



Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E

EARNINGS RELEASE 1H22

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. reports solid EBITDA growth of 69% y-o-y in 1H22, delivering bottom line expansion of more than 2-fold and generating healthy operating cash flows during the period.

1H22 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	EBITDA	Net Income After Minority
EGP 711.5 million ▲ 32% y-o-y	EGP 344.7 million (48% margin) ▲ 41% y-o-y	EGP 209.4 million (29% margin) ▲ 69% y-o-y	EGP 124.2 million (17% margin) ▲ 101% y-o-y
Core Net Income ¹	Net Debt	Average Unit Price	Units Sold
EGP 126.5 million ▲ 103% y-o-y	EGP 369.9 ▲ 2.6% YTD	EGP 37.8 (IMS Health) ▲ 2.4% y-o-y	34.8 million (excludes toll volume) ▲ 36% y-o-y

August 15th, 2022 | Cairo, Egypt

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. (the "Company", and, together with its consolidated subsidiaries, "Rameda" or the "Group"), RMDA.CA on the EGX, a leading Egyptian pharmaceutical company, announces today its consolidated results for the first half of 2022.

Financial & Operational Highlights

- **Revenues** increased by 32.3% y-o-y to EGP 711.5 million in 1H22 driven by strong revenues generated by the Group's core products as well as its recent launches and acquisitions. Key contributors to growth included core products, namely Colona and Rametax, as well as newer additions to the Group's product portfolio, including Augram and Vaxato.
- **COGS** grew by 24.7% y-o-y in 1H22, however, COGS as a percentage of revenue declined by 3.1 percentage points due to a decline in raw materials costs as a percentage of revenue driven by a significant decrease in the sale of antivirals, which was associated with relatively high raw material costs, coupled with the Group's successful cost optimization efforts during the period.
- **Gross profit** increased by 41.5% y-o-y to EGP 344.7 million in 1H22 and yielded a GPM of 48.5%, a y-o-y increase of 3.1 percentage points driven by the reduction in the cost of raw materials as a percentage of revenue.
- **EBITDA¹** grew by 69.2% to EGP 209.4 million and yielded an EBITDA margin expansion of 6.4 percentage points y-o-y to 29.4% in 1H22 driven by a 3.1 percentage point decline in SG&A expenses as a percentage of revenue due to economies of scale.
- **Net Income after minority interest** increased by 101.1% to EGP 124.2 million and yielded an NPM increase of 6.0 percentage points y-o-y to 17.5% in 1H22 on the back of growing operating profitability.
- **Core Net Income**, calculated as net income before minority interest adjusted for FX gains/losses, non-cash share-based expenses (ESOP), and provisions, recorded an increase of 103.5% y-o-y to EGP 126.5 million and yielded a y-o-y margin increase of 6.2 percentage points to 17.8% in 1H22.
- **EPS²** increased 101.1% y-o-y to EGP 0.127 in 1H22.

¹ Net income before minority interest adjusted for FX gains/losses, non-cash share-based expenses (ESOP), and provisions

² EPS before dividend distribution



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Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

I am pleased to report that we concluded the first half of the year on a strong note as we delivered double-digit growth at Rameda's top and bottom lines while booking margin expansions across the board. Our performance for the period not only reflects the strength of our management and our robust operational capacities but also our ability to leverage a deep understanding of the Egyptian market, as well as the markets we export to, in order to identify attractive opportunities that allow us to generate solid results.

We successfully grew our top line by 32% year-on-year in 1H22, with stellar revenues generated from our core products as well as our recent additions to the Group's product portfolio. Colona maintained its position as the Group's top-seller for the second quarter in a row. Further, products from our antibiotic lines, namely, Rametax and Ramceftrax, were among the top 5-selling products during the period, with revenues from each up by 131% and 73% respectively in 1H22, due in part to the successful release of a new concentration under the former. Recent acquisitions have also borne fruit; 3 of our recently acquired products, Augram, Recoxibright and Vaxato, were among our top ten selling products in 1H22, collectively contributing 19.9% to total revenues. Regarding our most recent acquisitions, I am especially pleased with the performance of Vaxato, which contributed 4.1% and 16.6% to Group revenues and its absolute growth respectively during the same period. We believe that these results speak for themselves as a clear reflection of Rameda's ability to bring successful products to market.

