

**-Integrated Diagnostics Holdings Plc  
1H 2020 Results Update**  
Wednesday, 2 September 2020

## Integrated Diagnostics Holdings Plc results show resilient performance despite Covid-19; Board approves dividend of USD 28 million

**(London)** Integrated Diagnostics Holdings ("IDH," "the Group," or "the Company"), a leading consumer healthcare company with operations in Egypt, Jordan, Sudan and Nigeria, released today unaudited highlights of its financial and operational performance for the first half of 2020, recording revenue of EGP 950 million and a net profit of EGP 175 million.

### Results\*

	1H2020	1H2019
<b>Revenues**</b>	<b>950</b>	<b>1,040</b>
Cost of Sales	(503)	(500)
<b>Gross Profit</b>	<b>446</b>	<b>540</b>
<i>Gross Profit Margin</i>	<i>47%</i>	<i>51%</i>
Operating Profit	277	300
<b>EBITDA<sup>1</sup></b>	<b>367</b>	<b>400</b>
<i>EBITDA Margin</i>	<i>39%</i>	<i>38%</i>
<b>Net Profit</b>	<b>175</b>	<b>200</b>
<i>Net Profit Margin</i>	<i>18%</i>	<i>19%</i>
<b>Cash Balance</b>	<b>719</b>	<b>719</b>

\*The results for 1H 2019 and 1H 2020 reflect the adoption of IFRS 16.

\*\*Excluding the 100 Million Healthy Lives Campaign from 1H 2019 figures, consolidated revenues would have declined by 6% year-on-year. The 100 Million Healthy Lives campaign ran from November 2018 through June 2019. For the first half of 2019 IDH served 224 thousand patients under the campaign's umbrella and performed 2.4 million tests. Total campaign-related revenue in 1H 2019 reached EGP 47 million.

<sup>1</sup> EBITDA is calculated as operating profit plus depreciation and amortization

### Financial Highlights

- Revenue for the first half of the year was EGP 950 million, a 10% year-on-year decline due to the Covid-19 outbreak, as well as a high base effect with 1H 2019

figures having included the impact of the 100 Million Healthy Lives campaign in Egypt. Excluding the campaign, the Group's consolidated revenue records a modest 6% year-on-year decline despite the lockdowns and curfews across IDH's geographies. Performance was supported by a ramp up of IDH's house calls service and higher demand for Covid-19 indicative tests<sup>2</sup> in Egypt, alongside offering Covid-19 testing in Jordan. Together these efforts drove a steep 38% year-on-year revenue recovery in June 2020.

- €€€ **Gross profit** decreased in line with revenues by 10% year-on-year to EGP 446 million in 1H 2020. Gross profit margin remained stable at 47%, supported by lower raw material costs as well as lower wages and salaries.
- €€€ **Operating profit** recorded EGP 277 million in 1H 2020, down by 24% year-on-year as management booked cautionary provisions to account for elongated collection cycles.
- €€€ **EBITDA** for 1H 2020 was EGP 367 million, down 17% year-on-year on account of higher provisions. EBITDA margin was 39% in 1H 2020 compared to 42% in the same period last year.
- €€€ **Net profit** recorded EGP 175 million in the first half of 2020, down 19% year-on-year and with a net profit margin of 18% compared to 20% in 1H 2019. As provisions for doubtful accounts are not accounted for in taxable income, net profitability reflects an increase in the effective tax rate by around 1%.
- €€€ **Net cash flow from operating activities** was EGP 149 million in 1H 2020, with the Group maintaining total cash balances of EGP 719 million as of 30 June 2020, reflecting a strong liquidity position.
- €€€ Owing to the Group's strong cash position and management's confidence in the Group's outlook, the Board of Directors has **approved an interim dividend of USD 28 million**, or USD 0.187 per share, to be paid to shareholders who appear on the register as at 11 September 2020, with an ex-dividend date of 10 September 2020 and a payment date of 2 October 2020.

<sup>2</sup>Covid-19 indicative tests include a bundle of inflammatory and clotting markers such as Complete Blood Picture, ESR, D-Dimer, Ferritin and CRP, among others, that witnessed increased demand during the period

## Operational Highlights

- €€€ **IDH's branch network included 462 branches as at 30 June 2020**, up from 452 branches as at 31 December 2019, with IDH resuming its branch rollout plan for the year.
- €€€ IDH served **2.9 million total patients** in 1H 2020, down 21% year-on-year due to the impact of Covid-19 on operations during the months of March, April and May. Factoring out the campaign's contribution (224 thousand patients and 2.4 million tests in 1H 2019), total patients served records a 16% year-on-year decline in 1H 2020.
- €€€ **Total number of tests** performed decreased 28% year-on-year to 11.2 million in 1H 2020 due to Covid-19, however, tests performed during the month of June were up 17% year-on-year. Factoring out the campaign from 1H 2019 figures, tests performed decline 15% year-on-year in 1H 2020.
- €€€ **Average revenue per test** was up 24% year-on-year to EGP 85 for 1H 2020. The increase was partly driven by a low base effect of the campaign in 1H 2019. Controlling for the campaign's effect, average revenue per test would still have

increased 10% year-on-year in 1H 2020.

- €€€ **IDH's average test per patient** was down 8% year-on-year to 3.9 in 1H 2020. Excluding the campaign, the average test per patient would have increased 2% year-on-year.
- €€€ Branches in **Egypt** remained operational throughout the six-month period, albeit with reduced working hours. Lower activity was offset with a ramp up of the house calls service and a bundle of Covid-19 indicative testing.
- €€€ **In Jordan**, following the closure of 17 out of 19 branches during March through May, all of Biolab's 19 branches are now operational. Local currency revenue grew 6% year-on-year supported by Covid-19 testing.
- €€€ **In Sudan**, branches operated at reduced hours between late March and May 2020, followed by the closure of 15 out of 21 branches due to the imposition of stricter measures by the government. As of June 2020, the number of operational branches increased to nine, operating at reduced hours, while 12 remained closed.
- €€€ **Nigeria** continued to capitalize on the recently acquired state of art radiology equipment in 4Q 2019, resulting in a 28% increase in test volumes and a similar 28% increase in local-currency revenue. This comes despite Covid-19 related disruptions and reduced traffic during a government-imposed lockdown.
- €€€ **Al-Borg Scan launched a second branch in Cairo** which commenced operations in February 2020, with revenue increasing 47% year-on-year in 1H 2020. Progress continues toward the launch of a third branch.

**Commenting on the Group's performance for the six-month period, IDH Chief Executive Officer Dr. Hend El-Sherbini said:** "The Group's results in the first half of 2020 reflect IDH's defensive business model and its success in minimizing the impact of Covid-19. Despite severe operational disruptions across our geographies including complete branch closures for several weeks during the months of April and May, our top-line declined by a relatively modest 10% year-on-year.

Our ability to limit the impact of Covid-19 was in part supported by management's proactive initiatives, including the ramp up of our house calls service in Egypt offered at no extra charge to our patients. The success of this strategy is clearly reflected in the growing contribution to revenue from this service, which expanded from only 12% in the first quarter of the year to constituting almost a third our top line in Egypt by June 2020. We have also captured the growing demand for Covid-19 indicative tests, including inflammation and clotting markers, providing our patients with bundled test packages that helped support our top-line. And owing to IDH's strong brand equity and our position as the only CAP-accredited facility in Egypt, the Group has been requested by the UAE government to conduct PCR testing to screen passengers travelling from Egypt.

