

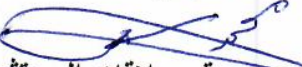
السادة / قطاع الإفصاح و الحوكمة
البورصة المصرية

تحية طيبة وبعد،،،

مرفق لسيادتكم تصريح صحفي بخصوص نتائج الاعمال عن الفترة المالية المنتهية في ٢٠٢٢/٩/٣٠

،،، و تفضلوا بقبول فائق الاحترام ،،،

محمد شوقي



مدير الاتصالات المؤسسية وعلاقات المستثمرين



تحريرا في: ٢٠٢٢/١١/١٣

Ibnsina Pharma Releases 9M22 Consolidated Results

Inflation and interest rate continue to pressure margins; we remain confident in our ability to navigate short-term challenges and lower our debt levels.

Cairo, 13 November 2022

9M22 Highlights

Net Revenues
EGP 15.8 BN
 +0.4% y-o-y

Gross Profit
EGP 1.198 BN
 -4.9% y-o-y

EBITDA
EGP 495.1 MN
 -20% y-o-y

Net Profit
EGP 119.6 MN
 -50.6% y-o-y

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 nine-month period ended 30 September 2022. Net revenue recorded EGP 15.8 billion for the period up by 0.4% year-on-year as ibnsina pharma adopted a number of initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients.

Gross profit came in at EGP 1.20 billion, down by 4.9% year-on-year and yielding a gross profit margin of 7.6% against 8% one year previously. Gross profit margin decreased was affected by EGP 54 million (0.34% decrease in margin) related to our subsidiaries' operating cost that was recorded in 9M2021 as OPEX.

Despite the devaluation effect and the associated inflation that reached 15% by September 2022 which impacted most of cost elements (consumables, packing, prints,); ibnsina pharma adopt conservative policies that kept OPEX growth at minimal level of 4.6% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

EBITDA declined by 20% year-on-year to EGP 495.1 million during 9M22. The company's EBITDA margin declined closing at 3.1%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 119.6 million in the first 9 months of 2022, declined 50.6% year-on-year. The company's net profit margin declined to 0.76% in 9M22 against the 1.54% booked for 9M21.

Summary Income Statement

EGP MN	9M21	9M22	Change
Net Revenue	15,752,303,651	15,811,409,445	0.4%
Gross Profit	1,258,837,358	1,197,523,719	(4.9 %)
Gross Profit Margin	8.0%	7.6%	
OPEX	620,274,473	649,062,065	4.6%
OPEX / Sales	3.9 %	4.1 %	
EBITDA	618,443,969	495,059,359	(20.0 %)
EBITDA Margin	3.9%	3.1%	
Net Profit after minority	242,189,134	119,597,315	(50.6 %)
NP Margin	1.54%	0.76%	

Comments from our Co-CEOs

“Another challenging quarter with more pressures from interest rate increase of 3% since the beginning of the year, exchange rate devaluation and the associated inflationary and supply chain pressures affecting our margins” **said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.**

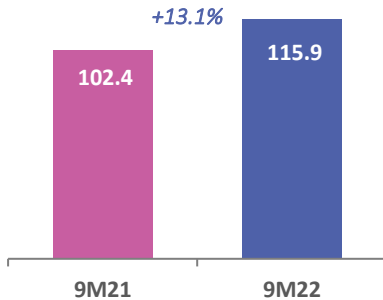
“As we announced in H1 , we adopted a number of initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients and getting collaterals from others. We opted not to run after market share by increasing cash discount and extending payment terms to customers as other struggling competitors do on the expense of their profitability and solvency. Cash conversion cycle continue to be a major focus for us, we succeeded in extending payment terms from our suppliers while focusing on cash sales segments, decreasing cash discounts, focusing on imported items with zero cash discounts. Cash outflows includes also funds used in executing the BOD decision to buy treasury shares up to 10% of the company’s capital which we executed the majority of it.” **said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.**

“On the investment side; El Shorouk Hospital opening is on track according to schedule which is expected to be before year end. Our subsidiary “Ramp Logistics” which we established to provide 3PL services in different business sectors, succeeded in adding 19k pallet position for non-pharma warehousing as planned to cater for high demand for organized dry warehousing from FMCG and E-commerce companies. Also, a new subsidiary, "Ibnsina trade" was established by AIM our investment arm to capture growth opportunities in medical promotion outsourcing, pharmaceuticals exports, non-food FMCG products distribution.” **Added Omar.**