Moreover, on the portfolio expansion front, I am pleased to announce that we completed 2 molecule acquisitions in 2Q22, bringing the total number of newly added products to 4 in 1H22. The acquisitions align with our unwavering focus on portfolio expansion through the purchase of existing products with an established market presence, the penetration of large and fast-growing areas in chronic indications, and the enhancement of our operating margins through the acquisition of profitable molecules. On this front, we acquired Apixaban, an anticoagulant sold under the name "Artixiban" in May 2022 which, according to IQVIA, saw its sales grow at a 2018-21 CAGR of 87%. More recently in June 2022, we acquired an anticonvulsant sold under the name "Lacovimp", which is primarily used to treat partial-onset seizures. Growing at a 2019-21 sales CAGR of 226% according to IQVIA, Lacovimp is the fastest-growing product within the local market for its corresponding API, far exceeding the 54% 2019-21 CAGR increase in overall market sales for the molecule during the same period. Both products are available in two concentrations. I would also like to highlight that the period saw us launch Selestoc, a nutraceutical and immunity booster, and Molnupiravir Rameda, the third addition to our antiviral portfolio.

I am optimistic about our performance for the second half of 2022, and confident that we can carry our strong momentum throughout the coming months to deliver consistent growth as we have done time and time again in the face of external challenges. We look forward to leveraging our team's deep market insight and technical know-how to expand our product offering, while reaping the benefits from our recently enhanced and optimized portfolio, to generate both short and long-term growth for Rameda.



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Mahmoud Fayek, Chief Financial Officer

Despite a turbulent period driven by global supply chain disruptions, the recent currency devaluation and ongoing inflationary pressures, Rameda delivered solid growth in 1H22 on the back of our continuously expanding portfolio of products across an array of high-growth therapeutic areas and an ongoing portfolio optimization strategy skewed towards higher margin products.

Top line growth of 32% year-on-year to record EGP 711.5 mn in 1H22 was driven by strong performance across our verticals, all of which saw revenues grow by the high double-digits during the period. Private sales growth of 36% year-on-year in 1H22 came on the back of solid growth and recovery of our core products, coupled with the success of our recent new launches and acquisitions; Products launched and acquired since 2012 contributed 25% and 41% respectively to the Group's overall revenues during the period. Further, a ramp-up in sales to our largest export market, Iraq, saw export revenues grow by 22% year-on-year in 1H22 despite the absence of antiviral sales during the period, which represented a significant portion of exports in the comparable period, demonstrating Rameda's ability to continue to grow and adapt to everchanging conditions. Moreover, an expanding toll client base saw toll sales grow by 52% year-on-year. While we have shifted our focus away from our tenders vertical, revenues from the segment grew by 15% year-on-year during the same period with better overall margins in line with our strategy.

A key focus during the year has been on enhancing our operating margins. The significant decline in the sale of antivirals, associated with relatively high raw material costs, coupled with the addition of products associated with higher margins to the Group's portfolio, saw Rameda's GPM grow by 3.1 percentage points year-on-year in 1H22. Further margin growth on the EBITDA level of 6.4 percentage points was driven by declining selling, general and administrative expenses as a percentage of revenues by 3.1 percentage points year-on-year to 23.4%. Another key focus for us is cashflow generation, where for the second year in a row we were able to generate gross cashflows from operations north of EGP 200m during the first half of the year.

Looking ahead, we anticipate private sales, toll sales and exports to continue driving top line growth during the second half of the year as we continue to reap the benefits of our recent launches and acquisitions. Based on its stellar performance over the last 6 months, we believe that Rameda is uniquely positioned to maintain its superior growth trajectory allowing us to meet our guidance for the year against tough market conditions and conclude the year on even stronger footing.

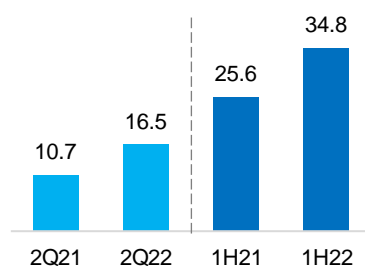


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Financial & Operational Performance

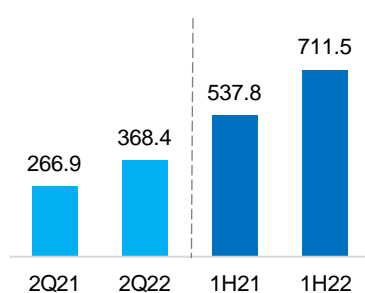
Volume Progression

(excludes toll sales)
(mn units)

