rameda
Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. records top-line growth of 27% y-o-y to EGP 852 mn in 9M21; Net profit after minority interest records stronger growth of 56% y-o-y to EGP 107 mn

9M21 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	Adjusted EBITDA[1]	Net Income After Minority
EGP 852.5 million ▲ 27% y-o-y	**EGP 389.4 million** (46% margin) ▲ 23% y-o-y	**EGP 216.2 million** (25% margin) ▲ 17% y-o-y	**EGP 107.1 million** (13% margin) ▲ 56% y-o-y
EPS	**Net Debt**	**Average Unit Price**	**Units Sold**
EGP 0.107 ▲ 56% y-o-y	**EGP 374.6** (30 Sep 2021) ▼ 9% YTD	**EGP 37.7** (IMS Health) ▲ 13% y-o-y	**40.6 million** (excludes toll volume) ▼ 4% y-o-y

November 15th, 2021 | Cairo, Egypt

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. (the "Company", and, together with its consolidated subsidiaries, "Rameda" or the "Group"), RMDA.CA on the EGX, a leading Egyptian pharmaceutical company, announces today its consolidated results for the nine-month period ending 30 September 2021.

Financial & Operational Highlights

- **Revenues** grew by an exceptional 26.7% y-o-y to EGP 852.5 million in 9M21 on the back of strong performance in all segments excluding tenders, coupled with strong sales of its antiviral COVID-19 related drugs. Revenues in 3Q21 alone came in at EGP 314.7 mn, representing even stronger growth than year-to-date results, at 33.7% y-o-y and 17.9% q-o-q.
- **COGS** came in at EGP 463.1 million, up by 30.2% y-o-y due to an increase in raw material costs driven by higher API costs associated with the production of the Group's new COVID-19 related antiviral products year-to-date as well as Group's antibiotics portfolio, which saw a recovery in their demand year-to-date.
- **Gross profit** grew by 22.8% y-o-y to EGP 389.4 million in 9M21, yielding a GPM of 45.7%, down by 1.5 percentage points y-o-y due to the aforementioned hike in API costs, however the Group has successfully lowered salaries, depreciation, utility, and other COGS in order to partially offset the rise in raw material costs.
- **Adjusted EBITDA**[1] increased by 16.7% y-o-y to EGP 216.2 million in 9M21 yielding an EBITDA margin of 25.4%, down by 2.2 percentage points y-o-y on the back of the fall in the Group's GPM during the period.
- **Net Income after minority interest** grew by 55.9% y-o-y to EGP 107.1 million, yielding an NPM of 12.6%, up 2.4 percentage points y-o-y in 9M21.
- **EPS** increased 55.9% y-o-y to record EGP 0.107 in 9M21.

[1] *Adjusted for impairments, provisions, and universal healthcare tax*

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

Rameda has delivered yet another strong quarter, with high commercial momentum from our recent launches culminating in top-line growth of 27% year-on-year in 9M21, with the Group now ranking as one of the fastest in terms of its year-on-year growth by value within the private market in the trailing 12-month period at 37% compared to an average market growth of 7% according to IQVIA. Revenue growth was driven by an increase in sales across all segments, with double-digit growth at our private sales and toll manufacturing verticals, and triple-digit growth exports. It is important to highlight here that while we have shifted our focus away from our tenders vertical, which saw revenues grow by just 3% year-on-year in 9M21, Rameda succeeded in outgrowing the overall market, inclusive of public tender sales, by 11 percentage points at 29% according to IQVIA, making Rameda the 5th fastest growing pharmaceutical player among all local and international peers operating in the Egyptian market today.

We have acquired and launched a total of 5 products year-to-date and are on schedule to launch 4 more products by year-end, in line with our previously communicated target pipeline for the year. We look forward to expanding our nutraceuticals portfolio, with 3 of the remaining scheduled launches for the year belonging to this lucrative sub-segment which, according to IQVIA, saw overall sales in Egypt grow at a 4-year CAGR of 21% to reach EGP 10.8 billion in 2020. With the spread of COVID-19 and its various strains, the MENA region's high prevalence of lifestyle diseases and the general increase in consumption of natural health and wellbeing products by more health-conscious consumers, we expect our growing portfolio of nutraceuticals to drive both short-and-long-term for Rameda, as illustrated by the success of Omnevora, a nutraceutical launched just last year to become our 8th highest-selling product.

