients in different segments during 9M24 where 31.5% of Ibnsina Pharma's client base was located in Cairo and Canal Zone, Egypt's most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 29.0% and 25.2% 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.

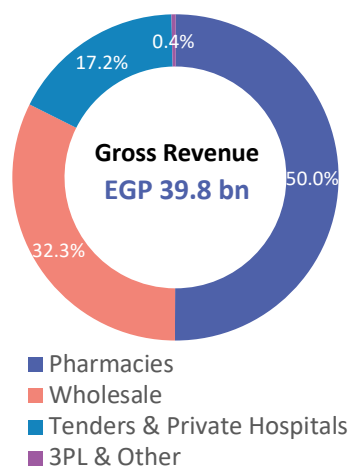
Ibnsina Pharma operated 72 sites as of 9M24, Revenue per site increased by 59.1% year-on-year to record EGP 533.4 million.

The number of vehicles in Ibnsina Pharma's delivery fleet stood at 905 vehicles at the close of 9M24 Vs 851 vehicles one year previously. Revenues per vehicle increased by 51.7% year-on-year to reach EGP 42.4 million in 9M24.

Revenue per employee increased by 42.1% during the period, addition of 1,019 personnel mainly to support the operational growth in ibnsina pharma and our early-stage businesses.

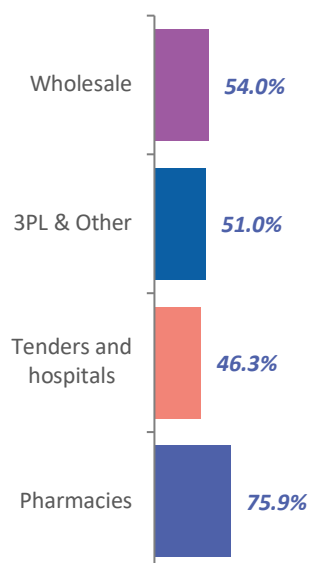


Revenue* by Business Line (9M24)

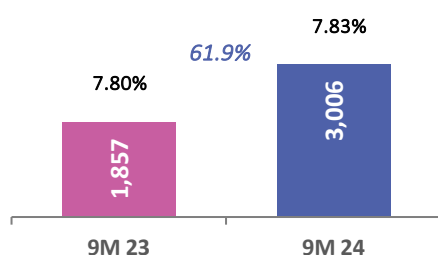


* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (9M24)



Gross Profit Progression (EGP MN, % margin)

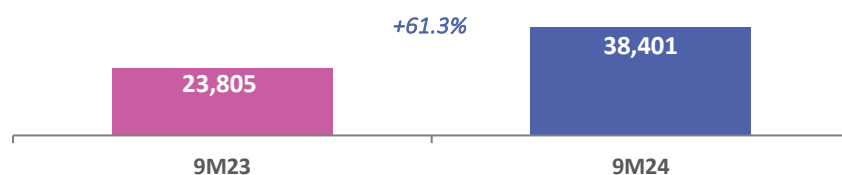


Financial Performance

Revenues

9M24 saw Ibnsina Pharma's gross revenues climb by 62.7% year-on-year to register EGP 39.8 billion. The company's core retail business with pharmacies increased by 75.9% year-on-year to book EGP 19.9 billion for 9M24. Retail sales generated 50% of the company's overall top line during 9M24 vs 46.2% one year previously. The company's wholesale segment expanded by 54% year-on-year to book revenues of EGP 12.9 billion for 9M24, contributing 32.3% of total revenues for the period against 34.1% for 9M23. Meanwhile, revenues from tenders and private hospitals expanded by 46.3% year-on-year to book EGP 6.9 billion in 9M24.

Net Revenue Progression (EGP BN)



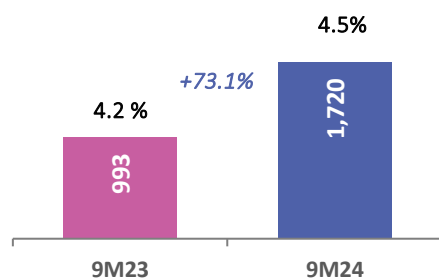
Gross Profit

Ibnsina Pharma booked a gross profit of EGP 3 billion for 9M24, an increase of 61.9% from the EGP 1.8 billion recorded in 9M23. The gross profit margin recorded 7.83% compared to 7.80% one year previously as Ibnsina 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.