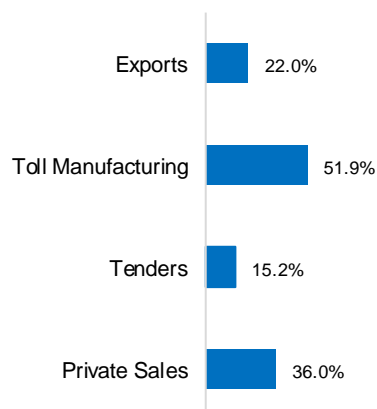


Revenue Progression

(EGP mn)



1H22 Revenue Growth Rates by Business Line



Volumes

Total volumes (excluding toll manufacturing) grew by 36.3% y-o-y to 34.8 million units, driven by growth across all four verticals in 1H22. Growth was primarily driven by the Group's private sales – which now leads the pack at a 58% contribution – as well as growing export volumes due to trade recovery. Parallel to this, tender volumes increased by 1.7% y-o-y, with its contribution to overall volumes down by 11 percent, in line with the Group's strategy to participate in tenders that generate solid profitability levels.

At Rameda's toll manufacturing vertical, volumes increased by more than two-fold in 1H22. This was driven by the securing of accretive contracts, which saw increased utilization of the Group's liquid and penicillin lines in addition to its lyophilized production capabilities.

In 2Q22, volumes (excluding toll manufacturing) grew by 54.1% y-o-y to 16.5 million units.

Revenues

Consolidated revenues grew by 32.3% to EGP 711.5 million in 1H22 driven by strong growth among the Group's core products as well as its recent launches. The Group's top-performing products included Colona, Rametax, and Protofix, which was complemented by robust revenues generated Recoxibright and Vaxato, Rameda's largest acquisitions to date.

Revenues by Business Line

Revenue Analysis	1H21	1H22	% YoY
Private Sales			
Volumes Sold ('000)	13,527	20,069	48.4%
Sales (EGP mn)	364.3	495.4	36.0%
Tenders			
Volumes Sold ('000)	11,101	11,292	1.7%
Sales (EGP mn)	91.7	105.7	15.2%
Exports			
Volumes Sold ('000)	922	3,459	275.0%
Sales (EGP mn)	45.7	55.8	22.0%
Volume (excluding toll) ('000)	25,551	34,819	36.3%
Revenue (excluding toll) (EGP mn)	501.8	656.8	30.9%
Toll Manufacturing			
Volumes Sold ('000)	14,202	29,818	110.0%
Sales (EGP mn)	36.0	54.7	51.9%
Total Revenue (EGP mn)	537.8	711.5	32.3%

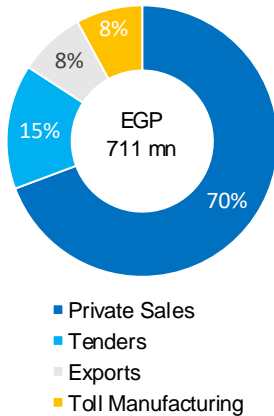


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EARNINGS RELEASE 1H22

1H22 Sales Contribution by Vertical



Private Sales

Rameda sells its products to domestic distributors who then distribute the products to pharmacies throughout Egypt. Products sold by the private sales segment include pharmaceuticals, nutraceuticals, and food supplements. The primary sales strategy in this field is largely prescription-based, whereby marketing representatives engage with physicians to create demand for the Group's products.

Volumes from private sales increased by 48.4% y-o-y to 20.1 million units in 1H22 primarily on the back of solid growth of a number of Rameda's top-selling products, coupled with the general post COVID-19 recovery in Egypt's pharmaceutical retail segment during the period. Consequently, private sales revenues increased by 36.0% y-o-y to EGP 495.4 million and contributed 70% of Rameda's consolidated revenues and 75% of revenue growth in 1H22.

Tenders

Rameda also engages in institutional sales by selling its products through tender processes through the Egyptian Authority for Unified Medical Procurement (UMPA) to government-owned institutions such as the Ministry of Health and public hospitals. Rameda focuses on participating in selective tender contracts that ensure certain profitability levels in line with its strategy.

Volumes sold from tenders grew by 1.7% y-o-y to 11.3 million units in 1H22. Contribution of tenders to total volumes (excluding toll sales) declined 9 percentage points y-o-y, which is in line with management's strategy to reduce the segment's contribution to its top line due to its lower relative profitability, driven by strong price competition within the sales channel, and ultimately enhance profitability on the gross level. The segment came in second in terms of its contribution to the Group's total revenues at 15% in 1H22, generating EGP 105.7 million in sales during the period, up 15.2% y-o-y.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 69% of total export sales were sold in Iraq during 1H22, with 25% sold in Yemen, and 4% in Libya. The remaining 3% of exports were sold in Saudi Arabia and South Sudan for the period.

