rameda
Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. recorded a revenue increase of 22.9% y-o-y to EGP 537.8 mn in 1H21; Net profit after minority interest grew by a solid 41.1% y-o-y to EGP 61.8 million for the period.

1H21 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	Adjusted EBITDA[1]	Net Income After Minority
EGP 537.8 million ▲ 23% y-o-y	**EGP 243.7 million** (45% margin) ▲ 19% y-o-y	**EGP 130.7 million** (24% margin) ▲ 15% y-o-y	**EGP 61.8 million** (11% margin) ▲ 41% y-o-y
EPS	**Net Debt**	**Average Unit Price**	**Units Sold**
EGP 0.080 ▲ 41% y-o-y	**EGP 274.2** ▼ 33% YTD	**EGP 35.7** (IMS Health) ▲ 7% y-o-y	**25.6 million** (excludes toll volume) ▼ 17% y-o-y

August 9th, 2021 | Cairo, Egypt

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

Financial & Operational Highlights

- **Revenues** increased by 22.9% y-o-y to EGP 537.8 million in 1H21 due to the optimization of the Group's portfolio towards higher-priced products and the increase in sales, both domestically and abroad, of antiviral drugs, including Remdesivir and Anviziram which are used for the treatment of COVID-19, coupled with growing antibiotic sales in 1H21.
- **COGS** grew by 26.3% y-o-y due to a significant increase in raw material costs driven by high initial API costs associated with the ramp-up in the production of the Group's new COVID-19 related antiviral products in 1H21.
- **Gross profit** increased by 19.1% y-o-y to EGP 243.7 million, yielding a GPM of 45.3%, down by 1.5 percentage points y-o-y in 1H21 yet improving on a sequential basis from 42.9% in 1Q21 to 48.6% in 2Q21. The decline was due to higher initial API costs associated with the production of COVID-19 related antiviral medicines during the period which has started to improve as of Q2 2021.
- **Adjusted EBITDA[1]** increased by 14.7% y-o-y to EGP 130.7 million in 1H21, reflecting an EBITDA margin decline of 1.8 percentage points to 24.3%, in line with the fall in gross profit margin during the same period.
- **Net Income after minority interest** grew by 41.1% y-o-y to EGP 61.8 million, yielding an NPM of 11.5%, up 1.5 percentage points y-o-y in 1H21.
- **EPS** increased 41.1% y-o-y to record EGP 0.080 in 1H21.

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

Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

I am very pleased with the Group's exceptional performance during the first half of 2021, as we added to our growth momentum from the first quarter of the year and continued to capitalize on the strong recovery in market conditions on the back of eased COVID-19 related restrictions since the end of 2020. Strong demand, both locally and abroad, of our recently launched products has enabled us to achieve the second highest growth across the market according to IQVIA's first half results, of 40% in 1H21, compared to the average market growth of 7% during the same period.

Top-line growth was primarily led by the success of Rameda's COVID-19 related antiviral products, Anviziram and Remdesivir, which collectively generated EGP 80 million in sales and were among the top 10 products sold in 1H21. This was further boosted by a ramp-up in sales of the Group's existing range of antibiotic products, with Rametax and Rameceftrax both among the top ten products sold in 1H21. Our recently launched food supplement, Omnevora, ranked 9th in sales during the same period, while Recoxibright moved up by two places to become the highest contributor to total revenues during the period. It is important to note that products launched since the beginning of 2020 contributed 42% to 1H21 revenues.

Our strong half-year results stand testament to our well-established ability to react quickly to changing market needs across the pharmaceutical space in order to identify and acquire lucrative products across high-growth therapeutic areas. In this light, we are especially pleased with our July 2021 acquisition of an anticoagulant molecule as part of our strategy to expand Rameda's product offering towards chronic diseases through the acquisition of a product with an established market presence. This milestone transaction, which marks the Group's largest acquisition to date, enables the company to benefit from a large and fast-growing therapeutic area that has displayed a 3-year CAGR of c.67% between 2017 and 2020, with a range of branded products which collectively generated revenue growth of 102% during the same period. We believe that this acquisition will provide a strong boost to Rameda's financial performance going forward.

Looking ahead, we are excited about carrying our growth momentum forward into the second half of the year as we continue to capitalize on improving market conditions and the success of our recent acquisitions. The optimal external environment is anticipated to bode well for our growth strategy, as we aim to further build on and replicate our latest successful acquisition and launch new products that further expand and optimize our portfolio and unlock value for the Group and its shareholders.

Mahmoud Fayek, Chief Financial Officer

Rameda's solid performance for the first half of the year is testament to the Group's ability to continue delivering on its strategies and capitalize on the improving overall market conditions to deliver strong results, with the Group recording solid top-line and bottom-line growth of 22.9% and 41.1% y-o-y respectively in 1H21.