As we enter the final stretch of the year, I could not be more proud of the extraordinary effort, dedication and resolve shown by my fellow colleagues at Rameda to successfully maintain a steady supply of medicines to the patients who rely on them across the region during these uniquely challenging times, while never compromising on their commitment to the patient-centered and stringent quality standards that guide everything we do. Thanks to them, I am more confident than ever in Rameda's ability to continue this momentum to year-end and beyond.

Mahmoud Fayek, Chief Financial Officer

I am happy to conclude the first nine months of the year in what was Rameda's strongest quarter since its inception, with revenues up by an exceptional 34% year-on-year to record EGP 314.7 million in 3Q21, far exceeding revenues from the first and second quarters by 16% and 18% respectively. Rameda's bottom-line has also shown tremendous growth during the same period, up by 82% year-on-year and 43% quarter-on-quarter to record EGP 45.3 million in 3Q21, and yielding NPM growth of 3.8 pts to 14.4% during the same period.

In order to hedge the Group against possible supply shortages, we secured the necessary APIs to satisfy our antiviral production needs for 2021 at the beginning of the year at a higher cost than present, which in turn brought down the Group's gross profitability. However, the effect of the rise in raw materials costs was significantly offset by the successful reduction of production salaries, and other COGS components as a percentage of revenues, resulting in a net reduction in the Group's gross profit margin by 1.5 percentage points year-on-year to 45.7% in 9M21. Our procurement team has since succeeded in securing Rameda's antiviral API needs for 2022 at significantly lower pricing, which should reflect positively on the Group's profitability in the coming fiscal year. We are confident that going forward we will be able to improve our gross margins even further as we continue to launch new products with stronger margins.

Despite a ramp-up in marketing expenditure to support our latest acquisition, we successfully decreased the Group's SG&A expenses as a percentage of revenues by 2.9 percentage points year-on-year to 25.9% in 9M21, driven by both operational leverage and the streamlining of the Group's sales and marketing division. We view these reductions in operating costs as just the beginning of an overall cost reduction strategy aimed at improving Rameda's operational profitability.

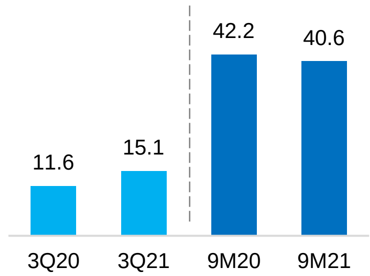
Management efforts to reduce the Group's cash conversion cycle to under 300-days has borne fruit, dual-driven by a reduction in receivables and inventories, and has resulted in a significant improvement in the Group's net cashflows generated from operating activities, from an outflow of EGP 121 million in 9M20 to an inflow of EGP 216 million in 9M21.

We expect to maintain this strong growth momentum going into the final quarter of the year on the back of the increased demand for our antivirals both domestically and abroad, strong local sales, growing revenues from our recent acquisitions and other top-selling products, and the continued utilization of our lyophilised production lines. By year end, we look forward to a significant milestone for Rameda - its transition into a larger entity with record annual revenues surpassing the EGP 1 billion-mark.

Quality For All

Financial & Operational Performance

Volume Progression
(excludes toll sales)
(mn units)

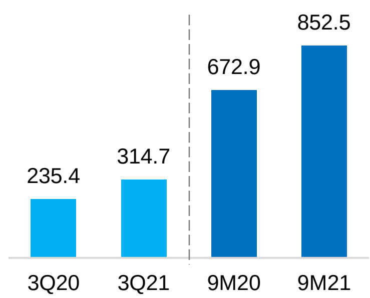


Volumes

Total volumes (excluding toll manufacturing) sold came in at 40.6 million units, down 3.6% y-o-y, driven primarily by a 23.5% decline in tender volumes, in alignment with Rameda's previously communicated strategy to reduce the contributions from the segment going forward in order improve gross profitability. Meanwhile, toll manufacturing volumes increased by 40.2% y-o-y to 24.3 million units in the same period.

Despite the contraction year-to-date, volumes sold (excluding toll manufacturing) in 3Q21 increased by 30.2% y-o-y to record 15.1 million units, while toll manufacturing volumes increased by an exceptional 63.0% y-o-y to 10.1 million units on the back of increased demand by third-parties of the Group's unique lyophilized production capabilities.