Rameda's export volume increased by 275.0% y-o-y to 3.5 million units in 1H22 driven by strong sales to Rameda's largest export market, Iraq, coupled with a low base effect associated with high prices of COVID-19 antivirals exports in 1H21. Overall, improved global market conditions compared to 1H21 reflected positively on export revenues in 1H22, which increased by 22.0% y-o-y to EGP 55.8 million, contributing 8% to the Group's revenues for the period.

Rameda is looking forward to further expanding its footprint both regionally and globally and is currently completing the registration process to export its products to select GCC and Eastern European markets.

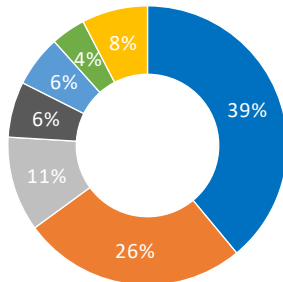


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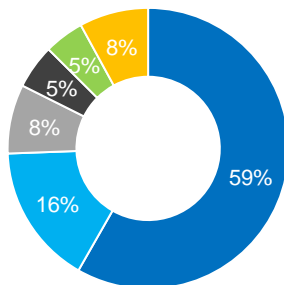
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1H22 Sales Contribution by Therapeutic Area



- Systemic anti-infectives
- Alimentary tract and metabolism
- Musculo-Skeletal System
- Blood and blood-forming organs
- Genitourinary system and sex hormones
- Antiviral Therapy
- Others

1H22 Cost of Revenues Breakdown



- Raw materials
- Salaries & social insurance
- Depreciation & amortisation
- Utilities
- Spare parts & materials
- Other

Toll Manufacturing

To monetise its excess production capacity and dilute the Group's existing fixed overheads, Rameda selectively engages in toll manufacturing arrangements. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies, which has in turn enabled Rameda to benefit from enhanced brand equity and acts as a testament to the quality and the standards of Rameda's production facilities.

Toll manufacturing volumes grew more than two-fold year-on-year to 29.8 million units in 1H22, driven by the securing of accretive contracts, which saw significantly increased utilization of the Group's liquid and penicillin lines in addition to its lyophilized production capabilities. Consequently, the toll manufacturing segment generated EGP 54.7 million in revenues, reflecting a strong 51.9% y-o-y increase in 1H22 and contributing 8% of total revenues during the period.

Revenue by Therapeutic Area³

Systemic anti-infectives (excluding antivirals) continued to lead the pack in terms of revenue contribution, at 39% in 1H22, driven by sales of Rametax and Ramceftrax, followed by alimentary tract & metabolism which contributed 26% on the back of strong sales of Colona, which became the top contributor to the Group's top line during the same period. Musculoskeletal system accounted for 11% of revenues, while genitourinary system & sex hormones and blood and blood forming organs each contributed 6% during the same period. It is also important to note that the contribution of antivirals declined by 11.2 percentage points y-o-y to 4% in 1H22.

Cost of Revenues

Cost of revenues comprises raw materials, employee salaries and social insurance, depreciation and amortisation, utilities charges, spare parts & materials and other operating expenses (including inventory impairments).

Rameda's cost of revenues grew by 24.7% y-o-y to EGP 366.8 million, with COGS as a percentage of revenue down by 3.1 percentage points y-o-y primarily due to a 1.9 percentage point decline in raw materials costs as a percentage of revenue, and further helped by decreasing salaries and other operating expenses as a percentage of revenues.

Gross Profit

Rameda's gross profit increased by 41.5% to EGP 344.7 million and yielded a GPM of 48.5%, reflecting a year-on-year margin increase of 3.1 percentage points in 1H22. Healthy expansion in GPM was driven by a 1.9 percentage point year-on-year decline in the cost of raw materials as a percentage of revenue during the period as GPM returned to normalized levels, with strong demand of antivirals in 1H21 inflating the cost of sales during the period due to its relatively higher associated raw material costs.

