rameda
Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. delivers a revenue increase of 19.1% y-o-y to EGP 1.5 billion coupled with strong profitability margins and bottom-line growth of 40.4% y-o-y to EGP 252.9 million

FY22 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	EBITDA	Net Income[1]
EGP 1,484.0 million ▲ 19% y-o-y	EGP 720.0 million (49% margin) ▲ 25% y-o-y	EGP 423.2 million (29% margin) ▲ 32% y-o-y	EGP 252.9 million (17% margin) ▲ 40% y-o-y
EPS[2]	**Net Debt**	**Average Unit Price**	**Units Sold**
EGP 0.248 ▲ 49% y-o-y	EGP 475.9 ▲ 32.0% y-o-y	EGP 42.6 (IMS Health) ▲ 12% y-o-y	42.1 million (excludes toll and tender) ▲ 22% y-o-y

March 7th, 2022 | Cairo, Egypt

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. (the "Company", and, together with its consolidated subsidiaries, "Rameda" or the "Group"), RMDA.CA on the EGX, a leading Egyptian pharmaceutical company, announced today its consolidated results for the twelve-month period ending 31 December 2022.

Financial & Operational Highlights

- **Revenues** grew by 19.1% y-o-y to EGP 1,484.0 million driven by strong performances from the Group's private, toll and export sales verticals in FY22.
- **COGS** increased by 14.2% y-o-y to EGP 763.9 million in FY22, declining by 2.2 percentage points as a percentage of revenues to 51.5% due to decreasing raw materials costs as a percentage of revenues driven by a strategic shift from tender sales towards higher margin verticals, coupled with successful cost optimization efforts during the period.
- **Gross profit** increased by 24.7% y-o-y to EGP 720.0 million in FY22 and yielded a GPM expansion of 2.2 percentage points year-on-year to 48.5%. Rameda's improved GPM was driven by the decline in raw materials cost as a percentage of total revenues, which was achieved despite a rapidly depreciating currency, with margins further supported by ongoing strategic price hikes across the majority of the Group's portfolio.
- **EBITDA** grew by 32.3% y-o-y to EGP 423.2 million in FY22, representing an EBITDA margin of 28.5%, up by 2.9 percentage points as improved gross profitability trickled down to the EBITDA level during the year.
- **Reported net income** grew by 40.4% y-o-y to EGP 252.9 million in FY22, yielding an NPM increase of 2.6 percentage points to 17.0% in line with expanding gross profit and EBITDA margins over the year.
- **Core Net Income**, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, booked an increase of 36.3% y-o-y to EGP 246.3 million and yielded a year-on-year margin increase of 2.1 percentage points to 16.6% in FY22.
- **EPS[1]** increased 49.0% y-o-y to EGP 0.248 in FY22.

---

[1] Reported net income figure takes into account EGP 17.8 million in non-cash ESOP expenses. Adjusting for these expenses, reported net income would record EGP 270.7 million in FY22.
[2] EPS before dividend distribution.

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

2022 has presented businesses with various challenges that have impacted economies the world over. In our home market of Egypt, rising inflationary pressures, supply chain constraints, and the multiple rounds of devaluation to Egypt's local currency have hindered business performance across multiple sectors over the course of the year. Despite these headwinds, the Group successfully closed out the year having delivered solid financial growth in the high double-digits, with the accelerated expansion in revenues across the Group's focus verticals trickling down to Rameda's bottom-line. Our results for the period not only stand testament to the resilience of the Group's business model but to management's ability in pivoting strategically to deliver on Rameda's objectives and maximize the value generated from its operations.

In line with our efforts to further deliver on our portfolio optimization strategy and expand our product offering across fast-growing therapeutic areas, I am pleased to announce that the Group launched 6 products and acquired 2 products in FY22. Our strong track record in generating significant value by bringing successful products to market, while also acquiring molecules with a strong established market presence, leaves me optimistic that we can replicate our past successes with these latest additions. Moreover, in our efforts to further enhance the value generated from our portfolio, Rameda has been focusing on expanding its offering with products under free pricing frameworks. In this endeavor, I am pleased to report that the Group has acquired exclusive rights for the distribution and marketing of "Physiomer", a natural decongestant nasal spray. The acquisition marks the Group's strategic entry point into the medical devices segment, and I am optimistic that its value-add will further enhance Rameda' performance over the coming period.