In Jordan, Biolab has been at the forefront of PCR testing for Covid-19 since the onset of the outbreak, which along with strong demand for our services helped deliver a 6% growth in local currency revenue despite the closure of multiple branches. I am also very pleased with our performance in Nigeria where volumes and revenue continued to grow even during shelter-in-place orders. Nigeria's performance is supported by the success of our value-building efforts and increased brand awareness, with the geography holding significant growth potential. Finally, in Sudan, we maintained largely stable local-currency revenue despite continued branch closures.

Meanwhile Group profitability remained intact with a stable and robust gross profit margin of 47% made possible through strict cost discipline, including lower raw material costs as well as lower wages and salaries. Our EBITDA margin was 39%, inching down only slightly primarily due to the cautionary provisions to account for doubtful debts and longer collection cycles due to Covid-19.

Overall, our Group remains highly liquid thanks to a strong cash generation profile and over EGP 719 million in cash balances on our under-levered balance sheet.

This resilient performance and our defensive position leave me confident in IDH's ability to contain and mitigate the impact of Covid-19. As such, following on our earlier postponement of the 2019 dividend decision, and after carefully considering the developments in the global pandemic and given the Group's liquidity position, the Board of Directors approved a dividend payment of USD 28.0 million. Management is confident that with the dividend payment, the Group will maintain its ability to meet its financial obligations, including its operational needs and debt service.

Going forward, we will continue to prioritize the health and safety of our people and patients, while focusing on ensuring business continuity and minimizing the impact of Covid-19 as we navigate through this challenging time. We are cautiously optimistic as regards to the recovery across our markets, with volumes and revenue already having witnessed strong growth beginning in June. Thus, our guidance for the full year is for consolidated revenue of EGP 2.1 to 2.2 billion, with an EBITDA margin of circa 40%. On the long term, management is confident in the strong fundamentals of our geographies as well as our leading market position, and we look forward to the resumption of our historical growth trajectory post Covid-19."

### Analyst and Investor Call Details

An analyst and investor call will be hosted at 2pm (UK) | 3pm (Egypt) on Wednesday, 2 September 2020. You may dial in using the conference call details below:

Country	Dial In
International UK	+44-20-3936-2999
International US	+1-646-664-1960
UAE Toll Free	0800-0357-04553
UK Toll Free	0800-640-6441
US Toll Free	+1-855-9796-654

**Conference ID:** 257185

A live audio webcast can be accessed at this [link](#).

### About Integrated Diagnostics Holdings (IDH)

IDH is a leading consumer healthcare company in the Middle East and Africa with operations in Egypt, Jordan, Sudan and Nigeria. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Scan (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 1,400 diagnostics tests. From its base of 462 branches as of 30 June 2020, IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern and African markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015.

IDH's forward-looking strategy rests on leveraging its established business model to achieve four key strategic goals, namely: (1) continue to expand customer reach; (2) increase the number of tests per patient; (3) expand into new geographic markets through selective, value-accretive acquisitions; and (4) introduce new medical services by leveraging the Group's network and reputable brand position. Learn more at [idhcorp.com](http://idhcorp.com).

### Shareholder Information

LSE: IDHC.L

Bloomberg: IDHC:LN

Listed: May 2015  
Shares Outstanding: 150 million

## Contact

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## Forward-Looking Statements

These six-month results have been prepared solely to provide additional information to shareholders to assess the group's performance in relation to its operations and growth potential. These six-month results should not be relied upon by any other party or for any other reason. 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", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "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 business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's 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 the Group's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this communication. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

## Operational & Financial Review

### Revenue

IDH recorded revenue of EGP 950 million in 1H 2020, down by 10% year-on-year due to the Covid-19 outbreak and its impact during the months of March, April and May. Revenue in April and May 2020 declined by around 49% and 22%, respectively, as lockdowns and curfews imposed across IDH's geographies to contain the spread of Covid-19 impacted patient volumes at IDH's branches. However, IDH witnessed a sharp recovery beginning June 2020, with revenue for the month increasing by approximately 38% versus the same month last year. Improved performance toward the tail end of the period coincided with easing of containment measures across IDH's markets and was also supported by a ramp up of IDH's house calls service in Egypt. Additionally, IDH bundled tests indicative of Covid-19 infection, including inflammatory and clotting markers such as Complete Blood Picture, ESR, D-Dimer, Ferritin and CRP, among others, that witnessed increased demand during the period. Finally, the company's performance was also supported by the application of PCR and antibody testing for COVID-19 in Jordan since the onset of the pandemic.

The decline in consolidated revenue in 1H 2020 is also owing to the comparable period's inflated figures on account of the 100 Million Healthy Lives Campaign in Egypt. Excluding campaign-related figures from 1H 2019, the Group's consolidated revenues record a 6% year-on-year decline in 1H 2020.

### Revenue Analysis: Contribution by Patient Segment

#### Contract Segment

The Group's contract segment recorded a 22% year-on-year fall in revenues in 1H 2020, making up 53% of consolidated revenues for the period versus the 61% share in 1H 2019. The decline was volume driven on account of Covid-19, and also reflects the normalisation in contract to walk-in ratio following the end of the 100 Million Healthy Lives campaign in Egypt, which contributed 224 thousand patients in 1H 2019.

Additionally, during 2019 management had analysed the segmentation of Egypt's patient base leading to a reclassification between walk-ins and contract volumes. Factoring out campaign-related tests from 1H 2019 figures and controlling for the reclassification, contract revenue and tests would record a 5% and 13% year-on-year decline, respectively, on account of Covid-19.

## Walk-in Segment

Revenue from IDH's walk-in segment increased 7% year-on-year in 1H 2020 and made up 47% of IDH's total revenue for the period at EGP 443 million. When controlling for the 2019 reclassifications, walk-in revenue would record a 7% decline in 1H 2020 while walk-in test would record a 19% year-on-year decrease, primarily due to Covid-19.

## Key Performance Indicators

	Contract Segment			Walk-in Segment		
	1H20	1H19	Change	1H20	1H19	Change
Revenue (EGP mn)	506.7	647.1	-22%	442.9	413.9	7%
% of Revenue	53%	61%		47%	39%	
Patients ('000)	1,947	2,716	-28%	943	961	-2%
% of Patients	67%	74%		33%	26%	
Revenue per Patient (EGP)	260	238	9%	470	431	9%
Tests ('000)	8,171	12,440	-34%	3,063	3,175	-4%
% of Tests	73%	80%		27%	20%	
Revenue per Test (EGP)	62	52	19%	145	130	11%
Test per Patient	4.2	4.6	-8%	3.3	3.3	-2%
<b>KPIs Adjusted for the Campaign and Reclassifications*</b>						
Revenue (EGP mn)	506.7	536.0	-5%	442.9	477.9	-7%
% of Revenue	53%	53%	-	47%	47%	-
Tests	8,171	9,374	-13%	3,063	3,798	-19%
% of Tests	73%	71%		27%	29%	
Revenue per Test (EGP)	62	57	8%	145	126	15%

\* Adjustments related to the 100 Million Healthy Lives campaign include subtracting 224 thousand patients, 2.4 million tests and revenue of EGP 47 million for the 1H 2019 contract segment's KPIs. Additionally, reclassification adjustments include the transfer of 623 thousand tests in 1H 2019 and associated revenue of EGP 64 million from the contract segment to walk-ins.

