Ibnsina Pharma Releases 9M23 Consolidated Results

Ibnsina continues to lead the drug distribution market in Egypt in the first nine months of 2023; Gross Revenues of EGP 24.5 billion with 50% Y-on-Y growth.

9M23 Highlights

Market Share
24%

Gross Revenues
EGP 24.48 BN
+50.3% y-o-y

Gross Profit
EGP 1.86 BN
+55.1% y-o-y

EBITDA
EGP 996.79 MN
+101.3% y-o-y

Net Profit
EGP 174.04 MN
+45.5% y-o-y

Cash Conversion Cycle
+1 Day

Debt Ratio
25.4%
Vs 34.7% as of 9M22

Cairo, 15 November 2023
Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for the nine-month period ended 30 September 2023, Net revenue recorded EGP 23.8 billion for the period up by 50.6% Y-on-Y.

Gross profit came in at EGP 1.86 billion, up by 55.1% Y-on-Y and yielding a gross profit margin of 7.8% against 7.6% one year previously.

Key Financial and Operational Highlights:

- **Ibnsina Pharma remains at the forefront of drug distribution companies in Egypt in the first nine months of 2023**
- **Ibnsina Pharma recording EGP 9.3 bn gross revenues in Q3 for the 1st time and record a market Share of 23.8% as of 9M23.**
- **Gross Profit Margin of 7.8% driven by enchantment in cash discount given, product mix and cash discount taken.**
- **Clear Economies of scale benefits where EBITDA growth exceeded both gross Profit and Revenues growth.**
- **Debt ratio recorded 25.4% as of 9M23 Vs 34.7% as of 9M22 as growth is spontaneously financed**
- **Significant improvement in CCC driven by better cash collection, extending payments from suppliers and better inventory management**

Despite the devaluation effect and the associated inflation that reached 38.0% by September 2023 which impacted most of cost elements (consumables, packing, prints); Ibnsina pharma adopt conservative policies that kept OPEX growth at level of 23.1% only to support revenues growth that recorded 50.6%. OPEX optimization initiatives were implemented in salaries, electricity, packing, transportation management system (TMS) and prints. EBITDA doubled Y-on-Y to record EGP 996.79 million during 9M23 with an EBITDA margin closing at 4.2%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 174.04 million for 9M23 an increase of 45.5% Y-on-Y.

Summary Income Statement

EGP MN	9M22	9M23	Change	3Q22	3Q23	Change
Net Revenue	15,811,409,445	23,805,209,037	50.6%	5,550,255,487	9,108,172,349	64.1%
Gross Profit	**1,197,523,719**	**1,856,902,822**	**55.1%**	**428,818,843**	**673,489,396**	**57.1%**
GP Margin	7.6%	7.8%		7.7%	7.4%	
OPEX	**(649,062,065)**	**(799,211,946)**	**23.1%**	**(220,914,994)**	**(286,917,576)**	**29.9%**
OPEX / Sales	4.1 %	3.4 %		4.0 %	3.2 %	
EBITDA	**495,059,359**	**996,795,969**	**101.3%**	**195,973,128**	**365,596,207**	**86.6%**
EBITDA Margin	3.1%	4.2%		3.5%	4.0%	
Net Profit	**119,597,315**	**174,037,209**	**45.5%**	**30,988,033**	**42,033,862**	**35.6%**
NP Margin	0.8%	0.7%		0.6%	0.5%	