Parallel to our portfolio expansionary efforts, maintaining the Group's profitability was a core focus in 2022 given the turbulent market environment. Early in the year in anticipation of the upcoming headwinds, our management team took the necessary precautions to procure APIs at price points that would support the Group's margins as well as ensure adequate inventory to maintain the sustainability and growth of our operations. Additionally, a successful repricing strategy over the course of the year saw Rameda receive the necessary approvals for price hikes of 20-30% for products that represent 90% of the Group's revenues, which significantly supported our profitability in FY22.

Looking ahead, we remain steadfast in our efforts to generate increased value from our operations as we enter what we anticipate will be another challenging year for Egyptian businesses. As such, we will remain focused on growing the contribution of higher-margin verticals to our top line, as well as continuing to apply for further price hikes across Rameda's portfolio. Moreover, we will advance our efforts in expanding our offering with products that operate under free-pricing frameworks to further enhance the Group's profitability margins going forward.

Finally, I would like to extend my gratitude to our management team and our people. Our success would not have been made possible without their exceptional drive and focus as they continue to deliver on our strategies despite the challenges presented to them and support the Group in maximizing value for shareholders.

Mahmoud Fayek, Chief Financial Officer

Despite a challenging macroeconomic landscape, Rameda booked strong results across all of its key financial indicators in FY22, with solid top line growth further supported by margin expansion on both the EBITDA and net profit level. Rameda's successful year came on the back of solid results across our focus verticals that have not only driven revenue growth but have further enhanced the Group's profitability margins amidst challenging headwinds. Our results for the year reflect the success of Rameda's portfolio optimization strategy and its focus on maximizing the value generated from higher priced products as well as preserving healthy margins throughout periods of high inflation and rapid currency depreciation.

The Group booked top-line growth of 19.1% year-on-year to EGP 1,484.0 million in FY22 driven by strong performances from the Group's key verticals. Rameda's private sales vertical recorded a revenue increase of 30.8% year-on-year to EGP 1,084.2 million on the back of solid double digit volume growth coupled with a number of product price hikes throughout the year, this came despite the overall market witnessing no growth of volumes in FY22. On this front, nine out of the Group's top ten selling products recorded double-and-triple-digit growth at an average year-on-year revenue increase of 56.0%, with Recoxibright, Colona, and Rametax, leading the pack as the Group's top three selling products in FY22. The Group's performance was further supported by Rameda's stellar manufacturing capabilities, with its toll vertical delivering revenue growth of 70.9% year-on-year to EGP 132.4 million in FY22. Moreover, the Group's export sales vertical booked a revenue increase of 21.2% year-on-year to EGP 106.5 million in FY22 on the back of strong volume growth amid improved trading conditions and compensated for the drop in sales from the antiviral portfolio in FY22, which represented 57% of export revenues in FY21.

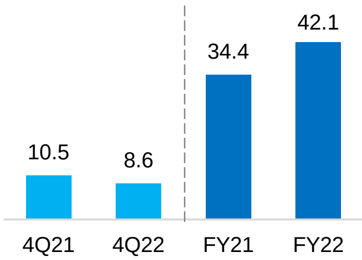
Parallel to these developments, the Group was successful in enhancing its profitability margins in FY22. Rameda's gross profit recorded an increase of 24.7% year-on-year to EGP 720.0 million, reflecting a GPM expansion of 2.2 percentage points year-on-year to 48.5% in FY22. Improved gross profitability was driven by the Group's continued focus on growing contributions from its higher margin verticals, as well as the reaping of rewards from strategic prices hikes across a majority of our products, which collectively represented 90% of FY22 revenues, over the course of the year. At the EBITDA level, Rameda recorded a margin expansion of 2.9 percentage points year-on-year to 28.5% in FY22. The Group's successful efforts at enhancing operating profitability reflected positively on Rameda's net income, which booked an increase of 40.4% year-on-year to EGP 252.9 million, reflecting a 2.6 percentage point expansion in its net income margin to 17.0% in FY22. I would like to highlight that the Group's bottom-line growth was achieved despite booking non-cash ESOP expenses of EGP 17.8 million during the year. After adjusting for these non-cash ESOP expenses, reported net income would record EGP 270.7 million in FY22, up by 50.3% compared to the previous year.