³ Contributions here are calculated on revenues before toll manufacturing revenue, discounts & incentives and sales returns

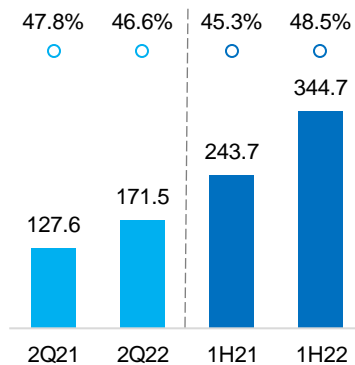


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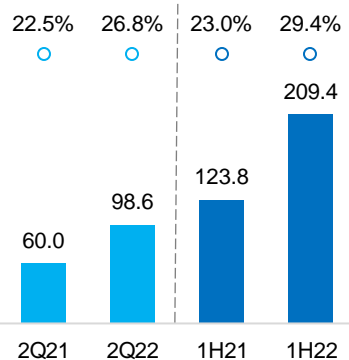
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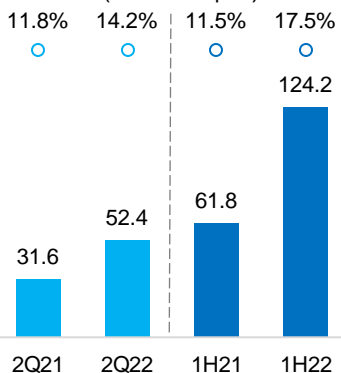
Gross Profit and Margin Progression
(EGP mn | %)



EBITDA and Margin Progression
(EGP mn | %)



Net Income and Margin Progression
(EGP mn | %)



Selling and Marketing Expenses

Selling and marketing expenses principally comprise salaries, social insurance & other fringe benefits associated with the Group's sales and marketing function, advertising & marketing expenses, rent, and depreciation.

Selling and marketing expenses increased by 16.5% y-o-y to EGP 135.6 million in 1H22 driven by a 24.6% y-o-y increase in advertising and marketing expenses during the period to support the Group's recent launches. However, as a percentage of revenues, selling and marketing expenses fell from 21.6% to 19.1% during the same period on the back of Rameda's cost optimization efforts and operating leverage.

General and Administrative Expenses

General and administrative expenses mainly comprise salaries, social insurance & other fringe benefits not directly attributable to the production, sales or marketing of the Group's products.

The Group recorded an increase of 18.0% y-o-y in general and administrative expenses to EGP 31.0 million in 1H22. The increase was driven primarily by a 13.8% y-o-y increase in salaries and social insurance, the Group's largest cost component of G&A expenses. As a percentage of revenue, general and administrative expenses fell to 4.4% in 1H22 compared to 4.9% during the same period last year driven by economies of scale.

EBITDA

EBITDA is defined as earnings before finance expenses (including bank charges), income taxes, depreciation and amortisation, impairment of trade and notes receivable, provisions for expected claims and universal healthcare tax. Reported EBITDA will no longer be adjusted for the write-down/reversal of inventories.

The Group's EBITDA grew by 69.2% y-o-y to EGP 209.4 million in 1H22 and yielded an EBITDA margin expansion of 6.4 percentage points year-on-year to 29.4% during the same period. Strong EBITDA margin expansion was mainly driven by increasing gross profitability, coupled with a 3.1 percentage point decline in SG&A expenses as a percentage of revenue during the period.

Net Income

Net profit after minority interest grew by 101.1% y-o-y to EGP 124.2 million, yielding an NPM of 17.5%, up 6.0 percentage points y-o-y in 1H22. Expansion in NPM was driven by growing operating profitability coupled with decreasing interest expenses during the period.

Core Net Income, calculated as net income before minority interest adjusted for FX gains/losses, non-cash share-based expenses (ESOP), and provisions, recorded an increase of 103.5% y-o-y to EGP 126.5 million, yielding a 6.2 percentage point margin expansion to 17.8% in 1H22.

In 2Q22, core net income grew by 85.3% y-o-y to EGP 59.7 million, representing a core net income margin of 16.2% during the period.



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Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded net operating cashflows of EGP 127.7 million in 1H22, down 6% y-o-y due to increasing receivables and inventories compared to 1H21, which saw inventories decline year-on-year for the period despite an overall decline in the cash conversion cycle in 1H22.

Net debt stood at EGP 369.9 million as of 30 June 2022, representing an increase of 2.6% YTD, driven by a 4.7% YTD decline in cash and bank balances during the period.

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About Rameda

Established in 1986, Rameda (RMDA.CA on EGX) is a leading Egyptian pharmaceutical company led by a team of professionals with extensive multinational experience. The company develops and produces a wide range of branded generic pharmaceuticals, nutraceuticals, food supplements and veterinary products. Rameda combines global standards with local insights and a customer-centric approach. It has developed a broad portfolio of products across multiple therapeutic areas, by successfully leveraging its strong product portfolio with its accretive product acquisitions to become one of the fastest-growing pharmaceutical players in Egypt. The company produces its wide range of dosage forms at its three manufacturing facilities located at the industrial complex in Cairo's Sixth of October Industrial Zone.

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 that 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



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in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its 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.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.