OPEX

Despite the devaluation effect and the associated inflation that reached 26.4% in September 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. SG&A margin recorded 3% in 9M2024 Vs 3.4% in 9M2023. The company registered EGP 1,153 million in operational expenses (OPEX) for 9M24, up from the EGP 802 million booked in 9M23.

EBITDA Progression (EGP MN, % margin)



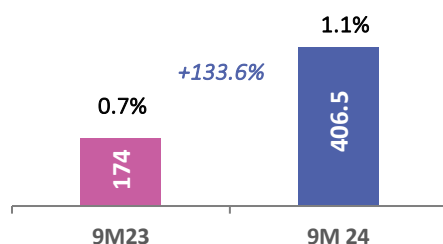
EBITDA

EBITDA booked EGP 1.7 billion in 9M24, an increase of 73.1% from the EGP 993.5 million recorded in 9M23. Ibnsina Pharma saw its EBITDA margin increased to reach 4.5% in 9M24 from 4.2% recorded in 9M23. 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 1.2 billion for 9M24, up 63.9% year-on-year from the EGP 733.8 million recorded in 9M23. By September 2024, interest rates reached 28.25% compared to 20.25% in September 2023. Although Ibnsina Pharma recorded 62.7% revenue growth in 9M24, debt levels decreased as we financed most of our growth through spontaneous financing.

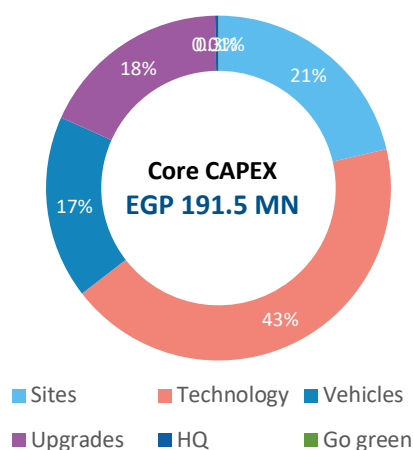
Net Profit Progression (EGP MN, % margin)



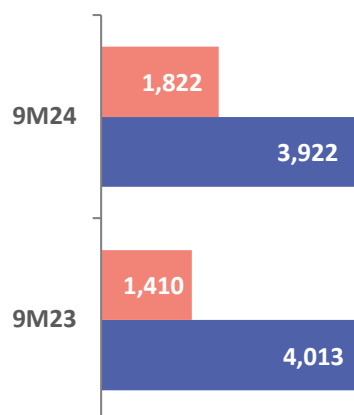
Net Profit

Net profit came in at EGP 406.5 million in 9M24, up by 133.6% year-on-year from the EGP 174 million posted in 9M23. The period saw Ibnsina Pharma's net profit margin at 1.1% compared to 0.7% booked in 9M23.

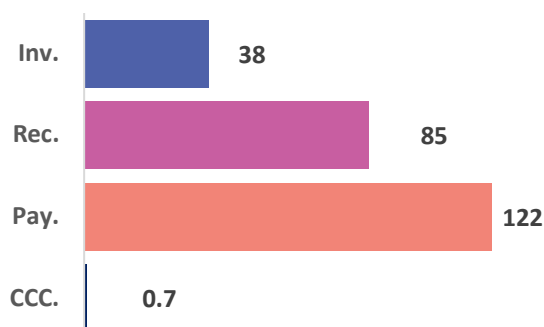
CAPEX Breakdown (9M 2024)



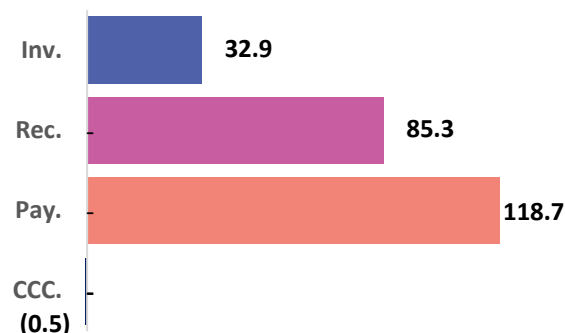
Net Debt Equity



Cash Conversion Cycle 9M 2023



Cash Conversion Cycle 9M 2024



Key Balance Sheet Items

CAPEX

Ibnsina Pharma recorded core business CAPEX outlays of EGP 191.5 million in 9M24 against the EGP 192.4 million committed one year previously. Investments during the period included EGP 40.8 million on distribution centers and sales offices to enhance customer accessibility. EGP 34.4 million, allocated to upgrades, while EGP 32.9 million was allocated to vehicles. Construction at Ibnsina Pharma's headquarters was allocated EGP 0.5 million during 9M24. Ibnsina Pharma allocated EGP 82.6 million in CAPEX to technology projects as the company continued to implement its plans for technology investment. The core 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 (0.48) days from 0.72 days in 9M23. Receivable DOH recorded 85.3 days in 9M24 same level as in 9M23. Inventory DOH recorded 32.9 days in 9M24 down from 37.5 days in 9M23 while Payables DOH recorded 118.7 days in 9M24 compared to 122.5 in 9M23 reflecting the shortage of medicine in the market.

