

**Integrated Diagnostics Holdings Plc**  
**1Q 2021 Results Update**  
 Wednesday, 2 June 2021

## Integrated Diagnostics Holdings Plc reports record-breaking revenue and net profit growth in 1Q 2021 supported by a strong performance across entire service portfolio

**(London and Cairo)** Integrated Diagnostics Holdings ("IDH," "the Group," or "the Company"), a leading consumer healthcare company with operations in Egypt, Jordan, Sudan and Nigeria, released today its unaudited<sup>1</sup> highlights of its financial and operational performance in the first three months of 2021, reporting revenues of EGP 1,130 million, up 126% year-on-year, and a net profit of EGP 339 million, up 230% year-on-year in 1Q 2021.

### Financial Results

EGP mn	1Q 2021	1Q 2020
<b>Revenues</b>	<b>1,130</b>	<b>500</b>
Cost of Sales	(491)	(257)
<b>Gross Profit</b>	<b>638</b>	<b>243</b>
<i>Gross Profit Margin</i>	57%	49%
Operating Profit	535	159
<b>EBITDA<sup>2</sup></b>	<b>586</b>	<b>203</b>
<i>EBITDA Margin</i>	52%	41%
<b>Net Profit</b>	<b>339</b>	<b>102</b>
<i>Net Profit Margin</i>	30%	21%
<b>Cash Balance</b>	<b>1,324</b>	<b>745</b>

### Key Operational Indicators

	1Q 2021	1Q 2020
<b>Branches</b>	483	457
<b>Patients ('000)</b>	2,359	1,571
<b>Revenue per Patient (EGP)</b>	479	318
<b>Tests ('000)</b>	8,062	6,106
<b>Revenue per Test (EGP)</b>	140	82
<b>Test per Patient</b>	3.4	3.9

*1By the terms regulating the company's listing on the LSE, IDH is required to release reviewed financials at the half-year mark and audited full-year financials. Following the completion of IDH's dual-listing on the Egyptian Exchange in May 2021 complementary to its LSE listing, IDH will be required to release audited quarterly financials to satisfy EGX disclosure requirements starting the second quarter of 2021. All figures in this update are accordingly unaudited and provided from Management accounts.  
2 EBITDA is calculated as operating profit plus depreciation and amortization.*

## **Introduction**

### **i. Financial Highlights**

- €€€ **Revenue** recorded EGP 1,130 million in 1Q 2021, up an impressive 126% year-on-year as IDH continued to build on the strong momentum from the second half of last year. The record-breaking performance in the first quarter of 2021 was primarily supported by IDH's Covid-19-related<sup>3</sup> test offering and was both volume- and price-driven, as total tests performed expanded 32% year-on-year and average revenue per test increased 71% versus 1Q 2020. It is important to note that excluding revenues generated by IDH's Covid-19-related<sup>3</sup> testing from the quarter's performance, consolidated revenue increased 20% year-on-year, in line with the Company's historical averages and displaying a sustained recovery in the Group's non-Covid-19 business.
- €€€ **Gross Profit** recorded EGP 638 million in the first quarter of the year, up 162% versus last year and with an associated margin of 57% versus 49% in 1Q 2020. Improved gross profitability was supported by strong top-line growth for the quarter, and the subsequent economies of scales related to some of the fixed costs such as direct salaries and wages for the period.
- €€€ **Operating Profit** grew by 236% year-on-year to EGP 535 million in 1Q 2021 with an associated margin of 47% versus 32% in the first quarter of last year. Solid operating profit growth came on the back of strong gross profitability for the three-month period and was further supported by a normalisation of provision booked for the quarter, which stood at EGP 5 million in 1Q 2021 versus the EGP 10 million booked in 1Q 2020 to account for expected credit losses in accordance with IFRS 9.
- €€€ **EBITDA<sup>4</sup>** recorded EGP 586 million for 1Q 2021, up 189% year-on-year. EBITDA margin expanded to 52% in 1Q 2021 from 41% in 1Q 2020 on the back of strong top-line growth and improved operating leverage, and further supported by improving EBITDA results from both the Group's operations in Nigeria and Al-Borg Scan.
- €€€ **Net Profit** increased 230% year-on-year to EGP 339 million in 1Q 2021, as strong top-line growth filtered down to the Group's bottom-line. Net profit margin stood at 30% for the quarter versus 21% in 1Q 2020.
- €€€ As a reminder, **IDH's board of directors has recommended a dividend distribution of US\$ 0.049 per share, or US\$ 29.1 million in aggregate, to shareholders in respect of the financial year ended 31 December 2020.** This represents an increase of 4% compared to a final dividend of US\$ 28 million in aggregate in the previous financial year.