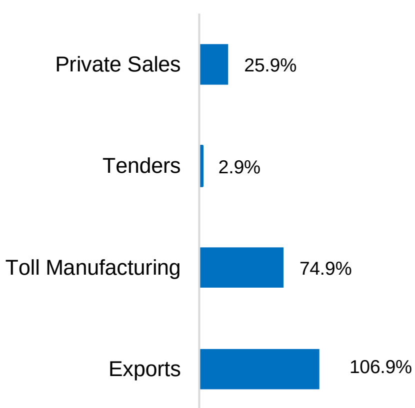
Revenue Progression
(EGP mn)



Revenues

Consolidated revenues grew by 26.7% y-o-y to EGP 852.5 million in 9M21 on the back of the strong demand of the Group's COVID-19 related antiviral products (particularly from export markets which collectively generated 60% of overall export revenues), coupled with strong antibiotic sales during the same period. Eased import restrictions to the Group's export markets, particularly in Iraq and Yemen, has also supported top line growth for the period.

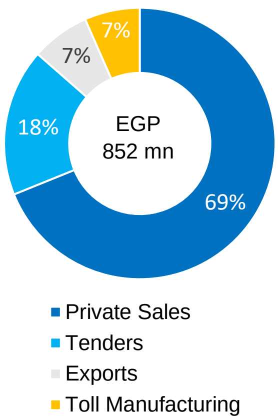
9M21 Revenue Growth Rates
by Business Line



Revenues by Business Line

Revenue Analysis	9M20	9M21	▲ Y-o-Y
Private Sales			
Volumes Sold ('000)	18,408	22,186	20.5%
Sales (EGP mn)	466.5	587.2	25.9%
Tenders			
Volumes Sold ('000)	21,851	16,713	-23.5%
Sales (EGP mn)	145.6	149.8	2.9%
Exports			
Volumes Sold ('000)	1,911	1,733	-9.3%
Sales (EGP mn)	28.7	59.3	106.9%
Volume (excluding toll) ('000)	**42,171**	**40,632**	-3.6%
Toll Manufacturing			
Volumes Sold ('000)	17,318	24,283	40.2%
Sales (EGP mn)	32.1	56.2	74.9%
Total Revenue (EGP mn)	**672.9**	**852.5**	26.7%

9M21 Sales Contribution by Vertical



Private Sales

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

Private sale volumes grew by 20.5% y-o-y to record 22.2 million units sold in 9M21, driven by popular recent launches, including rising demand for the Group's antivirals and antibiotics, combined with the normalization in consumption levels and steady market growth a year after the onset of COVID-19. Accordingly, private sales revenues increased by 25.9% y-o-y to EGP 587.2 million and contributed 69% of Rameda's consolidated revenues in 9M21.

Tenders

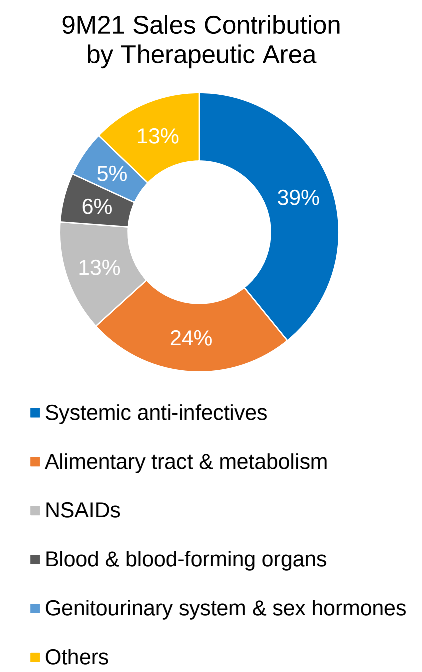
Rameda also engages in institutional sales by selling its products through tender processes through the Egyptian Authority for Unified Medical Procurement (UMPA) to government-owned institutions such as the Ministry of Health and public hospitals. Rameda focuses on participating in selective tender contracts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