“Our Financial stability induced more pharma suppliers to sign distribution and importation agreements with Ibnsina Pharma to join our portfolio as Omron Healthcare with other suppliers on the pipeline. Growth, Optimization, Digitalization and Investment continue to be are our strategic priorities which will give Ibnsina Pharma the opportunity in 2023 and beyond for margins enhancement” **said Mahmoud Abdel Gawad, Co-CEO of Ibnsina Pharma. “**

Market Overview

**Total Market Growth
(EGP bn)**



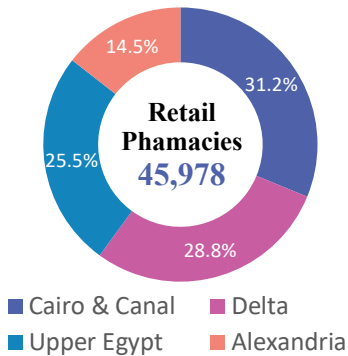
According to IQVIA Egypt’s total market registered sales of EGP 115.9 billion during 9M2022. Sales were up by 13.1%. Sales growth was mainly driven by increases in the average selling price (ASP).

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 continuous recovery higher than the rate achieved in FY2021. Such expectations are supported by the anticipated re-pricing of pharmaceutical products. The Egyptian drug Authority have requested pharma manufacturers to submit their requests for re-pricing in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

Expectations of double-digit growth in FY2022 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. Rising at an annual rate of c.2%, Egypt’s population has surpassed the 100-million mark. 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. Ibnsina Pharma is fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years.

Operational Review

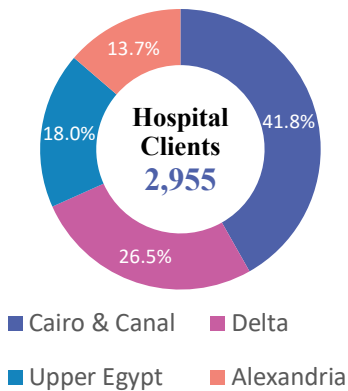
Retail Pharmacies by Geography (9M2022)



Ibnsina Pharma serviced 49,801 clients during 9M22. 31.2% of Ibnsina Pharma’s retail 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 28.8% and 25.5% of clients, respectively. Clients in Egypt’s second-largest city, Alexandria, constituted 14.5% 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 65 sites as of 9M22, up from 64 one year previously. Revenue per site slightly decreased by 1.17% year-on-year to record EGP 243.3 million for 9M22 as revenues grew only 0.4% due to the adopted initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients.

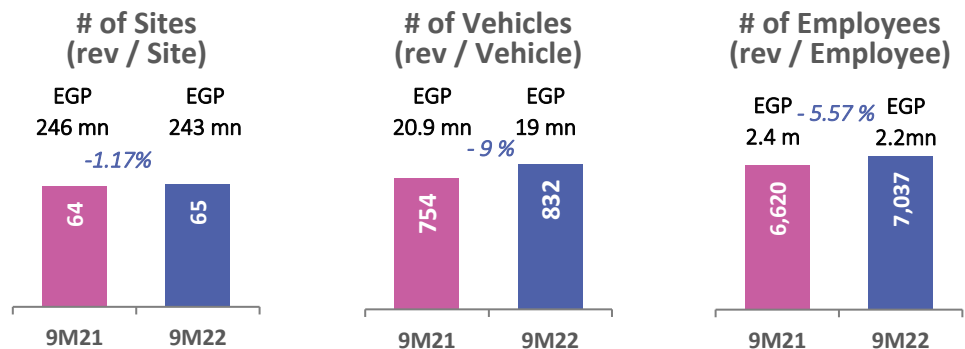
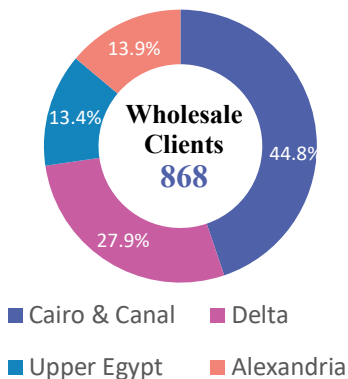
Hospital Clients by Geography (9M2022)