### **ii. Operational Highlights**

- €€€ IDH's **branch network** stood at 483 branches as of 31 March 2021, up from 457 branches as of 31 March 2020.

- Total tests performed recorded 8.1 million in 1Q 2021, up 32% year-on-year. Higher test volumes were supported by both IDH's Covid-19-related<sup>3</sup> test as well as its conventional test offering, with the latter increasing by 11% versus last year.
- Average revenue per test grew 71% year-on-year to EGP 140 in 1Q 2021. Excluding the generally higher value Covid-19-related tests, average revenue per test would have increased by a solid 8% versus last year.
- Total patients served reached 2.4 million in 1Q 2021, a 50% year-on-year increase. Meanwhile, average test per patient decreased to 3.4 in 1Q 2021 from 3.9 last year as more patients visit IDH's labs for single Covid-19 tests (PCR, Antigen and Antibody).
- In Egypt, revenue expanded 117% year-on-year supported by both Covid-19-related<sup>3</sup> and conventional test offering. Top-line growth was further bolstered by IDH's house call service which continued to record growing demand throughout the quarter, and contributed to around 25% of consolidated revenues in 1Q 2021.
- Al-Borg Scan recorded a 122% year-on-year revenue expansion supported by a larger test offering, with the venture continuing to make growing contributions to consolidated revenue and EBITDA. Al-Borg Scan recorded an EBITDA of EGP 1.8 million in 1Q 2021, with an associated margin of 20%. EBITDA-level profitability is expected to continue improving as the venture further ramps up operations and new branches come online. On the latter front, Al-Borg Scan's third branch is set to commence operations before the end of June 2021.
- In Jordan, revenues more than tripled year-on-year supported by both Biolab's Covid-19-related test offering and a 29% year-on-year rise in conventional tests. As such, the country's share of consolidated top-line reached 17% in 1Q 2021 versus 12% this time last year.
- In Nigeria, revenues continued their steady expansion, growing 44% year-on-year on the back of rising patient demand. In line with management's expectations, EBITDA losses narrowed further to EGP 0.5 million (compared to a loss of EGP 2.4 million during the same period last year), and operations remain on track to turn EBITDA positive in 2021.

<sup>3</sup>Covid-19-related tests include both Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other Covid-19-related tests which include a bundle of routine inflammatory and clotting markers such as Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), among others.  
<sup>4</sup>EBITDA is calculated as operating profit plus depreciation and amortization.

### iii. Management Commentary

**Commenting on the Group's performance for the three-month period, IDH Chief Executive Officer Dr. Hend El-Sherbini said:** "I am delighted to report that IDH started the new year building on the strong momentum from 4Q 2020 and leveraging an expanded service offering and delivery capabilities to drive exceptional top-line growth and improvements in profitability. In particular, our conventional test offering delivered a strong 20% year-on-year revenue growth, which is in line with our historical averages and signals a consistent recovery of our non-Covid-19 business. Combined with the significant revenue generated by our Covid-19-related<sup>4</sup> test offering, we recorded an impressive 126% increase in consolidated revenues versus the comparable quarter of last year."