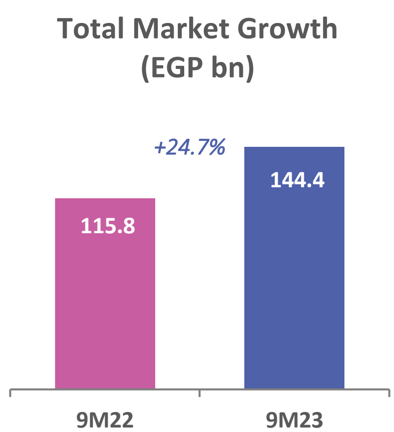
Comments from our Co-CEOs

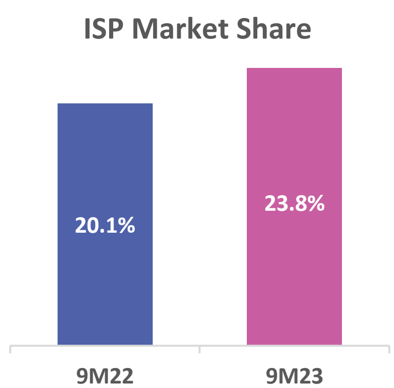
Another exceptional revenue growth in 3Q2023, where revenues exceeded the EGP 9 billion mark. Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first nine months of 2023 according to the latest data available from IQVIA. With 50.6% revenues growth and 4.2% EBITDA margin, we are on the way to retrieve our previous profitability levels once interest rates start to decline.

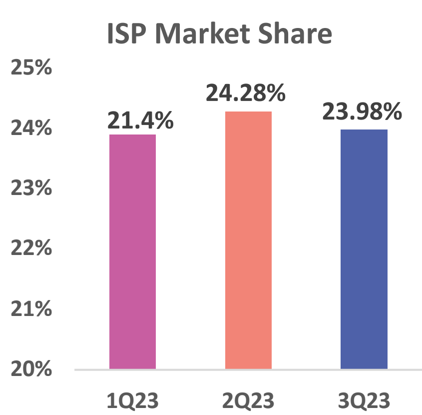
Market share is not the only KPI that we focus on and it can't be targeted in isolation of profitability. Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are slightly higher than 9M22 although we succeeded in increasing revenues by 50.6% as growth was primarily financed from spontaneous financing. We succeeded also in enhancing our cash conversion cycle to reach 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."







Market Overview

According to IQVIA Egypt's total market registered sales of EGP 144.4 billion in 9M23. Sales were up by 24.7%. 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 FY2023. 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.

ISP total market share recorded 23.8% in 9M23 vs 20.1% in 9M22 a 3.7% 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 as Omron Healthcare, Boehringer Ingelheim, Sandoz Egypt with more suppliers in the pipeline.

Expectations of double-digit growth in FY2023 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. Ibnsina Pharma is fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years.

Operational Review

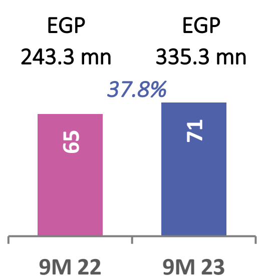
Ibnsina Pharma served 49,930 clients in different segments during 9M23. In retail segment 31% of Ibnsina Pharma's retail client base was located in Cairo in the Canal Zone, Egypt's most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 29.1% and 25.6% of clients, respectively. 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 71 sites as of 9M23, Revenue per site increased by 37.8% year-on-year to record EGP 335.3 million.

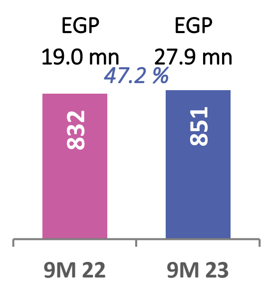
The number of vehicles in Ibnsina Pharma's delivery fleet stood at 851 vehicles at the close of 9M23 compared to 832 one year previously. Revenues per vehicle increased by 47.2% year-on-year to reach EGP 27.9 million in 9M23.

Revenue per employee increased by 37.3% during the period, addition of 660 personnel mainly in our early-stage subsidiaries (Scientific Office, Ramp logistics and Ibnsina Trade) was the mail reason of the increase in headcount.