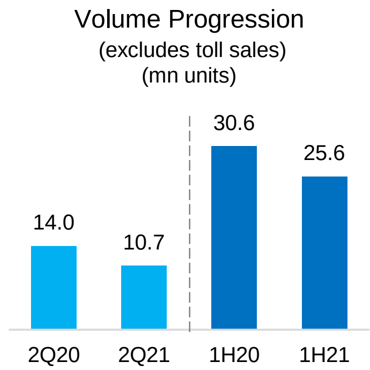
Revenue growth was led by both private sales and export sales, which collectively contributed 85.5% to the Group's absolute revenue growth during the period on the back of fast-growing demand of the Group's COVID-19 medication and recovery in the sales of our antibiotic products. A key development was the lifting of the lockdown in Iraq, which contributed 43% of our total export sales and was the Group's leading export destination during the period. Moreover, we built on our penetration across new markets in the GCC while successfully expanding into the Levant region, and are excited about the opportunities and value that can be unlocked across these new frontiers. On the toll manufacturing front, our state-of-the-art lyophilized production facilities continued to perform well and supported the Group's top-line growth for the period. Meanwhile at our tenders division, we have made the strategic decision to gradually reduce this vertical's contribution to the Group's top line due to depressed pricing within the segment on the back of strong price competition, as we continue to focus on our strategy of maximizing Rameda's margins going forward.

In terms of profitability, Rameda recorded a gross profit increase of 19.1% y-o-y to EGP 243.7 million, yielding a GPM of 45.3%, down by 1.5 percentage points year-on-year due to higher API costs associated with the production of COVID-19 related antiviral medicines, which was ramped-up during the period to support growing demand. However, API costs have declined in 2Q21 compared to 1Q21, driving a 4.9 percentage point increase in Rameda's GPM q-o-q. This trend in declining API prices is anticipated to continue and should reflect positively on the Group's operating profitability by year-end. Despite lower SG&A expenses as a percentage of revenues, EBITDA increased by 14.7% y-o-y to EGP 130.7 million, which yielded a margin contraction of 1.8 percentage points year-on-year, in line with the decline in GPM in 1H21. At the Group's bottom line, Rameda recorded a net profit increase of 41.1% y-o-y to EGP 61.8 million, yielding an NPM of 11.5% for the period compared to 10.0% in 1H20 on the back of efficiencies in the working capital management.

Cashflow generated from operating activities has also witnessed a significant improvement generating EGP 201.7m in H1 2021 compared with an outflow of EGP 40.4m during H1 2020, this was achieved as a result of the management's focus on improving the working capital cycle.

Going forward, we anticipate private and export sales to continue driving our top line growth during the second half of the year as we continue to reap the benefits of our recent acquisitions and normalizing market conditions. On the profitability front, we expect further improvements across our profitability margins on the back of declining API prices, combined with the effects of enhanced economies of scale across our operations.

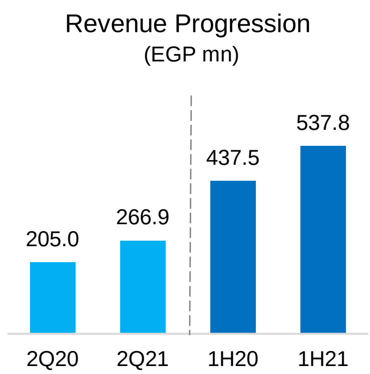
Financial & Operational Performance



Volumes

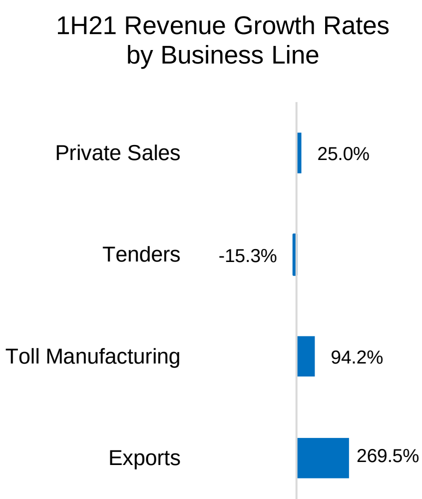
Total volumes (excluding toll manufacturing) declined by 16.5% y-o-y to 25.6 million units in 1H21 on the back of a 37.3% y-o-y decrease in tender volumes – previously the Group's largest contributing segment in 1H20 – in alignment with Rameda's strategy to reduce contributions from tenders going forward to maximize the Group's margins. Parallel to this, private sales volumes grew by 17.2% y-o-y to 12.8 million units in 1H21, and toll manufacturing volumes increased by 27.6% y-o-y to 14.2 million units in the same period.