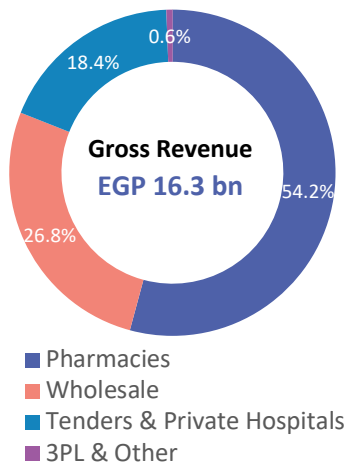
The same thing for the number of vehicles in Ibnsina Pharma’s delivery fleet which stood at 832 vehicles at the close of 9M22, up from 754 vehicles one year previously. The company’s investment optimization plan in core business through the introduction of new generation of regional warehouses (which will replace some of the existing branches) needed addition to the fleet. Revenues per vehicle decreased by 9% year-on-to reach EGP 19 million in 9M22.

Revenue per employee decreased by 5.57% only during the period due to the addition of 417 personnel mainly in subsidiaries (El Shorouk Hospital, Ramp logistics and Digi360).

Wholesale Clients by Geography (9M2022)

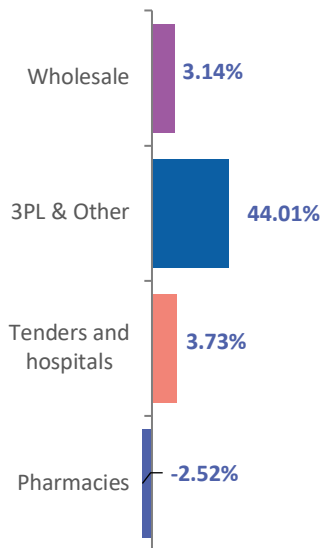


Revenue* by Business Line (9M22)



* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (9M2022)

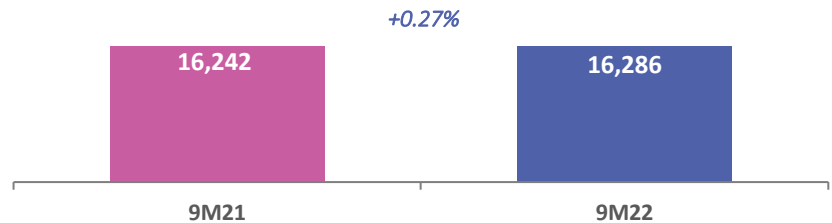


Financial Performance

Revenues

9M22 saw Ibnsina Pharma’s gross revenues climb by 0.27% year-on-year to register EGP 16.286 billion. The company’s core retail business with pharmacies declined by 2.5% year-on-year to book EGP 8.83 billion for 9M22. Retail sales generated 54.2% of the company’s overall top line during 9M22, down from 55.7% one year previously, reflecting the adopted initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients. The company’s wholesale segment expanded by 3.1% year-on-year to book revenues of EGP 4.36 billion for 9M22, contributing 26.8% of total revenues for the period against 26.0% for 9M21. Meanwhile, revenues from tenders and private hospitals expanded by 3.7% year-on-year to book EGP 2.99 billion in 9M22.

Gross Revenue Progression (EGP BN)



Gross Profit

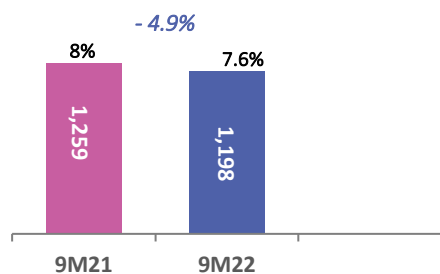
Ibnsina Pharma booked a gross profit of EGP 1,198 billion for 9M22, an decrease of 4.9% from the EGP 1,259 billion recorded in 9M21. The gross profit margin recorded 7.57% over the same period. Gross profit margin decreased by 0.34% as COGS reported increased by EGP 54 million related to our subsidiaries’ operating cost that was recorded in 9M2021 as OPEX expense.