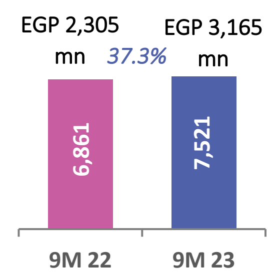
# of Sites (rev / Site)



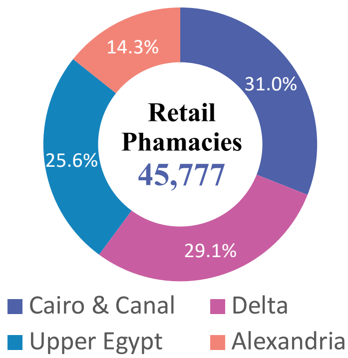
# of Vehicles (rev / Vehicle)



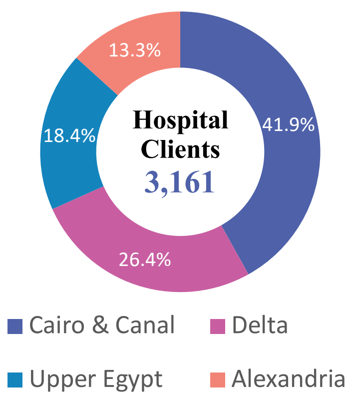
# of Employees (rev / Employee)



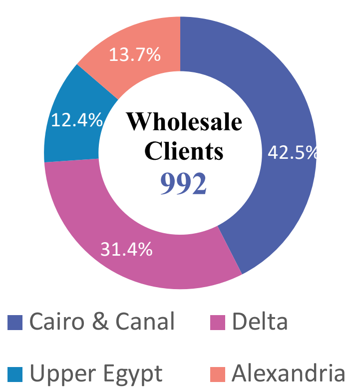
Retail Pharmacies by Geography (9M 2023)



Hospital Clients by Geography (9M 2023)



Wholesale Clients by Geography (9M 2023)

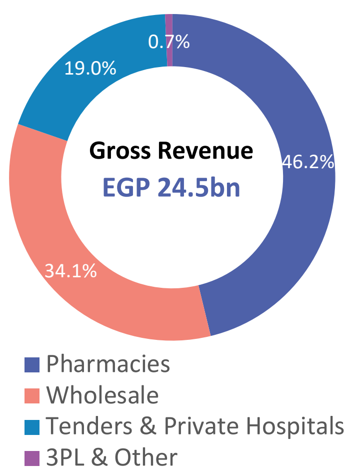


Financial Performance

Revenues

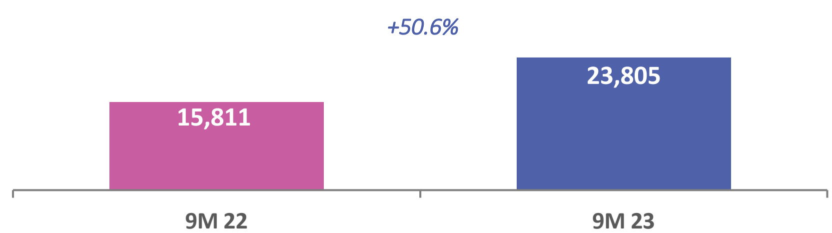
9M23 saw Ibnsina Pharma's gross revenues climb by 50.3% year-on-year to register EGP 24.5 billion. The company's core retail business with pharmacies increased by 32.1% year-on-year to book EGP 11.3 billion for 9M23. Retail sales generated 46.2% of the company's overall top line during 9M23, down from 52.5% 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 80.2% year-on-year to book revenues of EGP 8.3 billion for 9M23, contributing 34.1% of total revenues for the period against 28.4% for 9M22. Meanwhile, revenues from tenders and private hospitals expanded by 55.4% year-on-year to book EGP 4.7 billion in 9M23.

Revenue* by Business Line (9M23)



**** Revenues refer to gross sales prior to discounts***

Net Revenue Progression (EGP BN)



Gross Profit

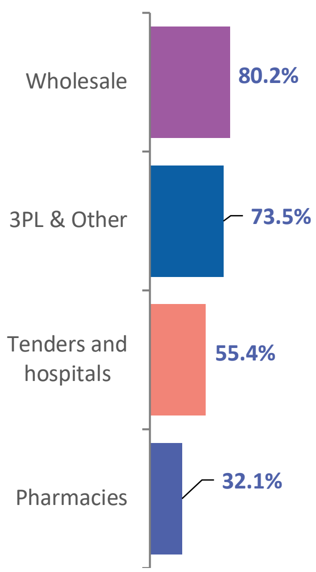
Ibnsina Pharma booked a gross profit of EGP 1.86 billion for 9M23, an increase of 55.1% from the EGP 1.19 billion recorded in 9M22. The gross profit margin recorded 7.8% compared to 7.6% one year previously an enhancement of 0.2% as Ibnisna Pharma succeeded in controlling cash discount given to customers while expanding importation and cosmetics portfolio by adding new contacts with higher margin.

