rameda
Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. delivers top-line increase of 18.4% y-o-y to EGP 842.4 million and books net profits of EGP 119.0 million in 1H23

1H23 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	EBITDA	Net Income[1]
EGP 842.4 million ▲ 18% y-o-y	EGP 386.7 million (46% margin) ▲ 12% y-o-y	EGP 223.7 million (27% margin) ▲ 7% y-o-y	EGP 119.0 million (14% margin) ▼ 6% y-o-y
EPS[2]	**Net Debt**	**Average Unit Price**	**Units Sold[3]**
EGP 0.117 ▼ 6% y-o-y	EGP 662.4 ▲ 39% y-o-y	EGP 55.5 (IQVIA) ▲ 38% y-o-y	22.0 million (excludes toll manufacturing) ▼ 37% y-o-y

August 15th, 2023 | 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, announced today its consolidated results for the first half of 2023.

Financial & Operational Highlights

- **Revenues** climbed 18.4% y-o-y to EGP 842.4 million due to a 20.6% y-o-y increase in private sales revenue coupled with double-digit revenue growth across the Group's export sales and toll manufacturing verticals in 1H23.
- **COGS** booked an increase of 24.2% y-o-y to EGP 455.7 million, increasing its contribution to revenue by 2.5 percentage points on the back of a 1.1 percentage point increase in the contribution of salaries due to inflationary pressures, coupled with a rise in one-off impairment costs in 1H23 related to the COVID-19 anti-viral portfolio.
- **Gross profit** increased 12.2% y-o-y to EGP 386.7 million, however, booked a margin contraction of 2.5 percentage points year-on-year to 45.9% in 1H23. This was due to the impact of the aforementioned increasing salaries and impartment costs on COGS, coupled with the delayed impact of recent product repricing, which has delayed its positive impact on margins.
- **EBITDA** grew by 6.9% y-o-y to EGP 223.7 million in 1H23, while EBITDA margin contracted by 2.9 percentage points to 26.6% in 1H23, reflecting the decline in gross profitability.
- **Reported net income**[1] declined by 5.8% y-o-y to EGP 119.0 million and booked a margin contraction of 3.6 percentage points year-on-year to 14.1% in 1H23 due to the rise in Rameda's cost base coupled with increasing financing costs during the period.
- **Core Net Income**, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, fell by 7.6% y-o-y to EGP 117.6 million and yielded a year-on-year margin contraction of 3.9 percentage points to 14.0% in 1H23.
- **EPS**[2] decreased by 5.8% y-o-y to EGP 0.117 in 1H23.

[1] Reported net income figure takes into account EGP 6.5 million in ESOP expenses. Excluding ESOP expenses, reported net income would record EGP 125.6 million in 1H23.
[2] EPS before dividend distribution.
[3] Includes units sold from antibiotics. Excluding antibiotics, units sold (excluding toll manufacturing) would record a decline of c.12% y-o-y in 1H23.

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

As we close out the first six months of the year, I am delighted to report a solid set of results, showcasing Rameda's commitment to growth and the resilience of its operations. By pivoting strategically and leveraging our comprehensive knowledge of the pharmaceutical space coupled with Rameda's dynamic business model and comprehensive product portfolio, the Group has continued to deliver on its targets and achieve success despite the challenges 2023 has so far presented. Our results for the period stand testament to our continued focus on identifying avenues of growth, unlocking value across our lines of business, and our team of professionals who continue to be driving the force of Rameda's success amidst suboptimal market conditions.

Over the course of the year, not only have our top ten selling products delivered broad-based double-digit growth, but we have also continued to deliver on a key pillar of Rameda's growth strategy, successful and value-accretive product acquisitions. On this front, Rameda has reaped the rewards of its December 2022 acquisition of Physiomer, which stood as the 9th highest selling product in 1H23. Physiomer's results for the period reflect our well-proven ability to expand Rameda's portfolio with attractive and fast-growing products that add significant value and further optimize our product portfolio. Moreover, I am pleased to announce that Rameda has completed its largest acquisition to date, acquiring a portfolio of 11 fast-growing cardiometabolic products. The acquisition aligns with our efforts to increase the contribution of chronic medication to Rameda's portfolio and allows us to capitalize on the shift towards generics, which benefit from attractive price points for consumers, given the current state of Egypt's rising inflationary environment.