In 2Q21, volumes (excluding toll manufacturing) declined 23.5% y-o-y, meanwhile, toll manufacturing volumes increased 43.6% y-o-y as the Group continues to reap the benefits of its lyophilized production facilities.



Revenues

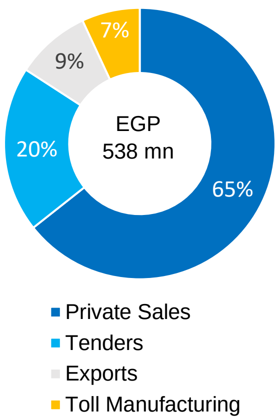
Consolidated revenues grew by 22.9% y-o-y to EGP 537.8 million on the back of the increase in sales both domestically and abroad, of drugs used for the treatment of COVID-19 coupled with growing antibiotic sales in 1H21. Additionally, top line growth for the period was supported by a significant increase in export sales, due to eased restrictions, as well as Rameda's optimized portfolio strategy towards higher priced products.



Revenues by Business Line

Revenue Analysis	1H20	1H21	% YoY
Private Sales			
Volumes Sold ('000)	10,945	12,829	17.2%
Sales (EGP mn)	277.5	346.8	25.0%
Tenders			
Volumes Sold ('000)	18,816	11,799	-37.3%
Sales (EGP mn)	129.0	109.3	-15.3%
Exports			
Volumes Sold ('000)	829	922	11.3%
Sales (EGP mn)	12.4	45.7	269.5%
Volume (excluding toll) ('000)	**30,589**	**25,551**	-16.5%
Revenue (excluding toll) (EGP mn)	**418.9**	**501.8**	19.8%
Toll Manufacturing			
Volumes Sold ('000)	11,132	14,202	27.6%
Sales (EGP mn)	18.5	36.0	94.2%
Total Revenue (EGP mn)	**437.5**	**537.8**	22.9%

1H21 Sales Contribution by Vertical



Private Sales

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

Volumes sold at Rameda's private sales segment grew by 17.2% y-o-y to 12.8 million units in 1H21. This increase was driven by the recovery in the demand for the Group's antibiotic and antiviral medication, combined with the relaxation of social distancing restrictions compared to the same period last year, which brought about a normalization in consumption levels and resulted in healthy market growth. Consequently, private sales revenues increased by 25.0% y-o-y and contributed 65% of Rameda's consolidated revenues in 1H21.

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.

The tenders line of business recorded a 37.3% y-o-y decline in volumes sold to 11.8 million units and generated EGP 109.3 million in revenues, reflecting a decline of 15.3% y-o-y in 1H21. The drop aligns with the Group's strategy to reduce tenders' contribution to Rameda's results in an effort to maximize its margins. This strategic shift is in response to the strong price competition amongst pharma players resulting in lower margins for the Group. The segment came in second in terms of its contribution to the Group's total revenues at 20% in 1H21.

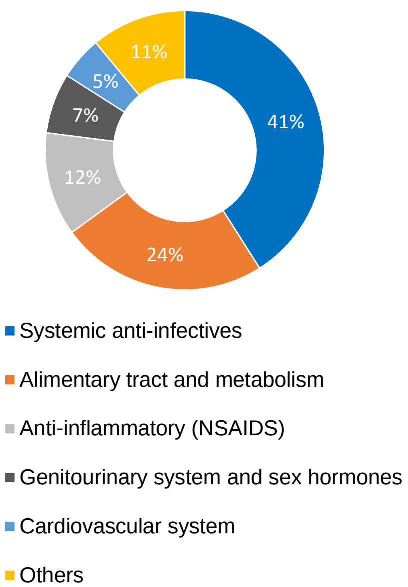
Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 43.0% of total export sales were sold in Iraq during 1H21, with 31.2% sold in Lebanon, 22.2% in Yemen and 3.0% in Libya. The remaining 0.5% of exports were sold in Somalia and South Sudan for the period.

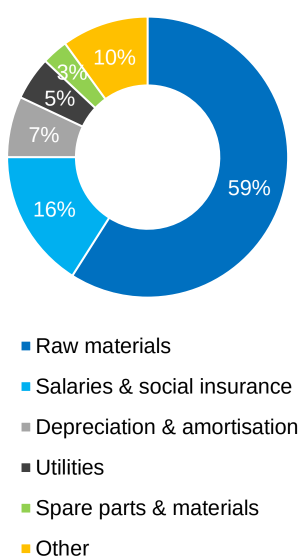
Rameda's export volume increased by 11.3% y-o-y to 0.9 million units and generated revenues of EGP 45.7 million, reflecting a near three-fold year-on-year increase in 1H21. The strong results came on the back of improved market conditions, combined with growing regional demand for Rameda's new antiviral medication for the treatment of COVID-19. As of June 2021, Iraq has returned as the leading contributor to the Group's export sales and now holds the lion's share of Rameda's exports as the Group capitalized on the lifting of the lockdown in Iraq.