OPEX

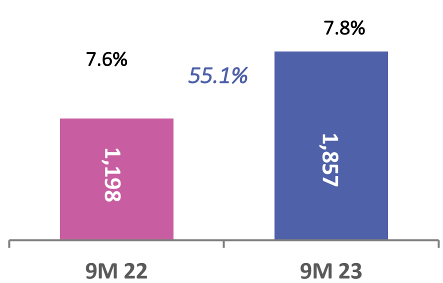
Despite the devaluation effect and the associated inflation that reached 38% by September 2023 which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth at level of 23.1% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 799.21 million in operational expenses OPEX for 9M23, up from the EGP 649.06 million booked in 9M22.

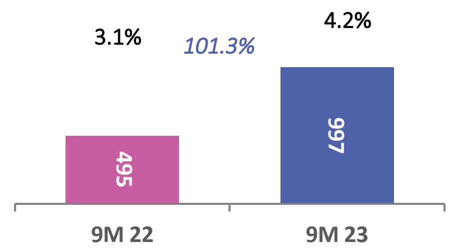
Business Line Revenue Growth (9M23)



Gross Profit Progression (EGP MN, % margin)



EBITDA Progression
(EGP MN, % margin)



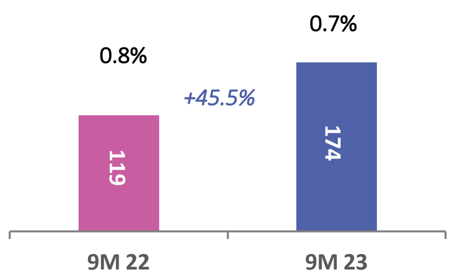
EBITDA

EBITDA booked EGP 996.79 million in 9M23, an increase of 101.3% from the EGP 495.06 million recorded in 9M22. Ibnsina Pharma saw its EBITDA margin increased to reach 4.2% in 9M23 from 3.1% recorded in 9M22. EBITDA growth shows a clear economy of scale, effectively spreading fixed operational and administrative costs across a wide revenue base.

Depreciation & Amortization

Depreciation & amortization expense registered EGP 139.6 million in 9M23, down by 1% from the EGP 141 million booked for 9M22. The depreciation figures reflect 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 Profit Progression
(EGP MN, % margin)

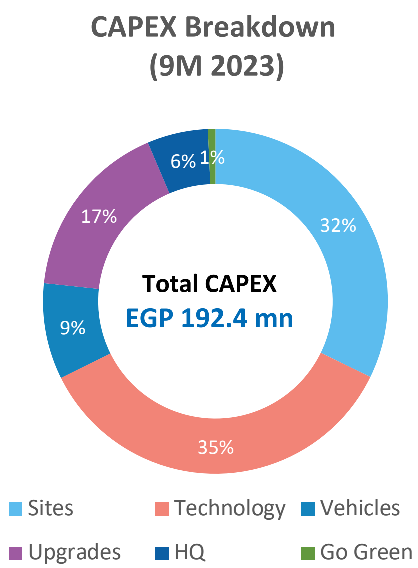


Interest Expense

Interest expense booked EGP 733.8 million for 9M23, up 128% year-on-year from the EGP 321.7 million recorded in 9M22. The increase in interest expense reflects the current interest rate level reaching 20.25% rather than increase in facilities usage. Ibnsina pharma recorded EGP 8.2 billion revenue growth in 9M23, while net debt increased only EGP 208 million.