OPEX

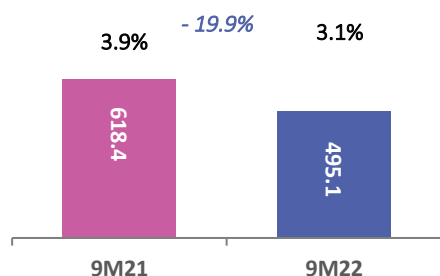
Despite the devaluation effect and the associated inflation that reached 15% by September 2022 which impacted most of cost elements (consumables, packing, prints,); management adopt conservative policies that kept OPEX growth at minimal level of 4.64% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 649.1 million in operational expenses OPEX for 9M22, up by 4.64 % year-on-year from the EGP 620.3 million booked in 9M21.

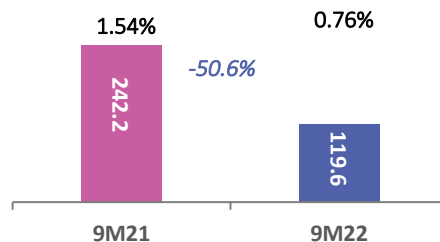
**Gross Profit Progression
(EGP mn, % margin)**



**EBITDA Progression
(EGP mn, % margin)**



**Net Profit Progression
(EGP mn, % margin)**



EBITDA

EBITDA booked EGP 495.1million in 9M22, a decrease of 19.95% from the EGP 618.4 million recorded in 9M21. EBITDA figure reflects the relatively slow growth of OPEX in 9M2022. Ibnsina Pharma saw its EBITDA margin decline to reach 3.1% in 9M22 as sales grew only 0.4%.

Depreciation & Amortization

Depreciation & amortization expense registered EGP 141.1 million in 9M22, up by 6.93% from the EGP 131.9 million booked for 9M21, driven largely by the adoption of IFRS 16 accounting standards. IFRS 16 requires lessees to recognize assets and liabilities for all high-value leases, with consequent effects for depreciation expense.

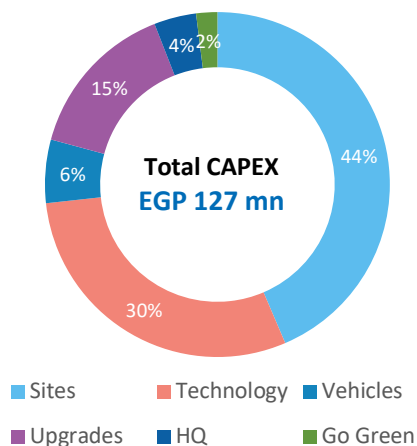
Net Interest Expense

Net Interest expense booked EGP 206.3 million for 9M22, up 15.9% year-on-year from the EGP 177.9 million recorded in 9M21. Interest expenses as a percentage of sales recorded 1.30% compared to 1.13% in 9M21 as interest rate increased 3% since the beginning of the year.

Net Profit

Net profit came in at EGP 119.6 million in 9M22, down by 50.6% year-on-year from the EGP 242.2 million posted in 9M21. The period saw Ibnsina Pharma's net profit margin declining to 0.76% in 9M22 from 1.54% in 9M21.

**CAPEX Breakdown
(9M2022)**



Key Balance Sheet Items

CAPEX

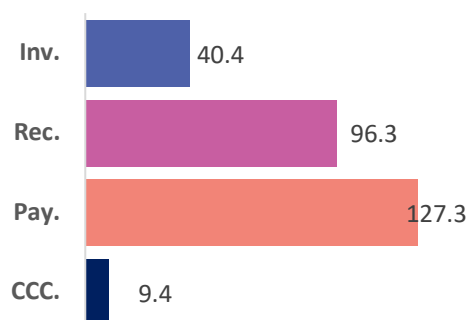
Ibnsina Pharma made core business CAPEX outlays of EGP 126.7 million in 9M22 against the EGP 117.7 million committed one year previously. Investments during the period included EGP 55.5 million on distribution centers and sales offices to enhance customer accessibility. EGP 18.8 million, allocated to upgrades, while EGP 7.5 million was allocated to vehicles. Construction at Ibnsina Pharma’s headquarters was allocated EGP 5.3 million during 9M22. Ibnsina Pharma allocated EGP 37.8 million in CAPEX to technology projects as the company continued to implement its plans for technology investment. Investment in solar panels reached EGP 1.9 million.