"In Egypt and Jordan, we continued to record exceptional revenue growth mainly on the back of strong demand for our Covid-19-related<sup>5</sup> offering, along with double-digit test volume and

revenue growth in our non-Covid-19 business across both geographies as restrictions related to Covid-19 were eased. Volume growth continues to be supported by our multi-pronged expansion strategy which aims to widen and diversify our medical service offering, expand our geographical reach, and strengthen our digital offering and delivery capabilities to ensure that we provide access to as many patients as possible. On the latter, we continued to witness strong contributions coming from our home call service, which we successfully ramped up in both countries to provide additional support to patients during the Covid-19 crisis. In 1Q 2021, our house call service contributed to 25% of Egypt's revenues versus 12% last year, and to 12% of Jordan's first quarter revenues versus the 10% contribution made this time last year. Across both countries we continue to record growing demand for the service, and in the first three months of the year we served nearly 316 thousand house call patients, more than double those served through the service in the first quarter of 2020. Moreover, the increased convenience offered by this service is also leading to higher tests per patient compared to the Group's average, with tests per house call patient standing at 5.2 in 1Q 2021, versus the Group's average of 3.4 for the quarter. Egypt's performance was further bolstered by our radiology venture, Al-Borg Scan, which reported a remarkable 122% year-on-year rise in revenues supported by the addition of the new PET-CT<sup>5</sup> service to our roster coupled with contributions from Al-Borg Scan's second branch which was launched mid-way through the first quarter of last year. The new PET-CT service further strengthens our radiology diagnostic capabilities and guarantees patients access to the latest technology and diagnostic techniques available on the market. Finally, in line with our expansion strategy we inaugurated two new branches in Egypt since the start of year and are targeting the roll out of around 30 more in the remainder of 2021, including a third Al-Borg Scan branch which is expected to come online later this month."

"Meanwhile, in Nigeria, we reported a 44% year-on-year rise in revenues supported by a higher test and patient volumes and an optimised service mix. EBITDA losses continued to narrow in line with our expectations, and we remain on path to turn EBITDA positive in 2021. Finally, in Sudan our results were heavily impacted by the Sudanese government's decision to float the Sudanese pound in February, and the subsequent sharp devaluation versus the Egyptian pound. However, management's continued ability to raise prices in step with inflation saw us deliver a robust 74% year-on-year expansion in revenue in local currency terms."

"Looking ahead, while the Company's immediate focus remains on continuing to play a frontline role in helping governments across our footprint combat the ongoing Covid-19 pandemic, IDH's longer-term outlook remains strong as evidenced by the recovery of our conventional business witnessed in the first quarter of 2021. Our priorities for the remainder of 2021 and beyond remain unchanged as we focus on driving new growth and delivering further value to our patients supported by the underlying strength of our business and the industry we operate in, and our clearly defined growth strategy. Our multi-pronged approach to sustainable growth continues to revolve around the expansion and diversification of our test portfolio, geographical reach, and digital offering to ensure that we provide access to high-quality diagnostic services to as many patients as possible. In parallel, we are also pressing forward with our expansion plans into new geographies. More specifically, we are seeking value-accretive acquisition opportunities in African, Middle Eastern, and South Asian markets where our business model is well-suited to capitalise on healthcare and consumer trends similar to those prevailing in our existing markets. To support our expansion ambitions, in May 2021 we secured a USD 45 million loan from the International Finance Corporation (IFC). Through this new eight-year debt financing agreement, we are once again reinforcing our commitment to the healthcare sector across emerging markets, delivering on our shared strategy with the IFC and aligned ESG goals to provide communities with the tools they need to better their lives."

"In light of IDH's strong performance in the first quarter of the year and management's view of a sustained recovery going forward, we are upgrading our guidance for full-year revenue growth of over 20% with a consolidated EBITDA margin in line with 2020 levels. Having set strong foundations on which to build our next phase of growth by penetrating new patient segments, expanding our branch network, and enhancing our service roster and delivery capabilities, we are excited to continue growing sustainably and unlock our full potential well beyond the end of the Covid-19 crisis."