## Revenue Analysis: Contribution by Geography

## **Egypt**

Revenue from Egypt declined 12% year-on-year to EGP 805 million in 1H 2020, driven by lower volumes during the months of March, April, and May due to Covid-19 related restrictions. Lower revenue also reflects the high base effect due to the 100 Million Healthy Lives campaign in 1H 2019. Excluding the campaign's effect, revenue from Egypt would have declined by 7% year-on-year in 1H 2020.

All of the Group's Egypt branches remained operational throughout the six-month period albeit with reduced working hours in accordance with the government-imposed curfews beginning late March and lifted on 27 June 2020. IDH partly offset the decline in branch traffic with higher contribution from its ramped-up house call service, which increased from 12% in 1Q 2020 to 30% in June, and 17% in 1H 2020 versus 10% in 1H 2019. Revenue was also supported by increased demand for IDH's bundle of Covid-19 indicative tests, which contributed EGP 67 million in revenue during May and June 2020. Egypt's revenues also include contributions from Al-Borg Scan, IDH new radiology venture, which generated revenue of EGP 8.9 million in 1H 2020, up 47% year-on-year. Al Borg Scan inaugurated its second branch in Cairo in February 2020, with both branches having served a total of 13.5 thousand patients in 1H 2020, up 61% year-on-year, while total tests performed increased 53% year-on-year to 16.9 thousand.

IDH served 2.6 million patients in Egypt and performed 10.1 million tests, down by 23% and 30% year-on-year, respectively. However, as of June 2020 total tests performed recorded a 17% increase versus June 2019 while total patients served increased by 18% during the same period.

## **Jordan**

In Jordan, revenue recorded EGP 117 million in 1H 2020, down 3% year-on-year and constituting 12.4% of total revenue compared to 11.4% in 1H 2019. However, revenue in JOD terms increased 6% during the period despite Covid-19 related disruptions. Government-imposed curfews and lockdowns led to the closure of 17 out of 19 branches in late March 2020 through the end of April. All branches have since reopened and operations have recovered from the lockdown. Biolab had been administering PCR testing for Covid-19 in Jordan since the onset of the outbreak, which helped drive a 10% increase in number of patients served to 160 thousand in 1H 2020. Overall, Covid-19 related testing contributed 18% to Jordan's revenue and 5% to test volumes.

## **Sudan**

Sudan reported revenue of EGP 12 million in 1H 2020, down 19% versus 1H 2019 as operations were impacted by the closure of branches due to Covid-19. In local currency, revenues declined 2% year-on-year in 1H 2020 on account of a 25% decline in number of patients to 59 thousand and a 31% decrease in number of tests to 188 thousand during the same period. Government-imposed curfews and lockdowns saw branches in Sudan operate at reduced hours between late March 2020 and May. Starting May 2020 only six out of the 21 branches were operational due to the imposition of stricter measures by the government. As of June 2020, the number of operational branches increased to nine, operating at reduced hours, while 12 remained closed.

## Nigeria

At the Group's Nigerian subsidiary, revenue increased 12% year-on-year to EGP 15 million, with contribution to total revenue increasing to 1.6% compared to 1.3% in 1H 2019 as the Group reaps the rewards of its renovation and branch upgrade works, including the procurement of new state-of-the-art radiology equipment and the offering of higher-value MRI and CT scans. Revenue growth was even more pronounced in local currency terms, increasing by 28% year-on-year on account of an 18% increase in patients served to 60 thousand and a 28% increase in total tests performed. The strong performance came despite Covid-19 related disruptions, including a complete lockdown and limited traffic as people adhered to shelter-in-place orders.

## Revenue Contribution by Country

	1H 2020	1H 2019	Change
Egypt Revenue (EGP '000)	805	911	-12%
<i>Egypt Contribution</i>	<i>84.8%</i>	<i>85.9%</i>	
Jordan Revenue (EGP '000)	117	121	-3%
Jordan Revenue (JOD '000)	5.3	5.0	6%
<i>Jordan Contribution</i>	<i>12.4%</i>	<i>11.4%</i>	
Sudan Revenue (EGP '000)	12	15	-19%
Sudan Revenue (SDG '000)	41	41	-2%
<i>Sudan Contribution</i>	<i>1.3%</i>	<i>1.4%</i>	
Nigeria Revenue (EGP '000)	15	13	12%
Nigeria Revenue (NGN '000)	359	281	28%
<i>Nigeria Contribution</i>	<i>1.6%</i>	<i>1.3%</i>	
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## Branches by Country

	30 June 2020	31 December 2019	Change
Egypt	410	399	11
Jordan	19	19	-
Sudan	21	21	-
Nigeria	12	13	-1
<b>Total Branches</b>	<b>462</b>	<b>452</b>	<b>10</b>

## Cost of Goods Sold

IDH's cost of goods sold decreased 11% year-on-year to EGP 503 million in 1H 2020. The Group's gross profit recorded EGP 446 million in the first six months of the year, down 10% year-on-year. Gross profit margin for the period was unchanged at 47%.

## COGS Breakdown as a Percentage of Revenue

	1H 2020	1H 2019
Raw Materials	15.9%	19.6%
Wages & Salaries	17.0%	17.7%
Depreciation & Amortisation	8.4%	6.3%



Other Expenses	11.7%	9.4%
<b>Total</b>	<b>53.0%</b>	<b>53.1%</b>

Raw material costs decreased 27% year-on-year to EGP 151 million in 1H 2020 and made up the second largest share of total consolidated COGS during the period at 30.1%. The average raw material cost per test performed during 1H 2020 stood at EGP 13.5, remaining largely stable compared to EGP 13.3 in 1H 2019. Raw materials as a percentage of sales decreased to 15.9% from last year's 19.6%.

Direct salaries and wages made up the largest share of total COGS in 1H 2020 at 32.1%, reaching EGP 161 million, a 14% year-on-year decline. Salaries and wages also declined as a percentage of sales to 17% in 1H 2020 versus 17.7% in the same period last year, driven by the previous recognition of EGP 20 million in profit shares during 1H 2019, and lower salaries in Nigeria following the restructuring that took place during the second half of 2019. Additionally, IDH incurred lower bonuses, incentive, and overtime payments during the curfew periods.

Direct depreciation and amortisation increased 20% year-on-year to EGP 80 million in 1H 2020 on the back of growth in depreciation due to the addition of new equipment at Al Borg-Scan and Nigeria, as well as the incremental amortisation of additional branches (IFRS 16 right-of-use assets). Direct depreciation and amortization as a percentage of revenues increased to 8.4% in 1H 2020 from 6.3% last year.