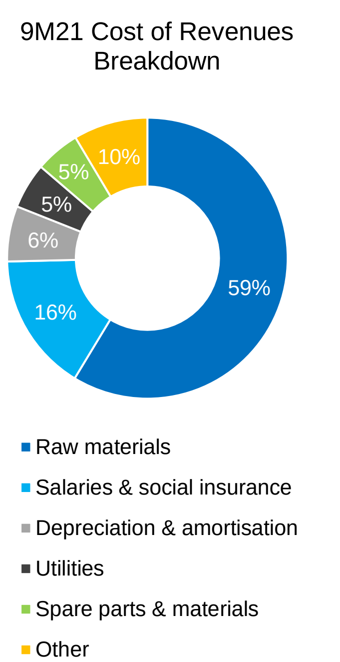
Volumes sold from tenders came in at 16.7 million units in 9M21, representing a 23.5% y-o-y decline, in line with Management's strategy to reduce the contribution of tenders to the Group's revenues in order to maintain higher margins in response to strong price competition amongst pharma players within the segment. Despite this, revenues from tenders recorded EGP 149.8 million in 9M21, up by 2.9% y-o-y and came in second in terms of its contribution to the Group's total revenues at 18% during the period, representing a 4.1 percentage point decline.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 47% of total export sales were sold in Iraq during 9M21, with 26% sold in Lebanon, 22% in Yemen and 3% in Libya. The remaining 2% of exports were sold in Palestine, Saudi Arabia, Somalia and South Sudan.

Volumes from export sales fell by 9.3% y-o-y to 1.7 million units in 9M21, despite an increase of 106.9% y-o-y in export revenues during the period to EGP 59.3 million, primarily due to the exceptional performance of Anviziram and Remdesivir, typically associated with lower volumes and higher prices, with export revenues from both products collectively contributing 60% of total export revenues during the period. As a result, revenues from Levant, a new market for Rameda, came in at EGP 15.3 mn in 9M21. Strong export revenue growth in Iraq and Yemen were driven by improved market conditions and the easing of import restrictions, with export revenues from Iraq up 47.1% y-o-y to EGP 27.9 mn in 9M21, and revenues from Yemen up by 124.6% y-o-y to EGP 13.2 mn in the same period.





Rameda is looking to build on its successful penetration of new markets across four markets in the GCC and in Eastern Europe, as well as further capitalize on the rising demand in the Levant for the Group's products.

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 has enabled Rameda to benefit from enhanced brand equity and acts as a testament to the quality and the standards of Rameda' s production facilities.

Toll manufacturing volumes grew by 40.2% y-o-y to record 24.3 million units in 9M21. In terms of revenues, the vertical recorded stellar growth of 74.9% y-o-y to EGP 56.2 million, with the vertical's positive performance driven by the increasing utilization of Rameda's lyophilized production capacity during the period.

As global procurement patterns continue to stabilize, Rameda will leverage its recent upgrades to capitalise on excess capacities and expand on this promising income stream.

Revenue by Therapeutic Area[2]

Systemic anti-infectives continued to lead the pack in terms of revenue contribution at 39% in 9M21, followed by alimentary tract & metabolism which contributed 24% during the same period. NSAIDs came in next, contributing 13% in 9M21, while blood & blood forming organs contributed 6% and genitourinary system & sex hormones contributed 5%.

Cost of Revenues

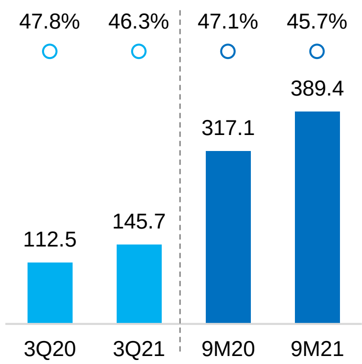
Cost of revenues comprises raw materials, employee salaries and social insurance, depreciation and amortisation, utilities charges, spare parts & materials and other operating expenses.

Rameda's cost of revenues increased by 30.2% y-o-y to EGP 463.1 million in 9M21 on the back of a 74.8% y-o-y increase in raw material costs associated with the ramp-up in the production of antiviral products and the recovery in the demand of the Group's antibiotics portfolio, both associated with a higher API contribution. As a result, the cost of raw materials as a percentage of revenues increased by 8.8 percentage points y-o-y to 32% of revenues in 9M21.