"Finally, we are very excited with our debut on the Egyptian Exchange in May 2021 as the first dual-listed healthcare company on the EGX and LSE. The dual listing sees us gain access to a larger pool of geographically diversified investors and in turn offer local retail and institutional investors as well as global emerging markets specialists, who regularly invest through the EGX, an attractive opportunity to capitalise on IDH's solid growth prospects."

*4Covid-19-related tests include both Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other Covid-19-related tests which include a bundle of routine inflammatory and clotting markers such as Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), among others*  
*5Positron emission tomography-computed tomography*

- End -

### **Analyst and Investor Call Details**

An analyst and investor call will be hosted at 2pm (UK) | 3pm (Egypt) on Thursday, 3 June 2021. You can access the call by clicking on this [link](#), and you may dial in using the conference call details below:

- Event number: 163 179 6207
- Event password: tFeNhYkD352

For more information about the event, please contact: [amotaz@efg-hermes.com](mailto:amotaz@efg-hermes.com)

### **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-Lab (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 2,000 diagnostics tests. From its base of 483 branches as of 31 March 2021, 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, African, and East Asian 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 with a secondary listing on the EGX since May 2021 (ticker: IDHC.CA).

### Shareholder Information

LSE: IDHC.L  
EGX: IDHC.CA  
Bloomberg: IDHC:LN  
Listed on LSE: May 2015  
Listed on EGX: May 2021  
Shares Outstanding: 600 million

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### Forward-Looking Statements

These results for the quarter ended 31 March 2021 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 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.

## Group Operational & Financial Review

### i. Revenue and Cost Analysis

#### Revenue

IDH reported revenue of EGP 1,130 million in 1Q 2021, up an impressive 126% year-on-year. The record-breaking performance in the first quarter of the year was a continuation of the strong growth witnessed in the second half of 2020 and was primarily supported by IDH's Covid-19-related<sup>6</sup> test offering. Top-line growth for the quarter was dually-driven as test performed expanded 32% year-on-year and average revenue per test increased 71% versus the first three months of 2020. It is important to note that excluding revenues generated by IDH's Covid-19-

related offering from the quarter's performance, tests performed and consolidated revenue increased 11% and 20%, respectively. The year-on-year growth of IDH's conventional test offering is in line with the Company's historical averages and demonstrates the full recovery in its non-Covid-19 business following the low levels recorded in the first half of last year with the onset of Covid-19.

In the first quarter, revenues generated from Covid-19 tests (PCR, Antigen and Antibody) amounted to EGP 399 million, and contributed to 35% of consolidated revenues. Meanwhile, other Covid-19-related tests, which include a bundle of routine inflammatory and clotting markers, generated EGP 137 million in revenues, representing 12% of consolidated top-line. It is worth noting that in the first quarter of 2021, IDH conducted a total of 407 thousand Covid-19 tests (PCR, Antigen, and Antibody).

IDH's consolidated top-line was also supported by its ramped-up house call service in Egypt and Jordan, which contributed to 23% to consolidated revenue for the quarter compared to 12% in 1Q 2020.

*6Covid-19-related tests include both Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other Covid-19-related tests which include a bundle of routine inflammatory and clotting markers such as Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), among others.*

## **Revenue Analysis: Contribution by Patient Segment**

### **Contract Segment**

At the Group's contract segment, revenue increased 120% year-on-year on the back of a 32% rise in tests performed and an 66% rise in average revenue per test. The segment's contribution to total revenues stood at 53% for the quarter versus 55% this time last year. Covid-19-related testing contributed 44% of contract revenues in the first quarter of the year as the Company continued to witness strong demand for the service in both Egypt and Jordan. Excluding Covid-19-related tests, the contract segment would have recorded an 23% year-on-year increase in revenue supported by the widespread recovery in patient volumes kicked off in the second half of last year.

The contract segment's results continued to include contributions from IDH's agreement with Pure Health UAE (EGP 32 million), which saw IDH become the first lab to conduct PCR testing to screen passengers travelling from Egypt. In 1Q 2021, PCR tests for Covid-19 performed as part of the agreement made up 5% of contract segment revenues and 8% of total PCR tests performed during the quarter.