## **EBITDA**

IDH's consolidated EBITDA in 1H 2020 reached EGP 367 million, down 17% year-on-year and with an EBITDA margin of 39% compared to 42% in 1H 2019. Lower EBITDA profitability was due to top-line contraction and the consequent increase in SG&A as a percentage of sales to 18% compared to 12% in 1H 2019. IDH recorded a doubtful accounts provision of EGP 28 million for elongated collection cycles; higher operational costs related to the ramp up of the house call service in Egypt totalling EGP 6.9 million; and incremental costs related to IDH's new corporate headquarters of EGP 2 million.

In Egypt, EBITDA recorded EGP 332 million in 1H 2020, down 19% year-on-year. EBITDA margin stood at 41% during the 1H 2020, down 4 percentage points from last year's figure impacted by the Covid-19 outbreak along with establishing the aforementioned doubtful accounts provision.

In Jordan, IDH's operations reported a 12% year-on-year contraction in EBITDA to EGP 38 million in 1H 2020 due to Covid-19 related disruptions and the exchange rate difference between the two reporting periods. The Egyptian pound had appreciated from an average of EGP:JOD of 24.14 in 1H 2019 to 22.12 in 1H 2020. Jordan's EBITDA margin was 33% in 1H 2020 compared 36% in the same period last year, impacted by higher doubtful accounts provision along with higher management remuneration related to performance in 2019.

Sudan's EBITDA declined by 76% year-on-year to EGP 1 million in 1H 2020, with an EBITDA margin of 6% compared to 20% in 1H 2019. EBITDA was impacted by branch closures on account of Covid-19.

Finally, in Nigeria, EBITDA losses narrowed to EGP 4 million in 1H 2020 from the negative EGP 18 million recorded in the same period last year. Losses narrowed due to a 12% year-on-year increase in revenues (28% in NGN terms) and an 18% year-on-year decrease in salaries expense during the period. It is worth noting that Nigeria was poised to turn EBITDA positive in late 2020, however, with the onset of Covid-19 and related disruptions management expects this to be achieved by 2021.

### Regional EBITDA in Local Currency

mn		1H 2020	1H 2019
Egypt	EGP	332	411
Jordan	JOD	1.7	1.8
Sudan	SDG	2	8
Nigeria	NGN	(101)	(372)

### Interest Income / Expense

IDH recorded interest income of EGP 34 million in 1H 2020, up 61% year-on-year. Interest income increased on the back of higher cash balances.

Interest expense recorded EGP 37 million in 1H 2020 compared to EGP 31 million in the comparable period of 2019. The increase in interest expenses is due to higher interest of right-of-use assets following the addition of new branches. Interest expense is broken down as EGP 26.4 million related to IFRS 16; EGP 8.1 million (related to medium-terms loans for the Al Borg Scan expansion (EGP 3 million) and the Group's new headquarters in Cairo's Smart Village (EGP 3.8 million); and EGP 1.3 million related to bank charges.

### Foreign Exchange

IDH recorded a net foreign exchange loss of EGP 4 million in 1H 2020 compared to EGP 11 million in 1H 2019. The figure is primarily related to FX losses on the back of the SDG devaluation versus the EGP.

### Taxation

Tax expenses recorded in 1H 2020 were EGP 95 million compared to EGP 132 million in the same period of last year. The effective tax rate was 35% in 1H 2020, down from 38% in 1H 2019. There is no tax payable for IDH's two companies at the holding level. Tax was paid on profits generated by operating companies in Egypt and Jordan. It is important to note that the provision for doubtful debt is not accounted for in the taxable income, which led to an increase in the effective tax rate by around 1%.

### Net Profit

IDH's consolidated net profit was EGP 175 million in 1H 2020, down 19% year-on-year. Net profit margin stood at 18% for the period compared to 20% in 1H 2019.

Net profit margin contraction was driven by lower revenues, higher SG&A expenses along with an increase in provisions for doubtful accounts and a higher effective tax rate.

## **Balance Sheet**

On the assets side of the balance sheet, IDH held gross property, plant and equipment (PPE) of EGP 1,166 million as at 30 June 2020, an increase from EGP 1,140 million as at 31 December 2019. The increase reflects regular CAPEX outlays during the period.

Accounts receivable recorded EGP 210 million as at 30 June 2020 compared to EGP 261 million at year-end 2019. Accounts receivables' days on hand (DOH) stood at 133 days, up from the 129 days as at year-end 2019 due to lower collection in 2Q 2020 following the imposition of Covid-19-related measures. It should be noted that accounts receivables DOH is calculated based on credit revenues amounting to EGP 277 million in 1H 2020, representing 55% of contract revenues for the period.

The Group's "days inventory outstanding" increased to 130 days at the close of the second quarter of the year compared to 82 days as at 31 December 2019. The increase follows the Group's strategy of increasing its inventory coverage period to mitigate for potential supply disruptions due to Covid-19.

IDH's cash balances increased to EGP 719.4 million as at 30 June 2020 compared to EGP 630 million as at 31 December 2019, indicating the Group's strong liquidity position and its ability to generate cash even during the challenging times due to Covid-19. As at 30 June 2020, IDH recorded a positive net debt position<sup>3</sup> amounting to EGP 615 million.

On the liabilities side, accounts payable stood at EGP 153 million at 30 June 2020 versus EGP 145 million at year end 2019. The Group's days payable outstanding (DPO) stood at 191 days compared to 141 days at 31 December 2019.

*<sup>3</sup>Net debt is calculated as cash balance less interest-bearing debt (medium term loans)*

## **Dividend**

After consideration of the developments in the global pandemic and given the Group's strong liquidity position and confidence in its financial outlook, the Board of Directors has approved an interim dividend of USD 28.0 million, or USD 0.187 per share, to be paid to shareholders who appear on the register as at 11 September 2020, with an ex-dividend date of 10 September 2020 and a payment date of 2 October 2020.

## **Going Concern**

The uncertainty regarding the impact of a second wave of Covid-19 on the Group has been considered as part of the Group's adoption of the going concern basis. Management has considered the potential impact of a second wave of Covid-19 on the Group's financial

position and liquidity and has considered several scenarios and stress tests. One of the stress tests considered the following key assumptions: a complete lockdown with a substantial loss of revenue by 50% for a period of 4 months (from September to December), no fixed costs reductions, forecasted capital expenditure is maintained, and a dividends payment of USD 28 million during September. The reduction of revenues will not affect the Group's ability to meet financial covenants such as Debt Service Coverage Ratio. The conducted stress test displayed the ability of full repayment of the existing loans balances. The downside scenarios showed that the Group's current financial position and cash balance will alleviate any potential downside risk in the Group's cash flow generated from its operational activities, thus the Directors continue to adopt the going concern basis in preparing the financial information.

## **Principal Risks and Uncertainties**

As in any corporation, IDH has exposure to risks and uncertainties that may adversely affect its performance. The Board and senior management agree that the principal risks and uncertainties facing the Group include political and economic risks in Egypt, the Middle East and Nigeria, foreign currency exchange rate variability and associated risks, changes in regulation and regulatory actions, damage to the Group's reputation, failure to maintain the Group's high quality standards and accreditations, failure to maintain good relationships with healthcare professionals and end-users, pricing pressures and business interruption of the Group's testing facilities, among others.

