

Ibnsina Pharma Releases 1Q21 Results

Ibnsina Pharma opens 2021 with solid revenue growth of 7.1% year-on-year; market recovery continues to gain steam as Ibnsina fully overcomes effects of Pharmacists Syndicate boycott.

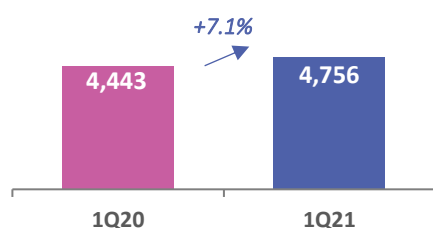
Cairo, 31 May 2021

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's fastest-growing and second-largest pharmaceutical distributor, released today its audited results for the three-month period ended 31 March 2021. Net revenue recorded EGP 4.8 billion for the quarter, up by 7.1% year-on-year as growth in Egypt's pharmaceuticals market continues to recover from the COVID-related disruptions. Gross profit came in at EGP 372.8 million, up by 8.1% year-on-year and yielding a gross profit margin of 7.84% against the 7.76% recorded one year previously. Gross profitability grew strongly during the period despite an increase in the share of consolidated revenues generated by the company's wholesale segment, where customers receive cash discounts with customers in exchange for cash payments.

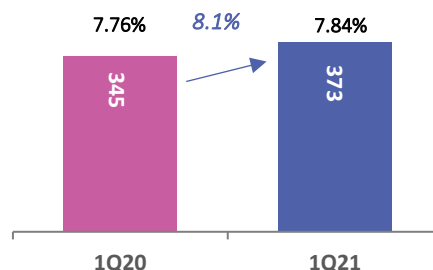
"Ibnsina Pharma welcomes the new year with optimism and in a position of strength," said **Omar Abdel Gawwad, Co-CEO of Ibnsina Pharma**. "Egypt's pharmaceutical market has had a promising start to 2021, a fact borne out by Ibnsina's solid top-line performance in 1Q2021. The company's total retail sales grew by 6.6% between 1Q2020 and 1Q2021, with the overall retail market growing by 5.6% over the same period. It is worth noting that, as at 1Q2020, the market had not yet felt the operational disruptions associated with COVID-19 and attendant mobility restrictions and supply difficulties. Moreover, the seasonal nature of our market means that the first quarter of the year is typically the weakest in terms of performance. Taken together, these facts indicate that Ibnsina Pharma has fully overcome the effects of its dispute with Egypt's Pharmacists' Syndicate over the company's 3elagi Tech application, which came to a head during the final quarter of 2020. The company's customers are transacting with Ibnsina Pharma on entirely regular terms, and our base of retail partners continues to expand."

EBITDA rose by 6.4% year-on-year to EGP 181.1 million during 1Q21, reflecting the success of initiatives to control operational expenses. The company's EBITDA margin was steady over the period, closing at 3.81%. Meanwhile, Ibnsina Pharma recorded a net profit of EGP 50.4 million in the first quarter of 2021, an increase of 0.2% year-on-year. Relatively muted bottom-line growth came as OPEX growth outpaced Ibnsina Pharma's top-line expansion for the period. Seasonal factors mean that this relationship is expected to reverse over the coming quarters as the company successfully leverages economies of scale to spread fixed operational and administrative costs over its wide revenue base. Net profit was further affected by the implementation of IFRS 16 accounting standards during the period. IFRS 16 mandates a new treatment of lease assets and liabilities, producing a net negative effect on the bottom line

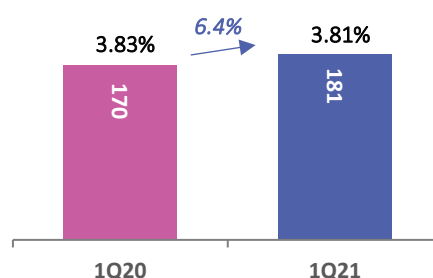
Net Revenue Progression
(EGP mn)