The company has revised core business CAPEX budget in line with a newly introduced network optimization plan, which will see the company launch differentiated tiers of warehouses with varied functions and storage capacities, including mini distribution centers and regional facilities. The regional warehouses will be constructed and financed by a third party, reducing the initial investment requirement and easing Ibnsina Pharma’s leverage burden.

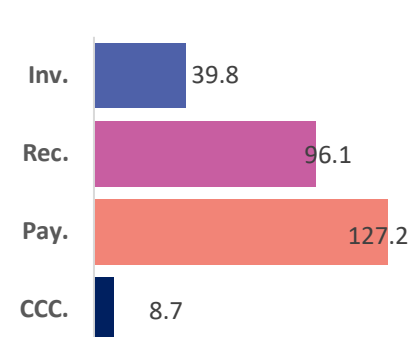
Working Capital

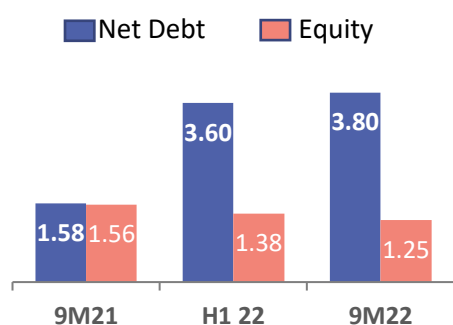
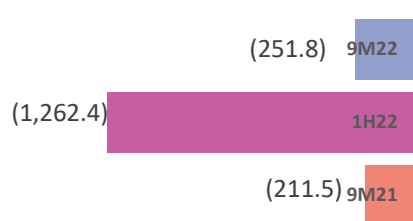
Ibnsina Pharma’s cash conversion cycle fell to 8.7 days in 9M22 compared to 9.4 days in 1H22. Receivable DOH recorded 96.1 days in 9M22 approximately same level in 1H2022 driven by enhanced collection periods across the segments and settlement of receivables. Inventory DOH recorded 39.8 days in 9M22 against 40.4 days in 1H21 with an expected improvement by year end. Payables DOH recorded 127.2 days during the period with further enhancement by year end from extending payment period from suppliers.

Cash Conversion Cycle 1H2022



Cash Conversion Cycle 9M2022



Cash Flow from Operations

Cash Flow from Operations

Cash flow from operations recorded a significant improvement in 9M22 to record EGP (251.8) million compared to EGP (1,262) million in 1H22 an improvement by around EGP 1 billion driven by extending credit period from suppliers, better cash collection while reducing credit period and credit limits to some clients.

Net Debt

Ibnsina Pharma booked total net debt of EGP 3.8 billion as of 30 September 2022 compared to a 3.6 billion as of 30 June 2022. Starting 2022, ISP equity balance was affected by 3 factors: implementation of IFRS 9 (Expected credit loss) by EGP 262 million, dividend distribution EGP 125 million, treasury stocks bought worth of EGP 150 million and EGP 32 million related to anti-trust case.

On the other hand, net debt level increased by EGP 1.4 billion as a result of investment in core and related diversification businesses by EGP 383 million, decrease in discounting lines by EGP 820 million in addition to treasury stock purchase which affected liquidity. It's worth mentioning that Ibnsina Pharma's outstanding debt was affected by the restrictions imposed on discounting the receivables of SME's who don't prepare full financial statements which is the case of retail pharmacies. Therefore, ibnsina pharma had to switch part of working capital financing from discounting the retail pharmacies' receivable (off-balance sheet item) to direct financing using overdraft (on balance sheet).

Ibnsina Pharma expected a decrease in debt level around EGP 900 million by year end to register EGP 2.7 billion.

RECENT CORPORATE DEVELOPMENTS

Ibnsina Pharma and OMRON Healthcare sign an importation & distribution agreement in Egypt

Ibnsina Pharma signed an importation and distribution agreement with OMRON Healthcare in Egypt. Ibnsina Pharma will be the primary distributor for Omron Healthcare devices in pharmacies and medical shops. OMRON Healthcare is a global leader in health monitoring and therapy.

This strategic partnership will allow Ibnsina Pharma to strengthen its product offering to include home blood pressure monitors and other health care products. Signing a partnership agreement with OMRON Healthcare is a testament that ibnsina Pharma is the distributor of choice, and also a testament of the success of ISP business model, which provides our partners with distribution, importation, storage and value-added marketing services.