Rameda's revenue growth and resilient profitability witnessed over the past six-months was achieved despite multiple hurdles faced by the Group, including the disruption in the overall injectable antibiotics market, which contributed c.31% of Rameda's private sales revenue in 1H22 yet registered no sales in 1H23, as well as the challenges currently faced by a major pharmaceutical distributor in Egypt. However, the Group adopted a multi-pronged approach to successfully navigate these hurdles and fuel top-line growth. The Group's efforts included leveraging strategic price increases across Rameda's portfolio to offset the fall in volumes across our injectable antibiotic portfolio, with 62 products witnessing a price increase in 1H23, of which 22 products received a second wave of price increases. This leaves the Group well-positioned to generate increased value over the coming periods as the injectable antibiotic markets recover. Additionally, Rameda has shifted its focus to other key and lucrative therapeutic areas, which will continue to drive growth going forward. Moreover, the past six months have seen the Group further diversify and optimize its distributor network as well as significantly reduce Rameda's exposure to distributors that potentially pose a risk to the Group's performance.

Overall, I am pleased with the Group's results and our team's ability to position Rameda strategically in a manner that has allowed us to maintain our growth trajectory. Looking ahead, we will continue eyeing value-accretive and complementary product acquisitions that align with our growth strategy, moreover, the Group is keen on assessing potentially lucrative mergers and acquisitions, both locally and regionally, where synergies and value creation possibilities are clear. As always, our commitment to our stakeholders remains the same, to provide high-quality and affordable medication to the communities we continue to serve, and I am confident that we will continue to deliver on this front.

Mahmoud Fayek, Chief Financial Officer

The Group's results for the period were driven by solid performances across Rameda's verticals, where the Group has unlocked increased value from Rameda's growing portfolio of products and lines of business. Across our private sales vertical, revenues booked an increase of 20.6% y-o-y to EGP 597.6 million in 1H23. Robust private sales revenue growth was achieved despite no sales booked by our injectable antibiotics portfolio across the vertical during the six-month period, with the impact driven by growth in our other key therapeutic areas in 1H23.

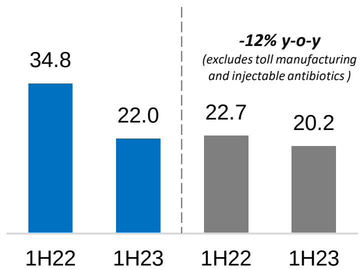
I would also like to highlight that given the current market disruption in the injectable antibiotics market, and if we exclude them from the Group's performance figures, Rameda's private sales vertical would book a robust increase of c.36% in volumes sold and a 65% y-o-y increase in revenue in 1H23. Moreover, revenue performance across our private sales vertical was fueled by solid results from Rameda's top ten selling products, with the largest contributors to the Group's absolute revenue growth in 1H23 including Joypox, Optaminess, Lacteol Fort, and Augram, booking robust double-digit growth figures. Parallel to this, our Physiomer acquisition has generated revenues of EGP 29 million in 1H23, placing it as the 9th highest selling product for the period and I am confident that it will continue to add significant value to the Group's portfolio in the periods to come. Further supporting the Group's revenue growth during the period were the multiple waves of price increases across Rameda's product portfolio, with products reflecting c.88% of Group revenues in 1H23 witnessing an average price increase of c.47% in 1H23.

On the profitability front, the Group's margins were pressured due to Egypt's current rising inflationary environment and depreciating currency but remained contained and stood at healthy levels. The Group's gross profit margin contracted by 2.5 percentage points year-on-year to 45.9% in 1H23 driven primarily by an increase in salaries during the period. Consequently, Rameda's EBITDA margin booked a decline of 2.9 percentage points to 26.6% in 1H23, and at its bottom-line, the Group recorded a reported net profit margin contraction of 3.6 percentage points year-on-year to 14.1% during the six-month period due to rising financing costs due to various interest rate hikes seen over the course of the past year.