Other short-term risks include operational disruptions related the Covid-19 pandemic; delays in branch openings and renovations in Nigeria and difficulties in growing Echo Lab's customer base; prolonged political unrest in Sudan that can adversely affect patient and test volumes, while further currency devaluation risks will limit the compensatory effect of price increases.

## **Statement of Directors' Responsibilities**

### **Responsibility statement of the directors in respect of the half-yearly financial report**

We confirm that to the best of our knowledge:

- €€€ The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- €€€ The interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board of Directors:

Dr. Hend El Sherbini

Executive Director

1 September 2020

- Ends --

**INTEGRATED DIAGNOSTICS HOLDINGS plc - "IDH"**  
**AND ITS SUBSIDIARIES**

# **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED  
30 JUNE 2020

## Condensed Consolidated Interim Statement of Financial Position as of

	Note	30 June 2020 EGP'000 (Unaudited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4	760,715
Intangible assets and goodwill	5	1,657,544
Right-Of-Use Asset	12-a	288,537
Other investees	6	9,855
<b>Total non-current assets</b>		<b>2,716,651</b>
<b>Current assets</b>		
Inventories		118,202
Trade and other receivables	7	276,778
Restricted cash	10	-
Other investment	8	251,956
Cash and cash equivalents	9	467,429
<b>Total current assets</b>		<b>1,114,365</b>
<b>Total assets</b>		<b>3,831,016</b>
<b>Equity</b>		
Share Capital		1,072,500
Share premium reserve		1,027,706
Capital reserve		(314,310)
Legal reserve		46,905
Put option reserve		(209,815)

Translation reserve		142,996
Retained earnings		632,790
<b>Equity attributed to the owners of the Company</b>		<b>2,398,772</b>
Non-controlling interest		149,766
<b>Total equity</b>		<b>2,548,538</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	18-C	183,500
Provisions		4,421
Loans and borrowings	13	78,908
Long-term financial obligations	14	340,871
<b>Total non-current liabilities</b>		<b>607,700</b>
<b>Current liabilities</b>		
Trade and other payables	11	297,004
Short-term financial obligations	12	245,268
Loans and borrowings	13	25,417
Current tax liabilities		107,089
<b>Total current liabilities</b>		<b>674,778</b>
<b>Total liabilities</b>		<b>1,282,478</b>
<b>Total equity and liabilities</b>		<b>3,831,016</b>

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors and signed on behalf of the Company on 15 June 2020 by:

\_\_\_\_\_  
**Dr. Hend El Sherbini**  
**Chief Executive Officer**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

## **Condensed Consolidated Interim Income Statement for the Six Months Ended**

	Note	30 June 2020 EGP'000 (Unaudited)
Revenue	22	949,687
Cost of sales		(503,490)
<b>Gross profit</b>		<b>446,197</b>
Marketing and advertising expenses		(45,675)
Administrative expenses		(103,263)
Impairment loss on trade and other receivable		(28,281)
Other income		7,890
<b>Operating profit</b>		<b>276,868</b>
Finance income	17	33,957
Finance cost	17	(41,164)
Net finance income	17	(7,207)
<b>Profit before tax</b>		<b>269,661</b>
Income tax expense	18-B	(95,036)
<b>Profit for the period</b>		<b>174,625</b>
<b>Profit attributed to:</b>		
Owners of the Company		178,768
Non-controlling interest		(4,143)
		<b>174,625</b>
<b>Earnings per share (expressed in EGP):</b>		
Basic and diluted earnings per share	21	1.19

The accompanying notes form an integral part of these condensed consolidated interim financial statements

## Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income for the Six Months Ended

30 June



<b>Net profit</b>	<b>174</b>
<b>Other comprehensive income</b>	
<b>Items that may be subsequently reclassified to profit or loss:</b>	
Currency translation differences	(21,)
<b>Other comprehensive income for the period net of tax</b>	<b>(21,)</b>
<b>Total comprehensive income for the period</b>	<b>152</b>
<b>Attributed to:</b>	
Owners of the company	(8,)
Non-controlling interests	(13,)
	<b>(21,)</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statement of Cash Flows for the Six Months Ended

	Note	30 June 2020 EGP'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit for the period before tax		269,661
<b>Adjustments</b>		-
Depreciation, property, plant and equipment		87,814
Amortization		2,672
Loss on disposal of Property, plant and equipment		(65)
Impairment in trade and other receivables		28,281
Reversal of impairment in trade and other receivables		-
Interest expense	17	36,685
Interest income	17	(33,765)
Equity settled share-based payment receipt		(3,464)
Hyperinflation		(192)
Unrealised foreign currency exchange loss / (gain)		4,479
<b>Net cash from operating activities before changes in working capital</b>		<b>392,106</b>
Change in Provisions		(852)
Change in inventory		(35,273)
Change in trade and other receivables		34,429
Change in trade and other payables		(77,723)
<b>Cash generated from operating activities before income tax payment</b>		<b>312,687</b>

Income tax paid during period		(163,571)
<b>Net cash from operating activities</b>		<b>149,116</b>
<b>Cash flows from investing activities</b>		
Interest received		33,606
Decrease in restricted cash		247
Change in other investment "acquisition"		(251,956)
Change in other investment "sale"		221,617
Acquisition of Property, plant and equipment		(58,600)
Acquisition of intangible assets		(1,770)
Proceeds from sale of Property, plant and equipment		193
<b>Net cash flows used in investing activities</b>		<b>(56,663)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		-
Repayments of borrowings		(5,612)
Interest paid		(35,743)
Dividends paid		-
Payment of finance lease liabilities		(43,869)
Injection of cash by non-controlling interest		17,372
<b>Net cash flows used in financing activities</b>		<b>(67,852)</b>
<b>Net decrease in cash and cash equivalent</b>		<b>24,601</b>
Cash and cash equivalent at the beginning of the period		408,892
Effect of exchange rate fluctuations on cash held		33,936
<b>Cash and cash equivalent at the end of the period</b>	9	<b>467,429</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements

## Condensed Consolidated Interim Statement of Changes in Equity for the Six Months Ended

EGP 000	Note	Share capital	Share premium	Capital reserve	Leg rese
<b>At 1 January 2020</b>		<b>1,072,500</b>	<b>1,027,706</b>	<b>(314,310)</b>	<b>46,3</b>
Profit for the period					

Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
<b>Transactions with owners of the Company</b>				
<b><i>Contributions and distributions</i></b>				
Dividends	-	-	-	-
Legal reserve formed during the period	-	-	-	57,9
Movement in put option liability	-	-	-	-
Restatement for impact of hyperinflation	-	-	-	-
Non-controlling interest cash injection in subsidiaries during the year	-	-	-	-
<b>Total contributions and distributions</b>	-	-	-	57,9
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>1,072,500</b>	<b>1,027,706</b>	<b>(314,310)</b>	<b>46,9</b>
<b>At 1 January 2019</b>	<b>1,072,500</b>	<b>1,027,706</b>	<b>(314,310)</b>	<b>37,9</b>
Profit for the period	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
<b>Transactions with owners of the Company</b>				
<b><i>Contributions and distributions</i></b>				
Dividends	-	-	-	-
Legal reserve formed during the period	-	-	-	5,8
Movement in put option liability	-	-	-	-
Restatement for impact of hyperinflation	-	-	-	-
Non-controlling interests resulting from consolidating subsidiaries during the period	-	-	-	-
<b>Total contributions and distributions</b>	-	-	-	5,8
<b>Balance at 30 June 2019 (Unaudited)</b>	<b>1,072,500</b>	<b>1,027,706</b>	<b>(314,310)</b>	<b>43,7</b>