“AIM” Ibnsina Pharma’s investment arm establishes "Ibnsina Trade"

AIM Ibnsina Pharma’s investment arm established a new subsidiary, "Ibnsina Trade" to capture growth opportunities in medical promotion outsourcing, pharmaceuticals exports, non-food FMCG products distribution.

Dr. Rabeea Marzouk will lead Ibnsina Trade after 20 years leading Ibnsina Pharma's sales department. Rabeea has combined entrepreneurial drive with strategic sales vision to achieve the company's targeted growth, market share, and profitability objectives

Income Statement

<i>In EGP</i>	9M21	9M22	YoY %
Gross Revenue	16,242,407,719	16,286,415,966	0.27%
Net Revenue	15,752,303,651	15,811,409,445	0.38%
Cost Of Revenue	(14,493,466,293)	(14,613,885,726)	0.83%
Gross Profit	1,258,837,358	1,197,523,719	(4.87 %)
Gross Profit Margin	7.99%	7.57%	
Selling, General & Administrative	(620,274,473)	(649,062,065)	4.64%
AR Provision	(20,118,916)	(53,402,295)	165%
EBITDA	618,443,969	495,059,359	(19.95 %)
EBITDA Margin	3.93%	3.13%	
Depreciation & Amortization	(131,952,520)	(141,096,698)	6.93%
EBIT	486,491,449	353,962,661	(27.24 %)
EBIT Margin	3.09%	2.24%	
Financial Expenses	(216,850,578)	(321,694,094)	48%
Credit interest from clients	39,740,771	105,734,326	166%
FOREX Gain (Loss)	(834,808)	9,697,052	-1262%
Other Expenses	(861,767)	(2,239,014)	160%
Other Income	6,704,396	3,847,243	-43%
EBT	314,389,463	149,308,174	(52.51 %)
EBT Margin	2.00%	0.94%	
Deferred Tax	6,457,922	17,271,033	167%
Income Tax	(78,899,255)	(48,174,779)	-39%
Net Profit	241,948,130	118,404,428	(51.06 %)
Minority interest	(241,004)	(1,192,887)	395%
Parent Company Net income	242,189,134	119,597,315	(50.62 %)
Net Profit Margin	1.54%	0.76%	
EPS	0.15	0.10	

Balance Sheet

In EGP	FY2021	9M2022
<u>Non- Current assets</u>		
Property & Equipment, net	952,742,885	895,350,866
Projects Under Construction	242,878,391	1,000,477,269
Intangible Assets	15,301,126	25,560,864
Leased Assets net	272,149,720	285,170,274
Long Term NR	63,915,554	66,410,312
Deferred Income Taxes	59,391,830	77,949,386
Total Non-Current Assets	1,606,379,506	2,350,918,971
<u>Current assets</u>		
Inventories	2,358,840,726	2,536,121,832
Trade & Notes receivable, net	5,743,455,064	5,376,597,825
Supplier Advances	107,520,365	170,588,949
Debtors & Other Debit Balance, net	761,315,608	645,875,711
Cash & Cash Equivalent	468,543,798	475,822,580
Assets Held for Sale	238,406,449	798,870,118
Total Current Assets	9,678,082,010	10,003,877,015
Total Assets	11,284,461,516	12,354,795,986
<u>Shareholders' equity</u>		
Paid-In Capital	240,000,000	279,041,877
Share Premium	277,500,000	277,500,000
Legal Reserve	61,310,594	77,093,363
General Reserve	3,079,334	3,079,334
Retained Earnings	884,233,848	771,954,560
Treasury Stock	(14,399,112)	(150,266,752)
Treasury Stock - Loss/ gain		(12,949,932)
Holding Shareholders' Equity	1,451,724,665	1,245,452,450
Non-controlling	1,769,274	907,333
Total Shareholders' Equity	1,453,493,939	1,246,359,783
<u>Non-Current liabilities</u>		
Non-Current Portion of Medium-Term Loan	191,310,608	587,472,650
Non-Current Notes Payable	13,516,975	245,958,193
Non-Current Portion Of Obligation Under Finance Lease	224,801,898	281,204,863
Deferred tax		976,549
Total Long-term Liabilities	429,629,482	1,115,612,255
<u>Current liabilities</u>		
Credit Facilities	1,568,300,973	2,945,247,747
Current Portion of Medium-Term Loan	216,394,024	363,854,981
Trade and Notes Payable	7,091,976,222	6,421,180,481
Creditors & Other Credit Balances	254,334,570	103,294,067
Customers Advance Payments	8,149,270	5,431,316
Income Tax	59,552,005	48,174,776
Current Portion Of Obligation Under Finance Lease	71,197,841	102,896,768
Contingency Provision	131,433,192	2,743,812
Total Current Liabilities	9,401,338,097	9,992,823,948
Total Liabilities & Shareholders' Equity	11,284,461,516	12,354,795,986