As we enter the second half of the year, I am optimistic that as we continue to deliver on our mitigation strategies and support the Group's performance given the current conditions surrounding key distributors and the injectables antibiotic market, Rameda will be well-positioned to maintain its growth trajectory. In this regard, the Group will continue to optimize its distributor network to ensure consistent and sustainable revenue generation, and with regards to our injectables portfolio, we believe that with recent evidence of its recovery, as per IQVIA, they will provide us with an upside in the second half of the year, and particularly in the final quarter of 2023.

Financial & Operational Performance

Volume Progression
(excludes toll manufacturing)
(mn units)

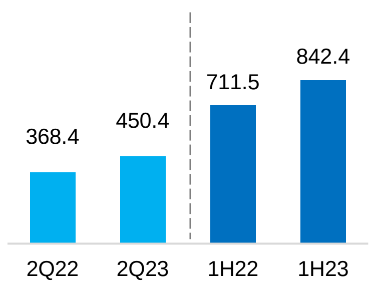


Volumes

Total volumes (excluding toll manufacturing) booked a decline of 36.8% y-o-y primarily due to a 39.9% y-o-y volume decline across Rameda's private sales vertical in 1H23. This was driven by the injectable antibiotics portfolio booking no sales at Rameda's private sales vertical during the period due to the disruption seen across the injectable antibiotics market. It is worthy to note that injectable antibiotics accounted for c.31% of private sales volumes in 1H22, however, excluding injectables, private sales volumes booked a strong increase of c.36% y-o-y in 1H23.

Moreover, the drop in Rameda's volumes was also due to a 38.1% y-o-y decline in tender volumes, in line with the Group's previously communicated strategy of reducing this vertical's contribution to Rameda's sales.

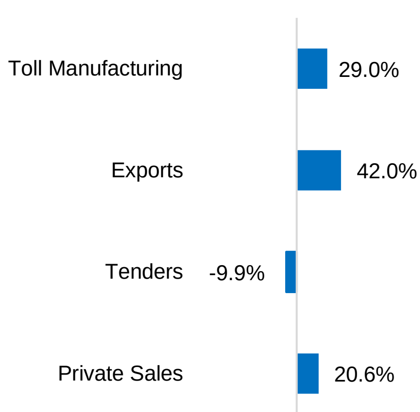
Revenue Progression
(EGP mn)



Revenues

Revenues grew by 18.4% y-o-y due to an increase in private sales revenue coupled with double-digit revenue growth across the Group's export sales and toll manufacturing verticals in 1H23. Solid revenue growth from private sales was driven by strong performances from Rameda's higher priced products, as well new revenue generation from Rameda's recently acquired product, Physiomer, which stood as the 9th highest selling product in 1H23.

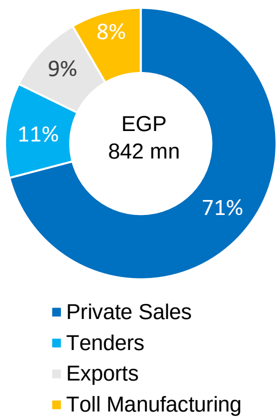
1H23 Revenue Growth Rates
by Business Line



Revenues by Business Line

Revenue Analysis	1H22	1H23	% YoY
Private Sales			
Volumes Sold ('000)	20,069	12,068	*-39.9%*
Sales (EGP mn)	495.4	597.6	*20.6%*
Tenders			
Volumes Sold ('000)	11,292	6,993	*-38.1%*
Sales (EGP mn)	105.7	95.2	*-9.9%*
Exports			
Volumes Sold ('000)	3,459	2,934	*-15.2%*
Sales (EGP mn)	55.8	79.2	*42.0%*
Volume (excluding toll) ('000)	**34,819**	**21,996**	***-36.8%***
Revenue (excluding toll) (EGP mn)	**656.8**	**771.9**	***17.5%***
Toll Manufacturing			
Volumes Sold ('000)	29,818	34,718	*16.4%*
Sales (EGP mn)	54.7	70.5	*29.0%*
Total Revenue (EGP mn)	**711.5**	**842.4**	***18.4%***

1H23 Sales Contribution by Vertical



Private Sales

Rameda sells its products to domestic distributors who in turn 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.