Given the challenging headwinds businesses faced in 2022, I am especially pleased with our performance for the year, which continues to reflect the success of our operational strategies and further cement the Group's position as a powerhouse in the Egyptian pharmaceutical space. In terms of outlook, we anticipate that 2023 is going to be a challenging year for businesses across various sectors in the Egyptian market, given the current inflationary and FX pressures. However, our strong performance in 2022, as well as during the 2016-2018 period, which presented challenging headwinds similar to the ones we are currently facing, are strong indicators that we are well-equipped to navigate these market conditions. This has further cemented my confidence in our ability to maintain our strong growth trajectory as we continue to deliver on the Group's portfolio optimization and expansion strategy and identify new avenues for growth.

Quality For All

Financial & Operational Performance

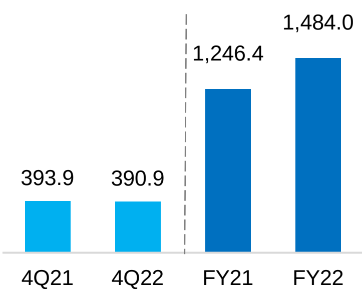
Volume Progression
(excludes toll and tender)
(mn units)



Volumes

Total volumes (excluding toll manufacturing and tender sales) increased by 22.4% y-o-y to 42.1 million units in FY22. This was driven by double-and-triple-digit growth in volumes sold across the Group's higher-margin verticals. On this front, volumes from private sales increased by 14.2% y-o-y to 36.1 million units and contributed the majority of volume sales (excluding toll manufacturing and tender sales) at 86% in FY22. Parallel to this, export volumes grew by 114.9% y-o-y in FY22 on the back of strong sales to the Group's two largest export markets, Iraq and Yemen.

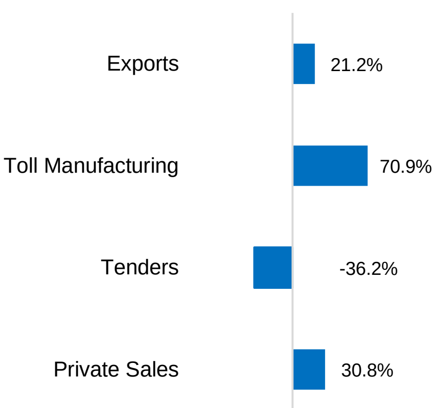
Revenue Progression
(EGP mn)



Revenues

Rameda's revenues grew by 19.1% y-o-y to EGP 1,484.0 million driven by the Group's portfolio optimization strategy and its continued focus on maximizing the value generated from higher priced products. On this front, nine out of the Group's top ten selling products recorded double-and-triple-digit top line growth at an average rate of 56.0% y-o-y, significantly supporting Rameda's performance in FY22. The Group's top three selling products during the year were Recoxibright, Colona, and Rametax.

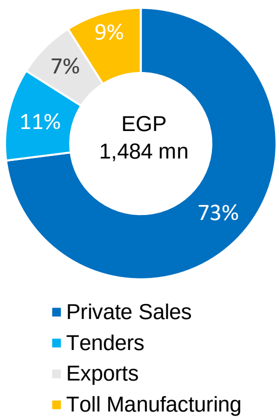
FY22 Revenue Growth Rates
by Business Line



Revenues by Business Line

Revenue Analysis	FY21	FY22	% YoY
Private Sales			
Volumes Sold ('000)	31,608	36,106	***14.2%***
Sales (EGP mn)	829	1,084	***30.8%***
Tenders			
Volumes Sold ('000)	26,566	16,328	***-38.5%***
Sales (EGP mn)	252	161	***-36.2%***
Exports			
Volumes Sold ('000)	2,796	6,009	***114.9%***
Sales (EGP mn)	88	107	***21.2%***
Volume (excluding toll) ('000)	**60,969**	**58,443**	***-4.1%***
Revenue (excluding toll) (EGP mn)	**1,169**	**1,352**	**15.6%**
Toll Manufacturing			
Volumes Sold ('000)	34,478	86,512	***150.9%***
Sales (EGP mn)	77	132	***70.9%***
Total Revenue (EGP mn)	**1,246**	**1,484**	***19.1%***

FY22 Sales Contribution by Vertical



Private Sales

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

Volumes from private sales increased by 14.2% y-o-y to 36.1 million units on the back of a strong performance from Rameda's core portfolio and was further supported by the general post Covid-19 recovery in Egypt's pharmaceutical retail segment in FY22. Consequently, revenue from private sales recorded an increase of 30.8% y-o-y to EGP 1,084.2 million and accounted for 73% of the Group's top line in FY22.