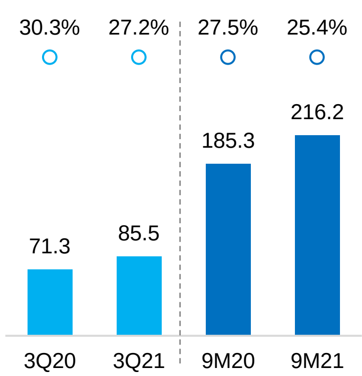
Meanwhile, the Group has successfully lowered its salaries, depreciation, utility and other COGS in order to offset the majority of the increase of higher raw material costs, with their collective values in 9M21 as a percentage of sales down by 7.3 percentage points y-o-y to 22% of revenues.

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

Gross Profit and Margin Progression
(EGP mn | %)



Adjusted EBITDA and Margin Progression
(EGP mn | %)



Gross Profit

Rameda's gross profit increased by 22.8% y-o-y to EGP 389.4 million in 9M21, reflecting a GPM of 45.7%, down by 1.5 percentage points y-o-y due to higher API costs associated with the production of COVID-19 related antiviral medicines which was ramped-up during the period to support their growing demand.

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 14.3% y-o-y to come in at EGP 182.3 million in 9M21, representing 21.4% of revenues, down 2.3 percentage points y-o-y on the back of cost optimization efforts across the Group's marketing division which brought down salaries, social insurance and other fringe benefits, its largest cost component of S&M expenses, by 0.4% y-o-y. This came despite of a 33.2% y-o-y increase in selling and marketing expenses to support the marketing and promotional activities of the Group's latest acquisitions.

General and Administrative Expenses

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

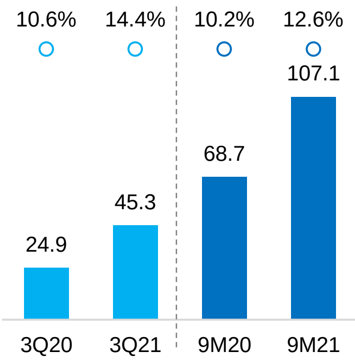
The Group recorded general and administrative expenses of EGP 38.6 million in 9M21, representing an increase of 12.8% y-o-y. The increase was driven primarily by an 18.5% y-o-y increase in salaries and social insurance, the Group's largest cost component of G&A expenses, during the same period. General and administrative expenses as a percentage of revenues decreased by 0.6 percentage points to come in at 4.5% of revenues in 9M21 as the Group increasingly benefits from economies of scale by spreading its fixed costs over a significantly wider revenue base.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before finance expenses (including bank charges), income taxes, depreciation and amortisation, impairment of trade and notes receivable, write-down/reversal of write down of inventories, provisions for expected claims and universal healthcare tax.

The Group's adjusted EBITDA grew by 16.7% y-o-y to EGP 216.2 million in 9M21, reflecting an EBITDA margin decline of 2.2 percentage points to 25.4%, following the 1.5 percentage-point fall in gross margins during the same period, combined with a 16.7% y-o-y decrease in the depreciation, impairments and provisions adjustment in 9M21, which is added back to operating profit to equate EBITDA during the period.

Net Income after Minority Int and Margin Progression (EGP mn | %)



Net Income

Net profit after minority interest climbed by 55.9% y-o-y to EGP 107.1 million in 9M21, and yielding an NPM of 12.6% for the period, up by 2.4 percentage points y-o-y, with bottom line growth driven by a decrease in finance costs and depreciation & amortization as a percentage of revenues during the period.

Net Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded an overall inflow of EGP 216

million in its net operating cashflow in 9M21, compared to an outflow of EGP 121 million in the same period last year. The improvement in operating cash flows was driven by a combination of lower inventory and receivables and higher payables, yielding a reduction in the cash conversion cycle of 20 days y-o-y to 294 days.

Net fixed assets came in at EGP 498.0 million as at 30 September 2021, up by 0.6% year-to-date, with additions accounting for asset maintenance.

Net debt stood at EGP 374.6 million as at 30 September 2021, down by 8.7% year-to-date. The decrease in net debt was dual-driven by a 3.7% year-to-date decline in total debt, and a 0.5% year-to-date increase in cash and bank balances during the same period.

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About Rameda

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

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would", or, in each case, their negatives, or other similar expressions that are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate, or prediction to become inaccurate. These risks include fluctuations 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.