Net Profit

Net profit came in at EGP 174.04 million in 9M23, up by 45.5% year-on-year from the EGP 119.59 million posted in 9M22. The period saw Ibnsina Pharma's net profit margin steady at 0.7%



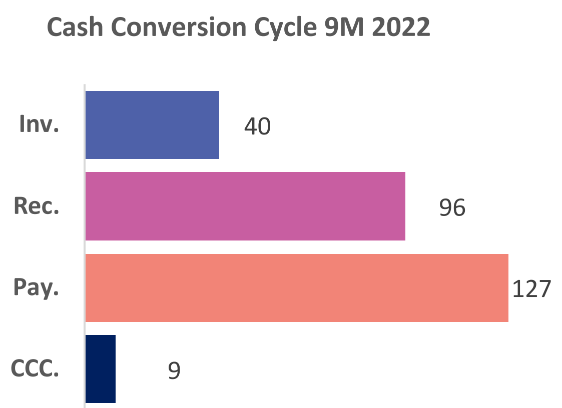
Key Balance Sheet Items

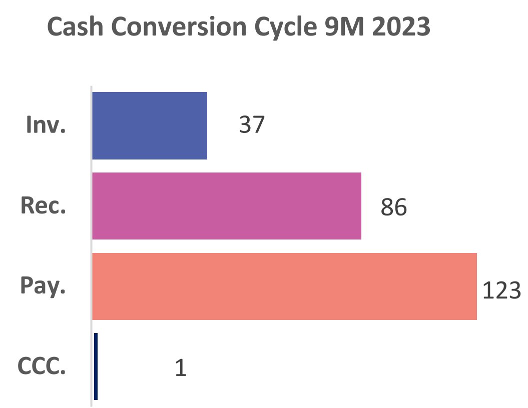
CAPEX

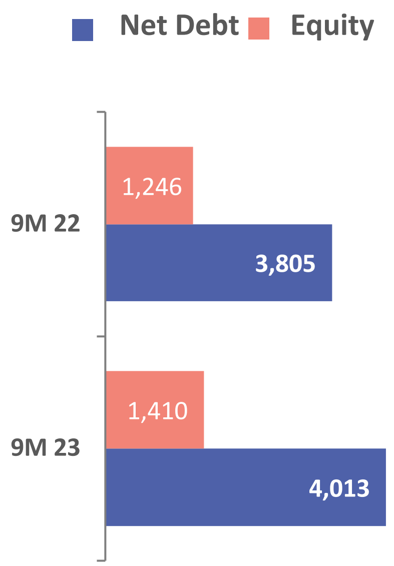
Ibnsina Pharma made core business CAPEX outlays of EGP 192.4 million in 9M 23 against the EGP 126.8 million committed one year previously. Investments during the period included EGP 61.9 million on distribution centers and sales offices to enhance customer accessibility. EGP 32.5 million, allocated to upgrades, while EGP 17.3 million was allocated to vehicles. Construction at Ibnsina Pharma's headquarters was allocated EGP 11 million during 9M23. Ibnsina Pharma allocated EGP 68.2 million in CAPEX to technology projects as the company continued to implement its plans for technology investment.

Working Capital

Ibnsina Pharma's cash conversion cycle showed a significant improvement driven by better cash collection, extending payments from suppliers and better inventory management. CCC fell to 1 day from 9 days in 9M22 a reduction of 8 days. Receivable DOH recorded 86 days in 9M23 down from 96 in 9M22 driven by enhanced collection periods across the segments. Inventory DOH recorded 37 days in 9M23 down from 40 days in 9M22. Payables DOH recorded 123 days in 9M23 down from 127 days in 9M22.







Net Debt

Ibnsina Pharma booked total net debt of EGP 4.01 billion as of 9M23 compared to a 3.80 billion in 9M22 an increase of only EGP 208 million to finance EGP 8.2 billion revenue growth in 9M23 as a part of debt optimization strategy which rely on spontaneous financing. Net debt to equity recorded 2.9x in 9M23 compared to 3.1x in 9M22.

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).