### **Walk-in Segment**

Revenue from IDH's walk-in segment recorded a 133% year-on-year expansion in 1Q 2021, contributing to 47% of consolidated revenues for the quarter versus the 45% contribution made this time last year. In 1Q 2021, average revenue per test at the walk-in segment increased 78% year-on-year, while tests performed increased by 31% versus the comparable quarter of 2020. The walk-in segment's revenue was supported by the Group's Covid-19-related test offering,

which in 1Q 2021 contributed to 51% of the segment's top-line. Meanwhile, controlling for contributions from Covid-19-related tests, walk-in revenues would have increased 16% year-on-year.

## Key Performance Indicators

	Walk-in Segment			Contract Segment			
	1Q21	1Q20	Change	1Q21	1Q20	Change	1Q20
Revenue <sup>^</sup> (EGP mn)	529	227	133%	600	273	120%	1,13
% of Revenue	47%	45%		53%	55%		
Patients ('000)	800	510	57%	1,559	1,061	47%	2,35
% of Patients	34%	32%		66%	68%		
Revenue per Patient (EGP)	661	445	49%	385	257	50%	479
Tests ('000)	2,124	1,621	31%	5,938	4,485	32%	8,06
% of Tests	26%	27%		74%	73%		
Revenue per Test (EGP)	249	140	78%	101	61	66%	140
Test per Patient	2.7	3.2	-16%	3.8	4.2	-10%	3.4

<sup>^</sup>2020 and 2021 figures include Wayak's results.

## Revenue Analysis: Contribution by Geography

### Egypt

In Egypt, revenues recorded EGP 920 million in the first quarter of 2021, a 117% year-on-year rise supported by a 31% year-on-year rise in tests performed and a 66% year-on-year rise in average revenue per test. Revenue growth for the quarter was supported by both IDH's Covid-19-related test offering, which continues to record growing demand from patients, and the Group's conventional test offering. As such, when controlling for contributions made by Covid-19-related tests, revenue increased 20% versus last year on the back of a 12% rise in tests performed. IDH's house call service, which throughout 2020 was successfully ramped up to provide additional assistance to patients during the Covid-19 crisis, continued to make a significant contribution to revenues, constituting 25% of Egypt's top-line in 1Q 2021 versus 12% in the comparable quarter of last year.

Egypt's revenues were further supported by contributions from Al-Borg Scan which saw revenues generated in the quarter more than double year-on-year to record EGP 9 million in 1Q 2021. The remarkable growth was both volume- and price-driven, and further supported by the addition of the new PET-CT scan, which generates significantly higher revenues per test than Al-Borg Scan's other services.

IDH served 2.0 million patients in Egypt and performed 7.2 million tests in 1Q 2021, up by 42% and 31% year-on-year, respectively.



## Jordan

In 1Q 2021, Jordan's revenues stood at EGP 190 million, up by 228% versus last year mainly supported by Biolab's Covid-19-related test offering. Top-line growth for the quarter was supported by an 84% year-on-year rise in tests performed coupled with a 78% year-on-year rise in average revenue per test. Moreover, it is important to highlight that excluding contributions from Covid-19-related tests, which in 1Q 2021 made up 64% of Jordan's top-line, IDH's Jordanian operations would have recorded a 32% and 29% year-on-year increase in tests performed and revenues, respectively. Jordan's top-line continued to be further bolstered by Biolab's ramped up house call services, which in 1Q 2021 contributed to 12% of the country's revenues versus the 10% contribution made in 1Q 2020.