\* Under Egyptian Law each subsidiary must set aside at least 5% of its annual net profit into a legal reserve until such time that this represents

## Notes to the Condensed Consolidated Interim Financial Statements - For the Six Months Ended 30 June 2020

(In the notes all amounts are shown in Egyptian Pounds "EGP'000" unless otherwise stated)

### 1. Reporting entity

Integrated Diagnostics Holdings plc "IDH" or "the Company" is a Company which was incorporated in Jersey on 4 December 2015 and established according to the provisions of the Companies (Jersey) Law 1991 under Registered No. 117257. These condensed consolidated interim financial statements as at and for the six months ended 30 JUNE 2020 comprise the Company and its subsidiaries (together referred as the 'Group').

The Group's main activity is concentrated in the field of medical diagnostics.

The Group's financial year starts on 1 January and ends on 31 December each year.

These condensed consolidated interim financial statements were approved for issue by the Directors of the Company on 1 September 2020.

## **2. Basis of preparation**

### **A. Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' (as adopted by the EU).

They do not include all the information required for a complete set of IFRS financial statements as adopted by European Union ("IFRS-EU"), and should be read in conjunction with the financial statements published as at and for the year ended 31 December 2019 which is available at [www.idhcorp.com](http://www.idhcorp.com)

### **B. Going concern**

The uncertainty regarding the impact of a second wave of Covid-19 on the Group has been considered as part of the Group's adoption of the going concern basis. Management has considered the potential impact of a second wave of Covid-19 on the Group's financial position and liquidity, and has considered several scenarios and stress tests. One of the stress tests considered the following key assumptions: a complete lockdown with a substantial loss of revenue by 50% for a period of 4 months (from September to December), no fixed costs reductions, forecasted capital expenditure is maintained, and a dividends payment of USD 28 million during September. The reduction of revenues will not affect the Group's ability to meet financial covenants such as Debt service Coverage Ratio. The conducted stress test displayed the ability of full repayment of the existing loans balances. The downside scenarios showed that the Group's current financial position and cash balance will alleviate any potential downside risk in the Group's cash flow generated from its operational activities, thus the Directors continue to adopt the going concern basis in preparing the financial information

These consolidated financial statements have been prepared on the going concern basis. At 30 June 2020, the Group had net assets amounting to EGP 2,548,538K. The Group is profitable and cash generative and the Directors have considered the Group's cash forecasts for a period of 12 months from the signing of the balance sheet. The Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they fall due for at least 15 months from the date of approval of these consolidated annual financial statements. Thus, they continue to adopt the going concern basis in preparing the financial information.

### **C. Basis of measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis except where adopted IFRS mandates that fair value accounting is required.

### **D. Functional and presentation currency**

These condensed consolidated interim financial statements and financial information are presented in Egyptian Pounds (EGP'000). The functional currency of the majority of the Group's entities is the Egyptian Pound (EGP) and is the currency of the primary

economic environment in which the Group operates.

The Group also operates in Jordan, Sudan and Nigeria and the functional currencies of those foreign operations are the local currencies of those respective territories, however due to the size of these operations there is no significant impact on the functional currency of the Group, which is the Egyptian Pound (EGP).

#### E. Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last consolidated financial statements published as at and for the year ended 31 December 2019.

#### 3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied in the audited consolidated financial statements published as at and for the year ended 31 December 2019.

These audited consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.

#### 4. Property, plant and equipment

	Land & Buildings	Medical, electric & information system equipment	Leasehold improvements	Fixtures, fittings & vehicles	Building & Leasehold Assets in the course of construction
<b>Cost</b>					
At 1 January 2020	332,353	483,370	225,281	66,461	19,924
Additions	558	39,788	11,714	3,657	1,020
Disposals	-	(546)	(493)	(233)	-
Translation differences	(608)	(21,709)	(3,242)	(2,419)	(2,530)
At 30 JUNE 2020 (unaudited)	<b>332,303</b>	<b>500,903</b>	<b>233,260</b>	<b>67,466</b>	<b>18,414</b>
<b>Depreciation</b>					
At 1 January 2020	39,718	180,046	105,108	21,070	-
Charge for the period	4,071	34,875	16,502	2,911	-
On disposals	-	(475)	(485)	(184)	-
Translation differences	(72)	(4,534)	(558)	(1,679)	-
At 30 JUNE 2020 (unaudited)	<b>43,717</b>	<b>209,912</b>	<b>120,567</b>	<b>22,118</b>	<b>-</b>
<b>Net book value</b>					
At 30 JUNE 2020 (unaudited)	<b>288,586</b>	<b>290,991</b>	<b>112,693</b>	<b>45,348</b>	<b>18,414</b>
At 31 December 2019	<b>292,635</b>	<b>303,324</b>	<b>120,173</b>	<b>45,391</b>	<b>19,924</b>

\*Payment on account this relates to payments made as a with respect to branches that IDH will receive and own in 2021 and are paying off via a payment schedule

#### Leased equipment

The Group leases medical and electric equipment under finance lease arrangements. This equipment is supplied to service the Group's new state-of-the-art Mega Lab. The equipment

secures lease obligations, see note 15 for further details. At 30 JUNE 2020, the net carrying amount of leased equipment was EGP 26m (31 Dec 2019: EGP 31m).

## 5. Intangible assets and goodwill

Intangible assets represent goodwill acquired through business combinations and brand names.

	Goodwill EGP'000	Brand Name EGP'000	Software EGP'000
<b>Cost</b>			
Balance at 1 January 2020	1,264,086	384,414	59,558
Additions	-	-	1,928
Effect of movements in exchange rates	(2,390)	40	(32)
<b>Balance at 30 JUNE 2020 (unaudited)</b>	<b>1,261,696</b>	<b>384,454</b>	<b>61,454</b>
<b>Amortisation and impairment</b>			
Balance at 1 January 2020	1,849	-	45,373
Amortisation	-	-	2,830
Effect of movements in exchange rates	-	-	8
<b>Balance at 30 JUNE 2020 (unaudited)</b>	<b>1,849</b>	<b>-</b>	<b>48,211</b>
<b>Carrying amount</b>			
<b>Balance at 1 January 2020</b>	<b>1,262,237</b>	<b>384,414</b>	<b>14,185</b>
<b>Balance at 30 JUNE 2020 (unaudited)</b>	<b>1,259,847</b>	<b>384,454</b>	<b>13,243</b>

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. No indicators of impairment have been identified during the six months ended 30 JUNE 2020.