Net Debt

Ibnsina Pharma booked total net debt of EGP 3.9 billion as of 9M24 compared to a 4 billion in 9M23 a 91 million decrease in debt level despite 61.3% growth in revenues as a part of debt optimization strategy which rely on spontaneous financing. Net debt to equity recorded 2.8x in 9M24 compared to 2.9x in 9M23.

Debt ratio recorded 18.5% as of 9M24 Vs 25.4% as of 9M23 as growth is spontaneously financed.

Cash Flow from Operation

Ibnsina Pharma recorded positive cash flow from operation of EGP 174 million vs negative EGP 410 million in 9M23 as the company focus on cash sales segments and extending payments terms from suppliers.

Income Statement

<i>In EGP</i>	9M23	9M24	YoY %
Gross Revenue	24,484,071,923	39,829,295,137	62.7%
Net Revenue	23,805,209,037	38,401,630,346	61.3%
Cost Of Revenue	(21,948,306,215)	(35,395,446,973)	61.3%
Gross Profit	1,856,902,822	3,006,183,373	61.9%
<i>Gross Profit Margin</i>	<i>7.8%</i>	<i>7.8%</i>	
Selling, General & Administrative	(802,429,318)	(1,153,327,950)	43.7%
Expected Credit losses	(60,894,907)	(117,874,437)	93.6%
Formation of expected claims provisions		(15,000,000)	
EBITDA	993,578,597	1,719,980,986	73.1%
<i>EBITDA Margin</i>	<i>4.2%</i>	<i>4.5%</i>	
Depreciation & Amortization	(139,620,877)	(192,815,591)	38.1%
EBIT	853,957,720	1,527,165,395	78.8%
<i>EBIT Margin</i>	<i>3.6%</i>	<i>4.0%</i>	
Financing Expenses	(733,820,498)	(1,202,507,030)	63.9%
Credit interests	66,469,206	70,022,303	5.3%
FOREX Gain (Loss)	32,739,558	52,919,545	61.6%
Other Revenues	4,977,646	6,271,448	26.0%
Losses from investment in associate		(292,615)	
EBT	224,323,632	453,579,046	102.2%
<i>EBT Margin</i>	<i>0.9%</i>	<i>1.2%</i>	
Deferred income taxes	17,898,194	48,470,156	170.8%
Current Income Taxes	(68,572,885)	(95,535,816)	39.3%
Net Profit	173,648,941	406,513,386	134.1%
Non-Controlling Share	(388,268)	(3)	(100.0 %)
Parent Company Net income	174,037,209	406,513,389	133.6%
<i>Net Profit Margin</i>	<i>0.7%</i>	<i>1.1%</i>	

Balance Sheet

In EGP	FY 2023	9M 24
<u>Non- Current assets</u>		
Fixed Assets (net)	1,061,746,170	1,042,809,929
Projects Under Construction	427,510,272	206,028,561
Intangible assets (net)	219,017,302	214,951,694
Right of use assets (net)	695,052,758	1,305,535,930
Notes receivable - Long term	78,932,234	52,607,393
Deferred Taxes assets	114,398,274	162,868,428
Investment In Associate	15,918,463	16,036,017
Total Non-Current Assets	2,612,575,473	3,000,837,952
<u>Current assets</u>		
Inventory	3,194,808,025	6,300,525,027
Accounts and Notes receivable (net)	9,743,889,331	14,397,132,721
Suppliers advance payments	328,105,821	330,598,631
Debtors & Other Debit Balance (net)	767,821,328	967,189,919
Due from Related Parties	10,540	10,540
Cash on hand and at banks	1,130,726,519	914,941,404
Assets Held for Sale	771,873,889	249,298,055
Total Current Assets	15,937,235,453	23,159,696,297
Total Assets	18,549,810,926	26,160,534,249
<u>Shareholders' equity</u>		
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	1,375,694,173
Holding Shareholders' Equity	1,449,119,641	1,822,759,663
Non-controlling	158	344
Total Shareholders' Equity	1,449,119,799	1,822,760,007
<u>Non-Current liabilities</u>		
Loans - long term	363,816,582	85,918,742
Lease liabilities - Long term	620,416,926	1,122,784,835
Notes Payable - Long term	192,200,504	
Total Long-term Liabilities	1,176,434,012	1,208,703,577
<u>Current liabilities</u>		
Credit Facilities	3,165,450,940	3,010,107,937
Short Term loans and Current Portion of Long Term Loan	475,877,345	406,331,421
Suppliers and Notes Payable (net)	11,858,321,994	19,060,419,128
Creditors & Other Credit Balances	206,855,072	305,798,931
Customers Advance Payments	13,048,790	23,968,143
Income Tax Payments	79,906,663	88,335,812
Current Portion of lease liabilities	117,939,365	212,252,347
Expected claims provisions	6,856,946	21,856,946
Total Current Liabilities	15,924,257,115	23,129,070,665
Total Liabilities & Shareholders' Equity	18,549,810,926	26,160,534,249