## Nigeria

At the Group's Nigerian subsidiary, revenue recorded EGP 12 million in the first quarter of 2021, up 44% from EGP 9 million this time last year. In local currency terms, revenues were up 49% year-on-year in 1Q 2021 on the back of a 17% and 7% year-on-year expansion in tests performed and patients served for the quarter, respectively. The steady rise in volumes witnessed over the past year comes as IDH continues to capitalise on the increased brand awareness and demand for its services in Nigeria. Volume growth was further supported by the gradual normalisation of traffic following the lifting of restrictive measures enforced to limit the spread of Covid-19 throughout 2020, and the relative social stability following protests in the tail end of 2020.

## Sudan

The Group's Sudanese operations recorded a 31% year-on-year decline in revenues to EGP 6.8 million for 1Q 2021. The country's results were significantly impacted by the Sudanese government's decision to sharply devalue the Sudanese pound with the average SDG/EGP rate in 1Q 2021 standing at 0.12 versus 0.31 this time last year. Nonetheless, management continued to successfully raise prices in line with the hyperinflationary environment and revenue in local currency terms expanded a remarkable 74% year-on-year for the quarter.

## Revenue Contribution by Country

	1Q 2021	1
Egypt Revenue (EGP mn)	920.5	
Covid-19-related (EGP mn)	414	
<i>Egypt Contribution</i>	81.5%	
Jordan Revenue (EGP mn)	189.9	
Covid-19-related (EGP mn)	122.1	
Jordan Revenue (JOD mn)	8.6	
<i>Jordan Contribution</i>	16.8%	
Nigeria Revenue (EGP mn)	12.5	
Nigeria Revenue (NGN mn)	302.4	
<i>Nigeria Contribution</i>	1.1%	
Sudan Revenue (EGP mn)	6.8	
Sudan Revenue (SDG mn)	55.2	
<i>Sudan Contribution</i>	0.6%	

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## Patients Served and Tests Performed by Country

1Q 2021

Egypt Patients Served (mn)	2.0
Egypt Tests Performed (mn)	7.2
<i>Covid-19-related tests (mn)</i>	1.1
Jordan Patients Served (k)	301
Jordan Tests Performed (k)	762
<i>Covid-19-related tests (k)</i>	224
Nigeria Patients Served (k)	38
Nigeria Tests Performed (k)	65
Sudan Patients Served (k)	19
Sudan Tests Performed (k)	62
<b>Total Patients Served (mn)</b>	<b>2.4</b>
<b>Total Tests Performed (mn)</b>	<b>8.1</b>

## Branches by Country

	31 March 2021	31 March 2020	Change
Egypt	431	405	26
Jordan	20	19	1
Nigeria	12	12	-
Sudan	20	21	-1
<b>Total Branches</b>	<b>483</b>	<b>457</b>	<b>26</b>

## -Cost of Goods Sold

IDH's cost of goods sold increased 91% year-on-year to EGP 491 million in 1Q 2021. Strong top-line growth supported a 162% year-on-year expansion in gross profit to EGP 638 million in for the quarter, with an associated margin of 57% versus 49% last year.

## COGS Breakdown as a Percentage of Revenue

	1Q 2021	1Q 2020
Raw Materials	19.3%	15.6%
Wages & Salaries	12.4%	16.8%
Depreciation & Amortisation	4.1%	7.8%
Other Expenses	7.7%	11.1%
<b>Total</b>	<b>43.5%</b>	<b>51.3%</b>

Raw material costs, which include cost of specialized analysis at other laboratories, reached EGP 219 million in 1Q 2021, contributing to the largest share of consolidated COGS at 44%. As a share of revenue, raw material costs reached 19.3% in 1Q 2021 compared to 15.6% last year mainly due to the retesting of Covid-19 positive cases at IDH's Jordanian subsidiary. Moreover, the year-on-year growth also partially reflects the low base effect resulting from a one-off discount granted by suppliers during the comparable period of last year.

Direct salaries and wages increased 66% year-on-year to EGP 140 million in 1Q 2021 and made up the second largest share of total COGS for the three-month period at 28.5%. The increase came on the back of an increase in Egypt's net profit compared to the same period last year (according to IAS 1, 10% of Egypt's net profit is allocated to direct wages and salaries), and also partially reflects the low base effect due to the lower bonus and incentives paid during the comparable quarter of 2020 due to the lower revenues. However, it is important to note that as a share of revenue, direct salary and wages declined substantially to 12.4% in 1Q 2021 from 16.8% in the first quarter of last year.