Private sales revenue booked an increase of 20.6% y-o-y on the back of solid performances from the Group's top ten selling products in 1H23 as Rameda reaped the rewards of an optimized pricing strategy, which offset the 39.9% y-o-y decline in the vertical's volumes during the period. Revenue growth came despite no sales recorded by the injectable antibiotics portfolio across the private sales vertical in 1H23, which accounted for c.31% of private sales revenue in 1H22.

It is worthy to note that excluding injectable antibiotics, private sales recorded a volume increase of 36% and a revenue increase of 65% y-o-y in 1H23.

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.

As management pressed on with its strategy aimed at reducing the contribution of tenders to the Group's performance, tender volumes recorded a decline of 38.1% y-o-y to 7.0 million units and a revenue decrease of 9.9% y-o-y to EGP 95.2 million in 1H23.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 43% of total export sales were sold in Iraq during 1H23, with 35% sold in Libya, and 20% in Yemen. The remaining 2% of exports were sold in Palestine in 1H23.

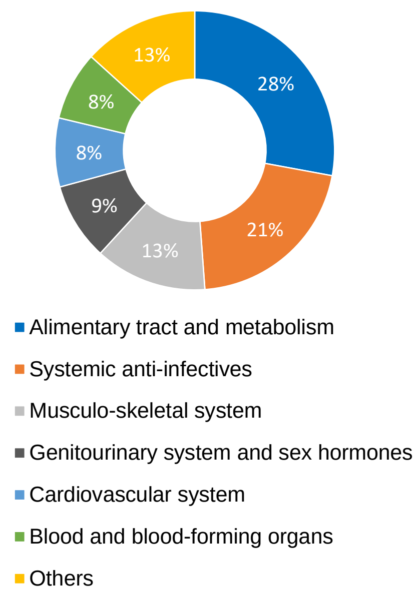
Despite a 15.2% y-o-y decline in volumes, revenue from exports grew by a strong 42.0% y-o-y to EGP 79.2 million on the back of strong export sales to Libya and Yemen in 1H23. Libya was the second highest contributor to sales at 34.6%, while Yemen came in third at a contribution of 19.8% during the six-month period.

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 increased by 16.4% y-o-y in 1H23 as Rameda witnessed increased utilization at its general tablets, small-sized sachets, and

1H23 Sales Contribution by Therapeutic Area



liquid lines, coupled with high utilization of its lyophilized production capabilities during the period. Consequently, the vertical's revenue grew by 29.0% y-o-y to EGP 70.5 million in 1H23.

Revenue by Therapeutic Area[4]

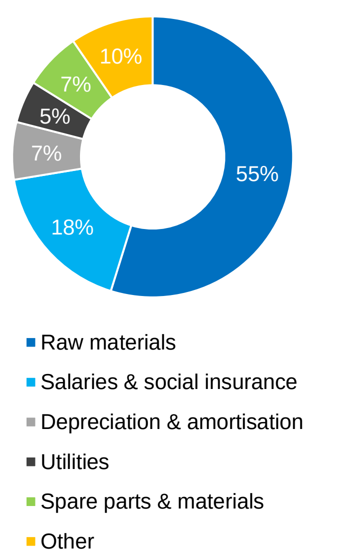
Alimentary tract & metabolism accounted for the majority of revenues in 1H23, at 28%, followed by systemic anti-infectives (excluding antivirals), which contributed 21%, and musculoskeletal system, at 13% during the period. Genitourinary system and sex hormones, followed at a 9% contribution, while cardiovascular system as well as blood and blood forming organs contributed 8% each in 1H23.

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 booked an increase of 24.2% y-o-y to EGP 455.7 million in 1H23, increasing its contribution to revenue by 2.5 percentage points on the back of a 1.1 percentage point increase in the contribution of salaries due to inflationary pressures. Additionally, a 73.2% y-o-y increase in impairment costs to EGP 17.1 million related to the COVID-19 anti-viral portfolio further contributed to the increase in Rameda's COGS during the six-month period.