Income Statement

In EGP	9M22	9M23	YoY Δ
Gross Revenue	**16,286,415,966**	**24,484,071,923**	***50.3%***
Net Revenue	**15,811,409,445**	**23,805,209,037**	***50.6%***
Cost Of sales	(14,613,885,726)	(21,948,306,215)	50.2%
Gross Profit	**1,197,523,719**	**1,856,902,822**	***55.1%***
Gross Profit Margin	*7.6%*	*7.8%*	
Selling, General & Administrative	(649,062,065)	(799,211,946)	23.1%
Expected credit losses in the value of receivables	(53,402,295)	(60,894,907)	0.0%
EBITDA	**495,059,359**	**996,795,969**	***101.3%***
EBITDA Margin	*3.1%*	*4.2%*	
Depreciation & Amortization	(141,096,698)	(139,620,877)	(1.0 %)
EBIT	**353,962,661**	**857,175,092**	***142.2%***
EBIT Margin	*2.2%*	*3.6%*	
Financial Expenses	(321,694,094)	(733,820,498)	128.1%
Credit interest from clients	105,734,326	66,469,206	(37.1 %)
Foreign currency revaluation (Profit)	9,697,052	32,739,558	237.6%
Other Expenses	(2,239,014)	(3,217,372)	43.7%
Other Income	3,847,243	4,977,646	29.4%
EBT	**149,308,174**	**224,323,632**	***50.2%***
EBT Margin	*0.9%*	*0.9%*	
Deferred income taxes	17,271,033	17,898,194	3.6%
Current Income Taxes	(48,174,779)	(68,572,885)	42.3%
Net Profit	**118,404,428**	**173,648,941**	***46.7%***
Non- Controlling Share	(1,192,887)	(388,268)	(67.5 %)
Parent Company Net income	**119,597,315**	**174,037,209**	***45.5%***
Net Profit Margin	*0.8%*	*0.7%*	

Balance Sheet

In EGP	FY 2022	9M 23
Non- Current assets		
Fixed Assets (net)	909,779,373	973,522,789
Projects Under Construction	944,814,631	689,193,684
Intangible assets (net)	30,183,986	31,991,469
Right of Use Assets (net)	301,102,848	430,220,501
Notes receivable - Long term	84,457,838	88,518,277
Deferred tax Assets	82,000,275	99,898,469
Investments in Affiliated companies	-	5,723,900
Total Non-Current Assets	**2,352,338,951**	**2,319,069,089**
Current assets		
Inventories	2,613,821,348	4,365,432,089
Accounts & Notes Receivable (net)	5,759,349,799	9,188,825,637
Suppliers in-advance	237,359,436	270,079,136
Debtors and other debit balances (net)	567,368,742	796,393,784
Due from related parties	72,023	-
Cash on Hand & on Banks	541,210,495	724,342,209
Assets Held for Sale	792,272,436	1,015,680,350
Total Current Assets	**10,511,454,279**	**16,360,753,205**
Total Assets	**12,863,793,230**	**18,679,822,294**
Shareholders' equity		
Issued and paid- up capital	279,041,877	256,827,152
Share Premium (special reserve)	277,500,000	234,998,540
Legal Reserve	77,093,363	128,630,828
General Reserve	3,079,334	3,079,334
Treasury Stock Reserve	(12,949,932)	(141,001,959)
Treasury Stock	(185,735,156)	(35,468,404)
Retained Earnings	821,458,846	962,861,997
Holding Shareholders' Equity	**1,259,488,332**	**1,409,927,488**
Non- Controlling interests	388,327	56
Total Shareholders' Equity	**1,259,876,659**	**1,409,927,544**
Non-Current liabilities		
Loans – Long term	640,919,318	474,412,191
Lease liabilities – Long term	281,670,327	397,572,329
Notes payable-long term	211,262,076	194,581,504
Total Long-term Liabilities	**1,133,851,721**	**1,066,566,024**
Current liabilities		
Credit Facilities	2,289,930,326	3,270,302,802
Short term loans and current portion of long-term loans	479,174,878	495,177,337
Suppliers and notes payable	7,452,906,511	12,057,672,511
Creditors & other credit balances	123,231,813	197,806,663
Account receivable in advance	5,502,614	11,026,224
Income taxes payable	26,731,735	69,650,595
Current portion of lease liabilities	90,411,258	99,699,056
Provision	2,175,715	1,856,946
Due for Related Parties		136,592
Total Current Liabilities	**10,470,064,850**	**16,203,328,726**
Total owner's Equity and Liabilities	**12,863,793,230**	**18,679,822,294**