## 6. Other investees

	30-June-20 EGP'000 (unaudited)
Equity investees*	9,855
	<b>9,855</b>

\*Biolab has signed an agreement with EVEX Medical Corporation to establish the biggest laboratory among the West Asia countries located in Tbilisi. This 4000-square-meters diagnostic medical laboratory will connect more than 40 hospitals, and diagnostic centers that are part of EVEX group, utilizing the advanced technological systems that Biolab created in Jordan. EVEX Medical Corporation is the largest chain of hospitals in Georgia, currently represented with 78 clinics in 6 regions of Georgia.

The agreement is based on two elements:

1. Implementation of the technological platforms and biolab LIMS at Evex labs.
2. Taking the Mega Lab through the journey of Joint Commission International accreditation (JCI), within two years from the expected launch date of the central laboratory.

## 7. Trade and other receivables

30-June-20

	<b>EGP'000</b>
	<b>(unaudited)</b>
Trade receivables	209,632
Prepaid expenses	18,983
Receivables due from related parties	6,236
Other receivables	41,587
Accrued revenue	340
	<b>276,778</b>

## 8. Other investment

	<b>30-June-20</b>
	<b>EGP'000</b>
	<b>(unaudited)</b>
Treasury bill	251,956
	<b>251,956</b>

The maturity date of the treasury bills is between 3-9 months and have settled average interest rate of 13.22%. Treasury bills are classified as held to maturity.

## 9. Cash and cash equivalents

	<b>30-June-20</b>
	<b>EGP'000</b>
	<b>(unaudited)</b>
Short-term deposits*	216,800
Treasury bill	68,400
Cash at banks and on hand	182,200
<b>Cash and cash equivalents</b>	<b>467,400</b>

\*The maturity date of these time deposits and treasury bills is less than or equal to 3 months.

## 10. Restricted cash

	<b>30-June-20</b>
	<b>EGP'000</b>
	<b>(unaudited)</b>
Restricted cash	

## 11. Trade and other payables

	<b>30-June-20</b>
	<b>EGP'000</b>
	<b>(unaudited)</b>

Trade payable	152,7
Accrued expenses	97,5
Other payables	42,6
Accrued interest	3,9
	<b>297,0</b>

## 12. Short-term financial obligations

	<b>30-June</b>
	<b>EGP'000</b>
	<b>(unaudited)</b>
Put option liability	189,8
Finance lease liabilities	55,3
	<b>245,2</b>

The accounting policy for put options after initial recognition is to recognise all changes in the carrying value of the put liability within equity.

Through the historic acquisitions of Makhbaryoun Al Arab the Group entered into separate put option arrangements to purchase the remaining equity interests from the vendors at a subsequent date. At acquisition a put option liability has been recognised for the net present value for the exercise price of the option. The options are exercisable in whole from the fifth anniversary of completion of the original purchase agreement, which fell due in June 2016. The vendor has not exercised this right at 30 JUNE 2020.

## 13. Loan and borrowings

- A)** In April 2017 AL-Mokhtabar for medical lab, one of IDH subsidiaries, was granted a medium-term loan amounting to EGP 110m from Commercial international bank "CIB Egypt" to finance the purchase of the new administrative building for the group. As at 30 June 2020, loan amount EGP 110m had been drawn down in full. The loan contains the following financial covenants which if breached will mean the loan is repayable on demand:

- The financial leverage shall not exceed the following percentages

Year	2017	2018	2019	2020	2021
%	2.33	1.71	2.31	1.95	

**"Financial leverage"**: total liabilities divided by net equity

- The debt service ratios (DSR) shall not be less than 1.  
**"Debt service ratios"**: cash operating profit after tax plus Depreciation for the financial year less annual maintenance on machinery and equipment divided by total distributions plus accrued interest and loan instalments.
- The current ratios shall not be less than 1.  
**"Current ratios"**: Current assets divided current liabilities.
- The capital expansions in AL Mokhtabar company shall not exceed EGP 50m per year, other than year 2017 which includes in addition the value of the building financed by EGP 110m loan facility. This condition is valid throughout the term of the



loan.

The agreement includes other non-financial covenants which relate to the impact of material events on the Company and the consequential ability to repay the loan.

- B)** In July 2018, AL-Borg lab, one of IDH subsidiaries, was granted a medium term loan amounting to EGP 130.5m from Ahli united bank "AUB Egypt" to finance the investment cost related to the expansion into the radiology segment. As at 30 June 2020 only EGP 53m had been drawn down from the total facility available. The loan contains the following financial covenants which if breached will mean the loan is repayable on demand:

1. The financial leverage shall not exceed 0.7 throughout the period of the loan

**"Financial leverage"**: total bank debt divided by net equity

2. The debt service ratios (DSR) shall not be less than **1.35 starting 2019**

**"Debt service ratio"**: cash operating profit after tax plus depreciation for the financial year less annual maintenance on machinery and equipment adding cash balance divided by total financial payments.

**"Cash operating profit"**: Operating profit after tax, interest expense, depreciation and amortization, is calculated as follows: Net income after tax and unusual items adding Interest expense, Depreciation, Amortisation and provisions excluding tax related provisions less interest income and Investment income and gains from extraordinary items

**"Financial payments"**: current portion of long-term debt including finance lease payments, interest expense and fees and dividends distributions.

3. The current ratios shall not be less than 1.

**"Current ratios"**: Current assets divided current liabilities.

#### The terms and conditions of outstanding loans are as follows:

	currency	Nominal interest rate	Maturity	30-June-20
CIB ??? BANK	EGP	CBE corridor rate+1%	22-Apr	
AUB ??? BANK	EGP	CBE corridor rate+1%	26-Apr	
Amount held as:				
Current liability				
Non- current liability				

\*As at 30-June-20 corridor rate 10.25% (2019: 13.25%)

#### 14. Long- term financial obligation

	30-June-2020 EGP'000 (unaudited)
Lease liabilities building	281,8
Lease liabilities Medical equipment	39,0
Put option liability*	19,9
	<b>340,8</b>

\*According to definitive agreements signed on 15 January 2018 between Dynasty Group Holdings Limited and International Finance Corporation (IFC) related to the Eagle Eye-Echo scan transaction, IFC has the option to put its shares to Dynasty in year 2024. The put option price will be calculated on the basis of the fair market value determined by an independent valuer (one of the big four accounting firms).

According to the International Private Equity and Venture Capital Valuation Guidelines, there are multiple ways to calculate the put option including Discounted Cash Flow, Multiples, Net assets. Multiple valuation was applied and EGP 19.9 million was calculated as the valuation as at 30 June 2020 (2019; EGP 30.0m).