1H23 Cost of Revenues Breakdown



Gross Profit

The Group's gross profit increased 12.2% y-o-y to EGP 386.7 million, however, booked a margin contraction of 2.5 percentage points year-on-year to 45.9% in 1H23. This was due to the impact of increasing salaries and impartment costs on COGS, coupled with the delayed impact of recent product repricing, which has delayed its positive impact on margins.

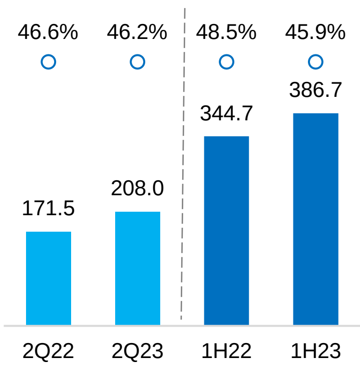
Selling and Marketing Expenses

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 grew by 14.2% y-o-y to EGP 154.8 million, primarily driven by a 16.4% y-o-y increase in advertising and marketing expenses, coupled with an 11.9% y-o-y increase in salaries, social insurance, and other fringe benefits in 1H23. Moreover, Rameda has continued to benefit from its cost optimization efforts and the impact of economies of scale, with selling and marketing expenses inching down 0.7 percentage points year-on-year in revenue contribution terms to 18.4% in 1H23.

[4] *Contributions here are calculated on revenues before toll manufacturing revenue, discounts & incentives and sales returns.*

Gross Profit and Margin Progression
(EGP mn | %)



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.

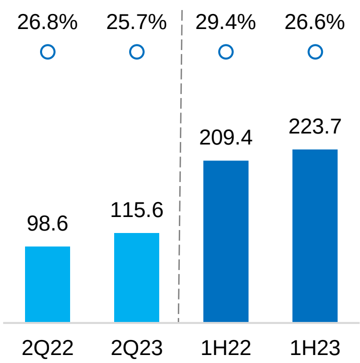
General and administrative expenses increased by 34.9% y-o-y to EGP 41.8 million in 1H23, which was mainly driven by a 31.0% y-o-y increase in salaries and social insurance during the period.

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.

The Group's EBITDA increased by 6.9% y-o-y to EGP 223.7 million in 1H23. However, the decline in gross profitability, coupled with a 0.6 percentage point increase in G&A expenses as a percentage of revenue, resulted in an EBITDA margin decline of 2.9 percentage points to 26.6% during the six-month period.

EBITDA and Margin Progression
(EGP mn | %)

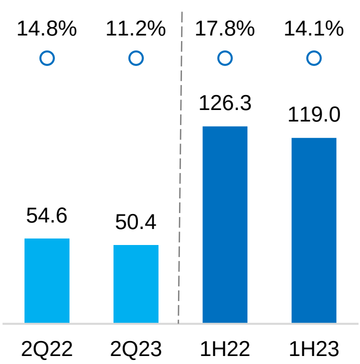


Net Income

Reported net income declined by 5.8% y-o-y to EGP 119.0 million and booked a margin contraction of 3.6 percentage points year-on-year to 14.1% in 1H23 due to the increase in Rameda's cost base coupled with increasing financing costs which grew by c.74% y-o-y due to the impact of rising interest rates.

Core Net Income, calculated as net income before minority interest adjusted for FX gains/losses, and non-cash ESOP expenses, fell by 7.6% y-o-y to EGP 117.6 million and yielded a year-on-year margin contraction of 3.9 percentage points to 14.0% in 1H23.

Net Income
and Margin Progression
(EGP mn | %)



Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded net operating outflows of EGP 2.3 million compared to an inflow of EGP 127.7 million in the same period last year, primarily as a result of delayed payments from distributors. Additionally, the decline in operating cashflows was driven by inflationary pressures, which caused an increase in Rameda's inventory.

Net debt stood at EGP 662.4 million as of 30 June 2023, reflecting an increase of 39.2% YTD due to the Group's acquisition of four new molecules in 2Q23 as well as the impact of delayed collections from distributors.

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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 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.