Cash Flow

In EGP	9M 22	9M 23
Cash flow from operating activities:		
Net profit for the year before tax and non-controlling interests	149,308,174	224,323,632
Adjustments for:		
Depreciation of fixed assets	86,008,035	84,392,701
Amortization of intangible assets	3,818,365	4,627,748
Depreciation of Right of use assets	51,270,298	50,600,428
Expected credit (losses) / Impairment in the value of account and notes receivable	53,402,295	60,894,907
Sale assets held for sale (Gain)		(1,230,027)
Capital gain		(387,401)
Financing Expenses	321,694,094	733,820,498
Operating profit before changes in working capital	**665,501,261**	**1,157,042,486**
Changes in working capital:		
Change in inventory	(187,393,146)	(1,751,610,741)
Change in accounts and notes receivable	308,244,373	(3,494,431,184)
Change in suppliers in- advance	(63,068,584)	(32,719,700)
Change in debtors and other debit balance	(106,091,410)	(266,312,639)
Change in due from related parties		72,023
change in due to related parties		136,592
Change in suppliers and notes payable	(427,057,651)	4,588,085,428
Change in account receivable in-advanced	(2,717,954)	5,523,610
Change in creditors and other credit balances	(151,049,790)	74,574,876
Cash flow from operating activities	**36,367,099**	**280,360,751**
Used from Provisions	(689,379)	(318,769)
(Paid) from financing interest	(287,505,569)	(690,085,575)
Net cash flow from operating activities	**(251,827,849)**	**(410,043,593)**
Cash flow from investment activities:		
(Payments) to acquire fixed assets and projects under construction	(881,105,838)	(310,875,434)
Payment to acquire intangible assets	(14,231,397)	(3,927,428)
Proceeds from selling fixed assets	1,684,724	1,217,811
Proceeds from selling assets held for sale	41,400,000	47,032,476
payments to acquire assets held for sale	(508,657,449)	
Net cash flow from investment activities	**(1,360,909,960)**	**(266,552,575)**
Cash flow from financing activities:		
(Payments) Proceeds from short and long-term loans	543,622,999	(194,239,591)
Proceeds from credit facilities	1,342,758,249	980,372,476
Dividends paid	(140,400,000)	(22,938,409)
Proceeds from selling treasury stock	491,055	
(payments) in treasury stock	(150,266,752)	

increase in lease liabilities	23,811,040	148,870,666
(Paid) for Lease liabilities		(52,337,260)
Net cash flow from financing activities	**1,620,016,591**	**859,727,882**
Net change in cash and cash equivalents during the period	**7,278,782**	**183,131,714**
Cash and cash equivalents at the beginning of the period	468,543,798	541,210,495
Cash and cash equivalents at the end of the period	**475,822,580**	**724,342,209**

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 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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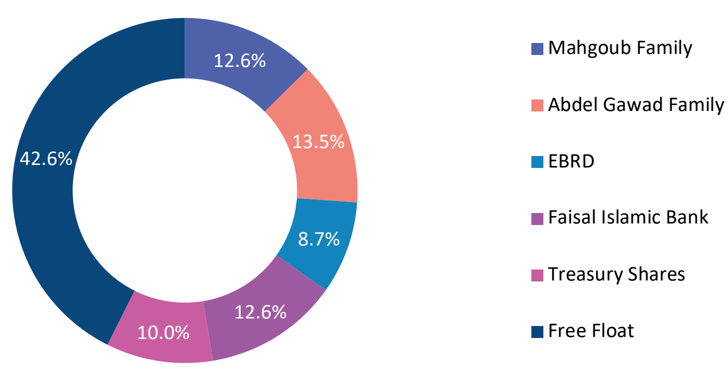
Shareholding Structure



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.