Direct depreciation and amortisation was up 19% year-on-year in 1Q 2021 to EGP 46 million, largely due to the incremental amortisation of additional branches (IFRS 16 right-of-use assets). Direct depreciation and amortization as a percentage of revenues decreased significantly to 4.1% in 1Q 2021 from 7.8% in 1Q 2020.

## **EBITDA**

IDH's consolidated EBITDA grew an impressive 189% year-on-year to EGP 586 million in 1Q 2021. EBITDA margin expanded to 52% for the quarter versus 41% in 1Q 2020, on the back of strong top-line growth and improved operating leverage. EBITDA growth for the period was also supported by the normalization of provisions booked for the period which in 1Q 2021 stood at EGP 5 million versus the EGP 10 million booked in 1Q 2020 to account for expected credit losses in accordance with IFRS 9. It is important to note that other expenses include EGP 10 million related to the dual listing fees. On this front, IDH expects to book total dual listing fees of around EGP 30 million.

In Egypt, EBITDA recorded EGP 508 million in 1Q 2021, up 171% year-on-year on the back of strong top-line growth in IDH's Egyptian operations. EBITDA margin increased to 55% for the quarter from 44% in 1Q 2020. EBITDA profitability in the country was further buoyed by an improving performance posted by IDH's radiology venture, Al-Borg Scan.

IDH's Jordanian operations recorded a 380% year-on-year rise in EBITDA to EGP 78 million in the first quarter of the year on the back of strong revenue growth for the period. In local currency terms, EBITDA grew 381% year-on-year in 1Q 2021. EBITDA margin recorded 41% in 1Q 2021, up 13 percentage points versus last year.

In Nigeria, EBITDA losses continued to narrow in line with management's expectations, and

recorded EGP 0.5 million in 1Q 2021 from the negative EGP 2.4 million recorded in the comparable quarter of last year. Decreased losses were supported by a 44% year-on-year rise in revenues (49% in NGN terms) coupled with a 4% year-on-year decrease in salary expenses during the quarter.

Finally, Sudan's EBITDA recorded EGP 1.1 million in 1Q 2021, down 44% year-on-year with an EBITDA margin of 16% compared to 20% last year. EBITDA for the quarter was impacted by the sharp SDG devaluation. However, in SDG terms, EBITDA grew 41% year-on-year to SDG 9 million supported by management's pricing strategy to confront the hyperinflationary environment.

## Regional EBITDA in Local Currency

Mn		1Q 2021	1Q 2020
Egypt	EGP	508	188
margin		55%	44%
Jordan	JOD	3.5	0.7
margin		41%	28%
Nigeria	NGN	(11)	(56)
margin		-4%	-28%
Sudan	SDG	9	6
margin		16%	20%

## Interest Income / Expense

IDH recorded interest income of EGP 20 million in 1Q 2021, up 11% year-on-year. Interest income increased on the back of higher cash balances.

Interest expense recorded EGP 21 million in the first quarter of 2021 versus EGP 18 million in 1Q 2020. The increase in interest expenses is due to higher interest on lease liabilities related to IFRS 16 following the addition of new branches. This offset the decrease in interest expenses on borrowings which continued to benefit from the lower interest rate environment following a cumulative 400 basis point cut in interest rates by the Central Bank of Egypt since March 2020.

## Interest Expense Breakdown

EGP Mn	1Q 2021	1Q 2020	Change
Interest on Lease Liabilities (IFRS 16)	14.3	12.3	16%
Interest Expenses on Borrowings <sup>7</sup>	2.5	3.0	-15%
Interest Expenses on Leases	1.5	2.0	-29%
Bank Charges	2.5	0.8	209%
<b>Total Interest Expense</b>	<b>20.8</b>	<b>18.1</b>	<b>15%</b>

<sup>7</sup>Related to medium-terms loans for the AI Borg Scan expansion (EGP 1.5 million) and the Group's new headquarters in Cairo's Smart Village (EGP 1.0 million).