Tenders

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

Volumes from tenders declined by 38.5% y-o-y to 16.3 million units in FY22. This performance is in line with management's strategy to reduce the contribution of tenders to Rameda's revenues due to its lower relative profitability, driven by strong price competition within the sales channel. Revenues from tenders booked a decline of 36.2% y-o-y to EGP 160.8 million in FY22, mirroring the decline in volumes during the year.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 54% of total export sales were sold in Iraq during FY22, with 29% sold in Yemen, and 15% in Libya. The remaining 2% of exports were sold in Palestine, Saudi Arabia, Nigeria, Somalia, South Sudan, and Burundi in FY22.

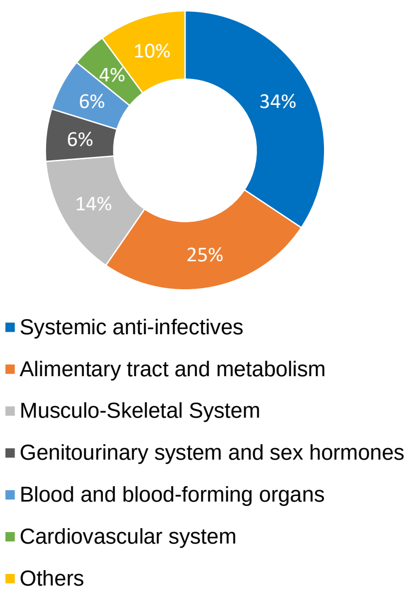
Volumes from exports increased by 114.9% y-o-y to 6.0 million units in FY22. Growth in export volumes came on the back of strong sales to the Group's two largest export markets, Iraq and Yemen, with revenues up by 23.3% and 75.6% respectively, and was further supported by a 153.1% y-o-y increase in export sales to Libya in FY22. This solid performance offset the loss of sales from antiviral products, which contributed 57% of export sales in 2021.

The increase in export volumes reflected positively on revenue performance, which booked a 21.2% y-o-y increase to EGP 106.5 million in FY22.

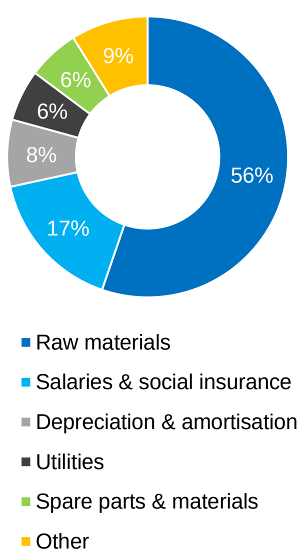
Toll Manufacturing

To monetise its excess production capacity and dilute the Group's existing fixed overheads, Rameda selectively engages in toll manufacturing arrangements. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies, which has in turn enabled Rameda to benefit from enhanced

FY22 Sales Contribution by Therapeutic Area



FY22 Cost of Revenues Breakdown



brand equity and acts as a testament to the quality and the standards of Rameda' s production facilities.

Toll manufacturing volumes grew by 150.9% y-o-y to 86.5 million units in FY22, driven by the ramp-up in contracts secured over the period, resulting in increased utilization of the Group's liquid, penicillin and lyophilized production lines. This performance drove a 70.9% y-o-y increase in revenue from toll manufacturing to EGP 132.4 million in FY22.

Revenue by Therapeutic Area[3]

Systemic anti-infectives (excluding antivirals) generated the lion's share of revenues in FY22, at 34%, followed by alimentary tract & metabolism, which contributed 25%. The musculoskeletal system came in next, contributing 14%, followed by genitourinary system & sex hormones and blood and blood forming organs, each contributing 6%, and the cardiovascular system, which contributed 4% to FY22 revenues. It is also important to note that the contribution of antivirals declined by 13 percentage points y-o-y in FY22 to 2% of revenues during the period.

Cost of Revenues

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

Rameda's cost of revenues increased by 14.2% y-o-y to EGP 763.9 million in FY22, representing 51.5% of revenues, down 2.2 percentage points y-o-y due primarily to a decline in raw materials costs as a percentage of revenue driven by a shift towards higher margin verticals such as private and export sales, coupled with the continued success of the Group's continued portfolio optimization strategy, including the recent launch of higher-priced and higher-margin SKUs and strategic price hikes during the year.

Gross Profit

Rameda's gross profit increased by 24.7% y-o-y to EGP 720.0 and yielded a GPM expansion of 2.2 percentage points year-on-year to 48.5% due to a 3.4 percentage point decline in raw material costs as a percentage of sales during the period, which was achieved despite a rapidly depreciating currency. The Group's gross profitability was further supported by strategic price hikes applied across a majority of its product portfolio during the period.

