

Ibnsina Pharma

Board Report for FY 2023

Exceptional revenue growth in FY 2023, where revenues exceeded the EGP 35 billion, mark Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in 2023 according to the latest data available from IQVIA. With EGP 2.5 billion Gross Profit and EGP 1.3 billion EBITDA, we are on the way to retrieve our previous profitability levels once interest rates start to decline.

Market share is not the only KPI that we focus on and it can't be targeted in isolation of profitability. Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are slightly higher than 2022 although we succeeded in increasing revenues by 53% as growth was primarily financed from spontaneous financing. We succeeded also in enhancing our cash conversion cycle to reach negative one day driven by better cash collection, extending payments from suppliers and better inventory management. 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 started to show again in our financials where EBITDA is growing faster Gross profit and net revenues. A high-interest rate environment hinders the translation of our growth into higher net profit levels, however; liquidation/operation of available assets for-sale, getting free finance from our suppliers and focusing on cash segments will partially mitigate the high finance cost effects.

Our Financial stability is encouraging more pharma suppliers to shift a large portion of their business to Ibnsina Pharma. We are investing in technology and infrastructure, allowing us to streamline our operations and improve efficiency, which will result in faster delivery times and better customer service. We take great pride in being recognized as the top pharmaceutical distributor in Egypt, and we are committed to maintain this

position by continuing to innovate, invest, and provide exceptional services.

We added 2 higher margin line of businesses to complement our main business; Cosmetics distribution and medical promotion.

Also, a new subsidiary, "Ibnsina trade" was established by AIM our investment arm to capture growth opportunities in pharmaceuticals exports. Ibnsina Trade established offices in some African countries as a ground to start operations.

Basic Data

<p>Company purpose</p>	<p>In accordance with the decision of the Extraordinary General Assembly held on 25/11/2021, Article 3 of the Company's Articles of Association was amended to become the purpose of the company as follows:</p> <p>Buying, selling wholesale, distribution, manufacturing, manufacturing with others, packaging, transporting, storing, importing, exporting, owning and carrying out commercial and scientific advertising, marketing offers, public supplies, electronic commerce and commercial agencies for all pharmaceutical, human, biological, veterinary and pharmaceutical products Chemicals, cosmetics, food, nutritional supplements, pesticides, disinfectants of all kinds, medical and compensatory devices, laboratory and hospital supplies, equipment, tools and materials for laboratory reagents, packaging and advertising materials, whether locally manufactured or imported, in addition to the skills of the aforementioned products seals, as well as training,</p>
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		<p>information supply, systems programs, consulting related to the aforementioned areas, rental and sale of administrative and storage spaces.</p> <p>It may have a business or participate in any way with companies that engage in business similar to its business or that may help it achieve its purpose in Egypt or abroad, and it may also merge into these companies or buy them or attach them to them, in accordance with the provisions of the law and its executive regulations.</p>	
Duration of the company	25 years	Date of listing on the ASE	8/11/2017
The law to which the company is subject	159 of 1981	Nominal value per share	Twenty-five piasters per share
Last Authorized Capital	Billion Egyptian pounds	Last issued capital	EGP 252 Millon
Last paid-in capital	EGP 252 Mmillion	Number and date of registration in the commercial register	The company was registered in the commercial register under No. 6384 dated 8/1/2001 Cairo Investment Commercial Registry Office and the registration was erased from the commercial register to change the company's

		headquarters from Cairo Governorate to Qalyubia Governorate The company was registered in the commercial register under No. 10724 dated 6/1/2004 Cairo Investment Commercial Registry Office.
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Auditor

Auditor Name	Issa Mohamed Al sayed Refay “ Khaled El Ghanam & Isan & Co
Date of Appointment	11/4/2022
Registration Number	192

Shareholders Structure

Shareholders owning 5% of more	Number of Shares	%
Faisal Islamic Bank of Egypt	140,981,127	12.588%
THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	97,577,790	8.712%
Omar Mohamed Abdel Gawad	56,032,063	5.003%