Cash Flow

In EGP	9M2021	9M2022
Cash flow from operating activities:		
Net profit before tax	314,389,463	149,308,174
Adjustments for:		
Depreciation of fixed & intangible assets	90,002,116	89,826,400
Gain from valuation of investment	(596,614)	
Right of use Assets Depreciation	41,950,404	51,270,298
Gain from sales of investment	(135,823)	
Impairment of Accounts and notes receivable	20,118,916	53,402,295
Capital gain (loss) from sale of fixed assets	(3,888,253)	
Used from Provisions for claims		(689,379)
Credit/Debit interest	216,850,578	321,694,094
Operating profit before changes in working capital	678,690,787	664,811,882
Changes in working capital:		
Change in inventory	(414,352,439)	(187,393,146)
Change in trade receivables	(668,334,789)	308,244,373
Change in supplier advances	37,145,308	(63,068,584)
Change in debtors and other debt balances	(28,857,588)	(106,091,410)
Change in trade payables	533,779,553	(427,057,651)
Change in customer advance payments	(9,580,951)	(2,717,954)
Change in creditors and other credit balances	(8,094,185)	(151,049,790)
change in investment with fair value	(39,999,965)	
Cash flow from operating activities	80,395,731	35,677,720
Income taxes	(76,318,655)	-
Financing expense	(215,551,055)	(287,505,569)
Net cash flow from operating activities	(211,473,979)	(251,827,849)
Cash flow from investment activities:		
Payments for purchase of fixed assets and Projects under construction	(99,723,408)	(881,105,838)
Payments for purchase of other assets	(3,087,708)	(14,231,397)
Payment from sale of assets held for sale	-	(508,657,449)
Proceeds from sale of fixed assets	10,340,050	1,684,724
Proceeds from sale of assets held for sale	-	41,400,000
Net cash flow from investment activities	(92,471,066)	(1,360,909,960)
Cash flow from financing activities:		
Proceeds (Payments) of Loans	(143,680,949)	543,622,999
Proceeds from Overdraft facilities	618,108,506	1,342,758,249
Dividends paid	(14,586,419)	(140,400,000)
collected from treasury stock sales		491,055
Treasury Stock	(14,399,111)	(150,266,752)
Payment of lease liabilities	(38,828,228)	23,811,040

Net cash flow from financing activities	406,613,799	1,620,016,591
Net change in cash and cash equivalents during the period	102,668,754	7,278,782
Cash and cash equivalents at the beginning of the period	270,881,391	468,543,798
Cash and cash equivalents at the end of the period	373,550,145	475,822,580

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 49 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:

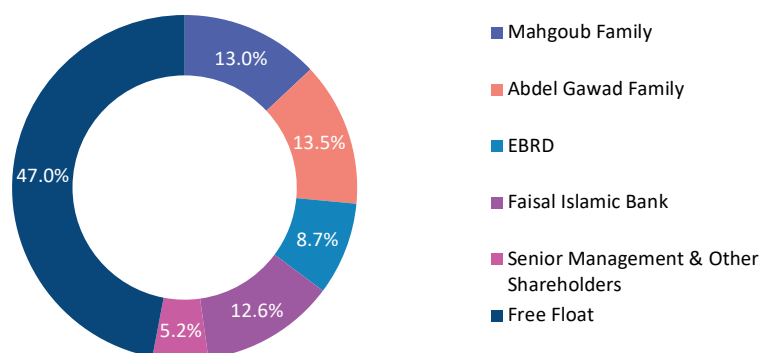
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Shareholding Structure



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.