## **Foreign Exchange**

IDH recorded a net foreign exchange loss of EGP 15 million in 1Q 2021 compared to EGP 6 million in the same three months a year ago. The figure largely reflects FX losses on the back of the SDG devaluation versus the EGP in February 2021.

## **Taxation**

Tax expenses recorded in 1Q 2021 were EGP 181 million compared to EGP 51 million in the same quarter of last year. The effective tax rate stood at 35% in the quarter versus 33% in 1Q 2020. There is no tax payable for IDH's two companies at the holding level, while tax was paid on profits generated by operating subsidiaries.

The increase in IDH's effective tax rate to 35% compared to 33% in 1Q 2020 is attributable to the decision by the Egyptian Government in September 2020 to increase the Withholding Tax on profit distribution from 5% for ownership exceeding 25% to 10% (irrespective of the ownership stake). It should be highlighted that previously IDH used to incur a 5% WHT as its ownership in the subsidiaries exceeded 25%.

## **Net Profit**

IDH's consolidated net profit was EGP 339 million in 1Q 2021, up an impressive 230% year-on-year supported by strong revenue growth for the quarter. Net profit margin stood at 30% in 1Q 2021, up more than 9 percentage points year-on-year.

## **ii. Balance Sheet Analysis**

### **Assets**

#### **Property, Plant and Equipment**

IDH held gross property, plant and equipment (PPE) of EGP 1,300 million as at 31 March 2021, up from the EGP 1,261 million as of 31 December 2020. CAPEX outlays represented around 3% of consolidated revenues in the first quarter of the year.

#### **Accounts Receivable and Provisions**

As at 31 March 2021, accounts receivables' Days on Hand (DOH) stood at 97 days compared to 144 days at year-end 2020, which indicates significant improvement in collection during the first quarter in 2021. Accounts receivables' DOH is calculated based on credit revenues amounting to EGP 325 million during 1Q 2021.

Provision for doubtful accounts established during the first quarter of 2021 amounted to EGP 5 million compared to the EGP 10 million booked in provisions in the same three months of last year. This reflects the normalisation of collection cycles following a period of uncertainty early on at the start of the Covid-19 crisis.

## Inventory

As at 31 March 2021, the Group's inventory balance reached EGP 120 million, up from EGP 100 million as at year-end 2020. Days Inventory Outstanding (DIO) decreased to 47 days as at 31 March 2021 from 72 days as at 31 December 2020. The decline is largely attributable the high turnover of PCR testing for Covid-19.

## Cash and Net Debt/Cash

IDH's cash balances increased to EGP 1,324 million as at 31 March 2021 compared to EGP 877 million as at 31 December 2020.

Net cash balance<sup>8</sup> amounted to EGP 691 million as at 31 March 2021, an increase of 115% compared to EGP 321 million as at 31 December 2020.

<b>EGP thousand</b>	<b>1Q 2021</b>	<b>FY 2020</b>
Cash	1,324.4	876.8
Interest Bearing Debt ("Medium Term Loans")	98.6	96.5
Lease Liabilities Property	431.2	389.9
Lease Liabilities Equipment	103.5	69.1
<b>Net Cash Balance</b>	<b>691.1</b>	<b>321.3</b>

## Liabilities

### Accounts Payable

As at 31 March 2021, accounts payable balance stood at EGP 211 million up from EGP 178 million as at year-end 2020. However, the Group's days payable outstanding (DPO) stood at 83 days as at 31 March 2021 down from 127 days as at 31 December 2020, with the decrease mainly reflecting the fact that PCR testing kit suppliers are paid within a period of 15 days.

<sup>8</sup>Net cash is calculated as cash and cash equivalent balances less interest-bearing debt (medium term loans) and finance lease.

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