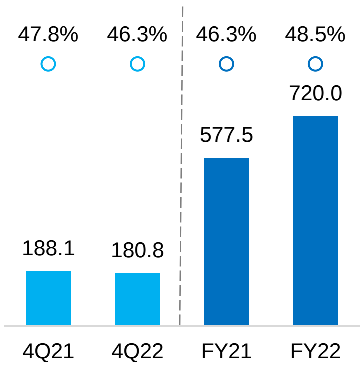
Selling and Marketing Expenses

Selling and marketing expenses principally comprise salaries, social insurance & other fringe benefits associated with the Group's sales and marketing function, advertising & marketing expenses, rent, and depreciation.

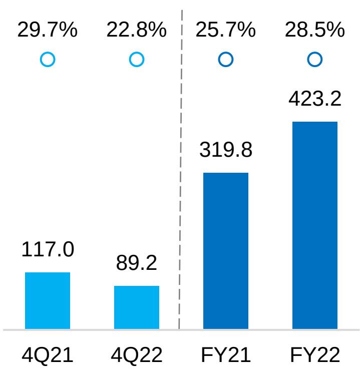
Selling and marketing expenses grew by 17.6% y-o-y to EGP 296.4 million in FY22 due to a 25.9% y-o-y increase in advertising and marketing

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

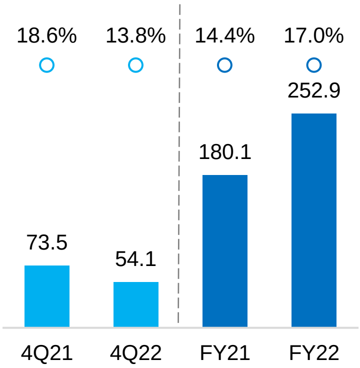
Gross Profit and Margin Progression
(EGP mn | %)



EBITDA and Margin Progression
(EGP mn | %)



Net Income and Margin Progression
(EGP mn | %)



expenses during the year to support the Group's recent launches. As a percentage of revenues, selling and marketing expenses contracted to 20.0% in FY22 compared to 20.2% in FY21 due to economies of scale on the back of accelerated revenue growth during the period.

General and Administrative Expenses

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

Rameda booked an increase of 27.0% y-o-y in general and administrative expenses to EGP 65.9 million in FY22. As a percentage of revenue, general and administrative expenses increased to 4.4% in FY22 compared to 4.2% in FY21 driven primarily by a 22.3% y-o-y increase in salaries and social insurance, its largest cost component, on the back of salary hikes in response to accelerating inflation.

EBITDA

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

The Group's EBITDA increased by 32.3% y-o-y to EGP 423.2 million in FY22 and yielded an EBITDA margin expansion of 2.9 percentage points year-on-year to 28.5% as improved gross profitability trickled down to the EBITDA level during the year.

Net Income

Reported net income increased by 40.4% y-o-y to EGP 252.9 million and yielded an NPM expansion of 2.6 percentage points to 17.0% in FY22, which came despite ESOP expenses of EGP 17.8 million incurred during the period on the back of growing operating profitability, coupled with declining interest expenses year-on-year. Adjusted for ESOP expenses, net profit before minority interest recorded EGP 270.7 million, up 50.3% y-o-y and yielded an NPM expansion of 3.8 percentage points to 18.2%.

Core Net Income, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, booked an increase of 36.3% y-o-y to EGP 246.3 million and yielded a year-on-year margin increase of 2.1 percentage points to 16.6% in FY22.

Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded net operating cashflows of EGP 29.3 million, reflecting a decrease of 87.8% y-o-y in FY22. The decline was driven by the Group's strategic decision to stock-up on inventory in light of anticipated inflationary and currency pressures, coupled with a 36.3% y-o-y increase in receivables during the period.

Net debt stood at EGP 475.9 million as of 31 December 2022, reflecting an increase of 32.0% y-o-y, driven by increased working capital financing needs during the year.

Investor Relations Contact:

Yasmine Negm
Rameda's Head of Institutional Investor
Relations & Corporate Governance
Email: yasmine.negm@rameda.com
Mobile: +20(0)1228505050

About Rameda

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

Forward-Looking Statements

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

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate, or prediction to become inaccurate. These risks include fluctuations in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal, or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations, and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly to the total figure given.