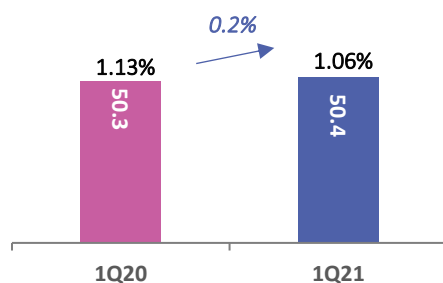
Gross Profit Progression
(EGP mn, % margin)



EBITDA Progression
(EGP mn, % margin)



Net Profit Progression
(EGP mn, % margin)



amounting to EGP 1.2 million in 1Q2021. The company's net profit margin stood at 1.06% in 1Q21 against the 1.13% booked for 1Q20.

"The first quarter has set Ibnsina Pharma on a path to even stronger growth over the remainder of 2021," **continued Omar**. "Growth in Egypt's retail pharma market is expected to accelerate over the coming quarters, with year-on-year growth anticipated to reach a particularly rapid rate in 2Q2021 as a result of favorable base effects: COVID-related market disruptions were most heavily felt during the second quarter of 2020. Heading into 2Q2021 and the second half of the year, we anticipate an increase in Ibnsina Pharma's top-line growth rate which will bring it into line with previous guidance, helped by the company's ability to leverage economies of scale across its operations. Meanwhile, retail market growth is expected to approach a rate of 10%, up from the relatively sluggish pace of 5% registered in 2020."

"Our priority at Ibnsina Pharma is to ensure that the company leverages all possible avenues for rapid yet profitable growth," **said Mahmoud Abdel Gawwad, Co-CEO of Ibnsina Pharma**. "Our five-year revenue CAGR continues to significantly outpace that of the wider market, and we are working to guarantee that this impressive record is maintained alongside healthy margins. Ibnsina Pharma's gross profit margin booked 7.84% in 1Q2021, up from 7.76% one year previously and in line with previously issued guidance. Further down the income statement, the company's net profit rose by 600 basis points year-on-year during 1Q2021, yielding a stable margin. Relatively muted bottom-line growth for the quarter came as OPEX growth outpaced Ibnsina Pharma's top-line expansion for the period. Seasonal factors mean that this relationship is expected to reverse over the coming quarters as the company successfully leverages economies of scale to spread fixed operational and administrative costs over its wide revenue base. Net profit was further affected by the implementation of IFRS 16 accounting standards during the period. IFRS 16 mandates a new treatment of lease assets and liabilities, producing a net negative effect on the bottom line amounting to EGP 1.2 million in 1Q2021."

"In the near term, we are working to engender margin-boosting efficiencies through a variety of cost-based measures. As previously announced, the company aims to keep OPEX growth at a maximum level of 10% year-on-year for FY2021, down from the rate of 21% booked for FY2020. We expect the effects of this measure to become progressively more evident in our financial performance over the course of the year. Meanwhile, we have introduced several initiatives that will keep SG&A costs under closer control moving forward, and have put a freeze on new recruitment for 2021."

"Looking at the longer term, we are making progress on our comprehensive network optimization plan. The company is committing EGP 140 million in new investment for the year to introduce its new

generation of tiered warehouses. A projected four mini-centers and three regional facilities will further enhance Ibnsina Pharma's competitive advantage by rationalizing the company's supply chain costs. On the digital front, we remain committed to introducing meaningful innovations across each link in the pharmaceutical value chain," **Mahmoud concluded.**

Ibnsina Pharma's audited financial statements and full earnings release are available for download at ir.ibnsina-pharma.com

About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is Egypt's fastest-growing and second largest pharmaceutical distribution company. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 46,000 customers including pharmacies, hospitals, retail outlets and wholesalers. Its fleet of around 750 vehicles completes an average of over 890,000 deliveries each month.

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 across 62 sites in 23 cities nationwide, Ibnsina Pharma's team of more than 6,00 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.

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Shareholding Structure

(Post IPO and Capital Increase)