Board ownership

Name	Shares Owned		Representation *	Executive / Non-Executive
	Self-Representation	Legal Entity Representation		
Abdel Aziz Aly	1,521,499	-	Himself	Non-Executive
Mohsen Mohamed Mahgoub	25,154,798	-	Himself	Executive
Mahmoud Abdel Gawad	48,515,566	-	Himself	Executive
Omar Abdel Gawad	56,032,063	-	Himself	Executive
Empty Chair	-	140,981,127	Representing Faisal Islamic Bank of Egypt	Non-Executive
Rafaat Mokbel Hussein	-		Representing Faisal Islamic Bank of Egypt	Non-Executive
Mohamed Mohamed Mohsen Magmoub	21,239,247	-	Himself	Executive
Mohamed Abbas Mohamed Zaki	18,677,879	-	Himself	Executive
Ahmed abdel gawad	46,465,615	-	Himself	Non-Executive
Hoda Amin Wally	-	-	Herself	Independent
Ahmed Fathy El Nawawy	-	-	Himself	Independent

Board of Directors

Name	Title	Executive / Non-Executive	Representation
Abdel Aziz Aly	Chairman	Non-Executive	Himself
Mohsen Mohamed Mahgoub	Managing Director & Vice Chairman	Executive	Himself
Mahmoud Abdel Gawad	Co-CEO	Executive	Himself
Omar Abdel Gawad	Co-CEO	Executive	Himself
Empty Chair			Empty seat for faisal Islamic bank of egypt
Rafaat Mokbel Hussein	Non-Executive Director	Non-Executive	Representing Faisal Islamic Bank of Egypt
Mohamed Mohamed Mohsen Magmoub	Non-Executive Director	Non-Executive	Himself
Mohamed Abbas Mohamed Zaki	Non-Executive Director	Non-Executive	Himself
Ahmed Abdel Gawad	Non-Executive Director	Non-Executive	Himself
Hoda Amin Wally	Non-Executive Director	Independent	Herself
Ahmed Fathy El Nawawy	Non-Executive Director	Independent	Himself

The Board accepted the resignation of Mr.Hany Badr Hassanein on 22/5/2023

Board Meetings

The Board convened 6 time during 2023

Treasury Shares

The company cancelled all the treasury shares amounting to 112 million shares and reduced paid-in capital from EGP 280 million to EGP 252 million

Audit and Governance Committee

The Committee convenes at least quarterly and comprises six members, out of which, three are dependent non-executive members and three are independent non-executive members.

Roles and Responsibilities

- Reviews the company's internal controls procedures and ensures compliance;
- Examines accounting policies and changes resulting from applying new accounting standards;
- Analyses and reviews internal audit plan, its mechanism and procedures;
- Analyses and reviews drafting of periodic reports presented to the different managerial levels;
- Examines the methods followed in drafting and reviewing the following:
 - Routine and annual financial statements,
 - Releases of public and private offerings, and
 - Projected balance sheets, including cash flow and income statements.
- Examines initial financial information before presenting it to the board of directors and the financial auditor;
- Responsible for the appointment, compensation and oversight of the work of the auditor and matters related to resignation or dismissal in a manner that does not violate the provisions of the law;

- Assigns tasks to auditors other than reviews of financial statements and gives recommendations on fees in a fashion that safeguards their independence;
- Reviews the auditor's report and follows up on comments and remarks, and settles disputes between the management and the auditor;
- Ensures the submission of a report by an independent advisor on the nature of transactions and acquisitions executed with intended parties and the extent of its harm to the interest of the company or its shareholders;
- Ensures the application of the necessary controls to preserve the company's assets;
- Conducts periodic evaluation of administrative procedures to ensure compliance with the rules and regulations; and
- Prepares reports for the Board of Directors.

ISP created auditing processes that ensure internal compliance of all departments and operations with a mandate to maintain financial accountability and business transparency.