## 15. Leases as lessee (IFRS 16)

### a) Right-of-use assets

	30-June-2020 EGP'000 (unaudited)
Balance at 1 January	264,0
Addition for the year	53,0
Depreciation charge for the year	(29,0)
	<b>288,0</b>

### b) Leases liabilities

Future minimum lease payments under leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	30-June-2020 EGP'000 (unaudited)
*Lease liabilities building	300,0
*Lease liability - laboratory equipment	0,0
Lease liability - other	0,0
	<b>300,0</b>

\*The lease liabilities for the laboratory equipment and building are payable as follows:

	Minimum lease payments 30-June-2020 EGP'000 (unaudited)
Less than one year	111,246
Between one and five years	399,450
More than five years	92,663
	<b>603,359</b>

	<b>Minimum lease payments</b>
	<b>31-Dec-19</b>
	<b>EGP'000</b>
Less than one year	106,436
Between one and five years	381,378
More than 5 years	87,972
	<b>575,786</b>

### c) Amounts recognised in profit or loss

	<b>30-Jun-</b>
	<b>EGP'0</b>
	<b>(unaudite</b>
Interest on lease liabilities	28,5
Expenses related to short-term lease	4,2

### 16. Related party transactions

The significant transactions with related parties, their nature volumes and balance during the period 30 JUNE 2020 are as follows:

<b>Related Party</b>	<b>Nature of transaction</b>	<b>Nature of relationship</b>	<b>Transaction amount of</b>
			<b>EGP'000</b>
Life Scan (S.A.E)	Expenses paid on behalf	Affiliate	
International Fertility (IVF)*	Expenses paid on behalf	Affiliate	
H.C Security	Provide service	Entity owned by Company's board member	
Integrated Treatment for Kidney Diseases (S.A.E)	Rental income Medical Test analysis	Entity owned by Company's CEO	

### Total

\* International Fertility (IVF) is a company whose shareholders include Dr. Moamena Kamel (founder of IDH subsidiary Al-Mokhtabar Labs).

### 17. Net finance income

	<b>30-June-20</b>
	<b>EGP'000</b>
	<b>(unaudited)</b>
<b>Finance income</b>	<b>(unaudited)</b>

Interest income on - time deposits	33,765
Gain on hyperinflationary net monetary position	192
<b>Total finance income</b>	<b>33,957</b>
<b>Finance cost</b>	
Bank charges	(1,228)
Interest expense	(35,457)
Net foreign exchange loss	(4,479)
<b>Total finance cost</b>	<b>(41,164)</b>
<b>Net finance income</b>	<b>(7,207)</b>

## 18. Tax

### A) Tax expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

### B) Income tax

Amounts recognised in profit or loss as follow:

	30-June-20
<b>Current tax:</b>	
Current period	(8,207)
<b>Deferred tax:</b>	
Deferred tax arising on undistributed reserves in subsidiaries	(8,207)
Relating to origination and reversal of temporary differences	
Total Deferred tax expense	(8,207)
<b>Tax expense recognised in profit or loss</b>	<b>(9,414)</b>

### C) Deferred tax liabilities

Deferred tax relates to the following:

	30-June-20		Assets
	Assets	Liabilities	EGP'000
	EGP'000	EGP'000	EGP'000
Property, plant and equipment	-	(17,619)	
Intangible assets	-	(107,114)	
Undistributed reserves from group subsidiaries	-	(60,127)	

Provisions and finance lease liabilities	1,360	-	1,360
<b>Deferred tax assets (liabilities) before set-off</b>	<b>1,360</b>	<b>(184,860)</b>	<b>1,360</b>
<b>Net deferred tax assets (liabilities)</b>	<b>-</b>	<b>(183,500)</b>	<b>-</b>

## 19. Financial Instruments

The Group has reviewed the financial assets and liabilities held at 30 JUNE 2020 and 31 December 2019. It has been deemed that the carrying amounts for all financial instruments are a reasonable approximation of fair value. All financial instruments are deemed Level 2.

### Contingent liabilities

As required by article 134 of the labour law on Vocational Guidance and Training issued by the Egyptian Government in 2003, Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs are required to conform to the requirements set out by that law to provide 1% of net profits each year into a training fund. During the year, Integrated Diagnostics Holdings plc have taken legal advice and considered market practice in Egypt relating to this and more specifically whether the vocational training courses undertaken by Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs suggest that obligations have been satisfied through training programmes undertaken in-house by those entities. Since the issue of the law on Vocational Guidance and Training, Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs have not been requested by the government to pay or have voluntarily paid any amounts into the external training fund. The board of Integrated Diagnostics Holdings plc have concluded that an outflow of funds is not probable

Should a claim be brought against Al Borg Laboratory Company and Al Mokhtabar Company for Medical Labs, an amount of between EGP 16.0m to EGP 36.1m could become payable, however this is not considered probable.

## 20. Distributions made and proposed

### Cash dividends on ordinary shares declared and paid:

Nil per qualifying ordinary share (2019: 0.18)

### After the balance sheet date, the following dividends were proposed by the directors (the dividends have not been provided for):

USD 0.187 per share (2019: nil) per share

The proposed 2020 dividend on ordinary shares are subject to approval at the annual general meeting and is not recognised as a liability as at 30 Jun 2020.

## 21. Earnings per share

30-June-20

EGP'000  
(unaudited)

Profit attributed to owners of the parent	178,768
Weighted average number of ordinary shares in issue	150,000
<b>Basic and diluted earnings per share</b>	<b>1.19</b>

The Company has no potential diluted shares as of the 30 June 2020 and 30 June 2018 therefore the earning per diluted share are equivalent to basic earnings per share.

## 22. Segment reporting

The Group has four operating segments based on geographical location rather than two operating segments based on service provided, as the Group's Chief Operating Decision Maker (CODM) reviews the internal management reports and KPIs of each geography. The Group operates in four geographic areas, Egypt, Sudan, Jordan and Nigeria. The revenue split between the four regions is set out below.

For six-month period ended	Revenue by geographic location			
	(unaudited)			
	Egypt region	Sudan region	Jordan region	Nigeria region
	EGP'000	EGP'000	EGP'000	EGP'000
30-Jun-20	804,994	12,292	117,343	15,059
30-Jun-19	911,246	15,188	121,141	13,389

For six-month period ended	Net profit by geographic location			
	(unaudited)			
	Egypt region	Sudan region	Jordan region	Nigeria region
	EGP'000	EGP'000	EGP'000	EGP'000
30-Jun-20	179,204	(4,537)	15,062	(15,104)
30-Jun-19	216,993	1,229	20,370	(23,061)

	Revenue by type		Net profit by type	
	30-Jun-20 EGP'000 (unaudited)	30-Jun-19 EGP'000 (unaudited)	30-Jun-20 EGP'000 (unaudited)	30-Jun-19 EGP'000 (unaudited)
Pathology	925,757	1,041,522	194,864	(20,239)
Radiology	23,930	20,442	(20,239)	(20,239)
	<b>949,687</b>	<b>1,061,964</b>	<b>174,625</b>	<b>(20,239)</b>

	Revenue by
	30-Jun-20
	EGP'000
Walk-in	(unaudited) 442,987
Corporate	506,700
	<b>949,687</b>

The operating segment profit measure reported to the CODM is EBITDA, as follows:

	30 -Jun-2020
	EGP'000
	(unaudited)
<b>Profit from operations</b>	<b>276,868</b>
Property, plant and equipment depreciation	87,814
Amortization of Intangible assets	2,672
<b>EBITDA</b>	<b>367,354</b>

	Non-current assets by geographic location			
For the year ended	Egypt region	Sudan region	Jordan region	Nigeria
30-Jun-20 (Unaudited)	2,345,284	10,518	254,450	
31-Dec-19	2,334,043	17,518	237,155	

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