Cash Flow

<i>In EGP</i>	9M23	9M24
Cash flow from operating activities:		
Net profit for the year before tax and non-controlling interests	224,323,632	453,579,046
Adjustments for:		
Depreciation of fixed assets	84,392,701	100,050,227
Amortization of intangible assets	4,627,748	17,523,960
Depreciation of Right of use assets	50,600,428	75,241,407
Expected credit losses	60,894,907	117,874,437
Capital (gain)	(387,401)	(407,534)
sale assets held for sale (Gain)	(1,230,027)	
Financing Expenses	733,820,498	1,202,507,030
Losses from investment in associate		292,615
Formation of expected claims provisions		15,000,000
Operating profit before changes in working capital	1,157,042,486	1,981,661,188
Changes in working capital:		
Change in inventory	(1,751,610,741)	(3,105,717,002)
Change in accounts and notes receivable	(3,494,431,184)	(4,744,792,986)
Change in supplier advances payment	(32,719,700)	(2,492,810)
Change in debtors and other debt balances	(266,312,639)	(318,704,462)
Change in suppliers and notes payable	4,588,085,428	7,279,869,456
Change in customer advance payments	5,523,610	10,919,353
Change in due from related parties	72,023	
Change in due to related parties	136,592	
Change in creditors and other credit balances	74,574,876	91,279,486
Cash flow from operating activities	280,360,751	1,192,022,223
(Paid) from financing Expenses	(690,085,575)	(1,017,788,151)
Used from Provisions	(318,769)	
Net cash flow from operating activities	(410,043,593)	174,234,072
Cash flow from investment activities:		
(Payments) to acquire fixed assets and projects under construction	(310,875,434)	(133,450,052)
(Payments) to acquire intangible assets	(3,927,428)	(13,458,352)
(Payments) to acquire assets held for sale		(1,976,106)
Proceeds from sale of assets held for sale	47,032,476	
Proceeds from sale of fixed assets and intangible assets	1,217,811	2,221,974
Net cash flow from investment activities	(266,552,575)	(146,662,536)
Cash flow from financing activities:		
Dividends paid	(22,938,409)	(25,618,972)
Payment from short- and long-term loans	(194,239,591)	(347,443,764)
(Payments) Proceeds from credit facilities	980,372,476	(155,343,003)
Increase in "financing" lease liability	148,870,666	554,708,312
(Paid) for lease liabilities	(52,337,260)	(269,659,224)
Net cash flow from financing activities	859,727,882	(243,356,651)

Net change in cash and cash equivalents during the period	183,131,714	(215,785,115)
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	724,342,209	914,941,404

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 905 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 8,000 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:

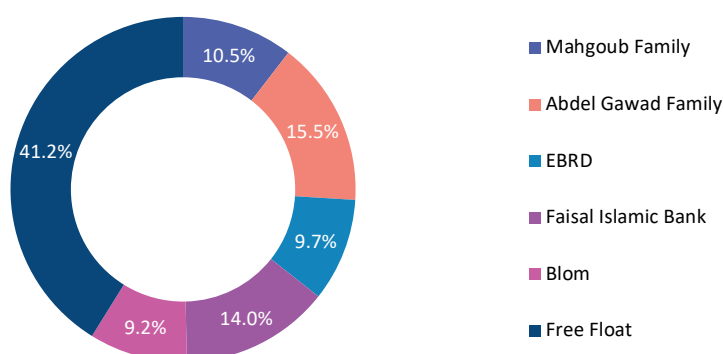
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Shareholding Structure



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.