- Developing research and promoting innovative solutions to increase productivity, protect the environment, generate income, and optimise consumption.
- Identifying strategic environmental, social, and governance goals.
- Evaluating the company's long-term ESG performance and contributing to the achievement of its goals.
- Ensuring strategic planning.

Audit Committee in FY2023

Number of Meetings Held	4
Are audit committee report submitted to the Board of Directors	yes
Did reports include material remarks that need to be urgently addressed	no

Did the Board of Directors corrected those remarks	-
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Employees Data in FY2023

Average number of employees during the year	7,566
Average employee salary (monthly)	EGP 7,262

ESOP program (If applicable)

No ESOP program for employees

Related parties Transactions

None

Corporate Social Responsibility

We want to grow with our communities. Ibsina is weaving together its experience and expertise to foster large-scale change to create sustainable communities. Healthcare, education, gender equality, and access to clean water are at the centre of our commitment to local community development. Long-term value creation emerges from our longstanding commitment. We believe that the communities in which we operate are essential stakeholders in our business. When setting, assessing, and tackling our sustainability objectives, we thoroughly consider their concerns, engage with them and work toward their development. Ibsina Pharma established its local community development approach with a complete understanding of its impact. We conducted research, community screening, and data analysis to create a meaningful plan that effectively responds to sustainability gaps in neighbouring communities. Utilising our core competencies, know-how, and experience increased the depth and effectiveness of the programmes we instituted in communities. We believe our presence will be an asset to the communities where we operate.

Establishing good relations with communities surrounding our operations has consistently yielded positive outcomes. We believe success is incomplete if it does not create a positive ripple effect in the lives of vulnerable communities and future generations. This belief drove ISP to fulfil its social role in the most effective manner that can be measured, evaluated, and upscaled.

With a profound belief in the value of collaboration, Ibsina Pharma is always eager to partner with reliable institutions and organisations to improve and implement sustainable and robust developmental programmes. We partner with

government entities, NGOs, and private companies to present tangible solutions that will create meaningful differences in Egyptians' lives. To ensure accountability, we obey national laws and international standards in our community activities and partnerships. We endeavour to improve the technical management of our projects to ensure our work meets our rigorous standards of corporate responsibility. However, we do not engage in religious or political activities, and we don't collaborate or engage with unregistered entities. Ibnsina Pharma invested 7.4 million EGP in 2023 in works related to community engagement.

Financial KPI's in 2023

Revenues

FY23 saw Ibnsina Pharma's gross revenues climb by 53% year-on-year to register EGP 33.9 billion. The company's core retail business contributed by 46.4% of total revenues. The company's wholesale segment contributed by 33.28%, Meanwhile, revenues from tenders and private hospitals recorded by 19.6% of total revenues.

Gross Profit

Ibnsina Pharma booked a gross profit of EGP 2.51 billion for FY23, an increase of 55.6% from the EGP 1.62 billion recorded in FY22.

EBITDA

EBITDA booked EGP 1.32 billion in FY23, an increase of 100% from the EGP 663.7 million recorded in FY22.

Net Profit

Net profit came in at EGP 213.6 million in FY23, up by 24% year-on-year from the EGP 172.6 million posted in FY22.

Dividend Distribution proposal to AGM

The Board of directors proposed 10 piasters to shareholders for FY 2023

Reserves Proposal for FY 2023

According to profit distribution rules, no additional amounts will be transferred to legal reserve as it reached half of the capital.

Subsidiaries

AIM investments and Consulting in Healthcare sector, Ramp Logistics, Digi 360

Exports

No exports in FY 2023

Donations

Donations in FY 2023 is EGP 7.4 million

Shares issued during the Year

The AGM held on 30/7/2023 approved reducing issued capital from EGP 280 million to EGP 252 million by cancelling 112 million treasury Shares.

Abdel Aziz Ali Abdel Aziz



Chairman