Rameda is looking to build on its successful penetration of four markets in the GCC and continue its expansion in Eastern European markets as well as further capitalize on the rising demand in the Levante for the Group's products.

1H21 Sales Contribution by Therapeutic Area



1H21 Cost of Revenues Breakdown



Toll Manufacturing

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

Toll manufacturing volumes grew by 27.6% y-o-y to record 14.2 million units in 1H21, with the vertical's positive performance driven by Rameda's increased lyophilized production capacities during the period. Consequently, the toll manufacturing segment generated EGP 36.0 million in revenues, reflecting a strong 94.2% y-o-y increase in 1H21.

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

Revenue by Therapeutic Area[2]

Systemic anti-infectives continued to lead the pack in terms of revenue contribution at 41% in 1H21, followed by alimentary tract & metabolism which contributed 24%. NSAIDs contributed 12%, while genitourinary system & sex hormones and cardiovascular system contributed 7% and 5%, respectively, for the period.

Cost of Revenues

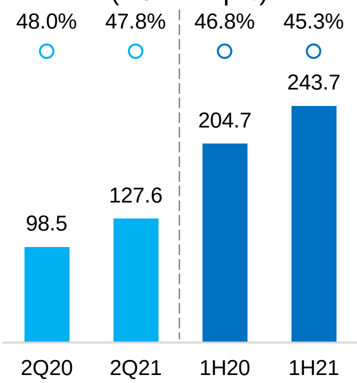
Cost of revenues comprises raw materials, employee salaries and social insurance, depreciation and amortisation, utilities charges, spare parts & materials and other operating expenses.

Rameda's cost of revenues increased by 26.3% y-o-y to EGP 294.1 million due to a significant increase in raw material costs in 1H21. The Group's raw materials contribution to total COGS increased by 17 percentage points year-on-year to 59% in 1H21 due to higher costs associated with the ramp-up in the manufacturing and sale of the Group's new antiviral products.

Meanwhile, salaries & social insurance, spare parts, and energy expenses saw their contribution to COGS fall by c. 2-3 percentage points in 1H21 during the period.

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

Gross Profit and Margin Progression
(EGP mn | %)



Gross Profit

Rameda's gross profit increased by 19.1% y-o-y to EGP 116.1 million in 1H21, yielding a GPM of 45.3%, down by 1.5 percentage points year-on-year due to higher API costs associated with the production of COVID-19 related antiviral medicines which was ramped-up during the period to support growing demand.

It is worthy to note that API costs have declined in 2Q21 compared to 1Q21, driving a 4.9 percentage point increase q-o-q in Rameda's GPM in 2Q21. This trend is anticipated to continue going forward and should reflect positively on the Group's profitability.

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.

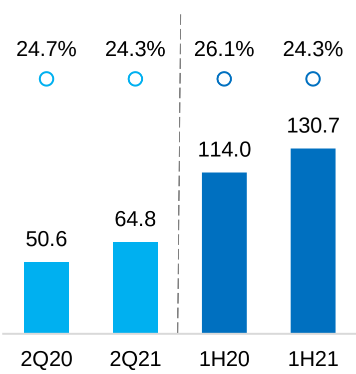
Selling and marketing expenses increased by 13.0% y-o-y to EGP 116.4 million in 1H21. As a percentage of revenues, Selling & Marketing expenses fell from 23.5% to 21.6% during the same period on the back of cost optimization efforts across the Group's marketing division.

General and Administrative Expenses

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

The Group recorded an increase of 10.5% y-o-y in general and administrative expenses to EGP 26.3 million. The increase was driven primarily by a 19.3% y-o-y increase in salaries and social insurance, the Group's largest cost component of G&A expenses. As a percentage of revenue, general and administrative expenses fell to 4.9% in 1H21 compared to 5.4% during the same period last year.

EBITDA and Margin Progression
(EGP mn | %)



Adjusted EBITDA

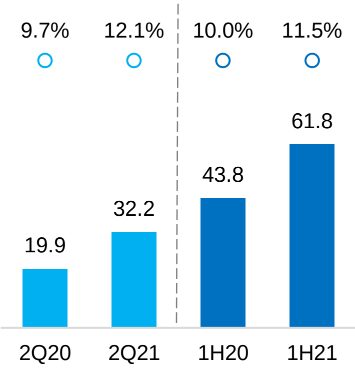
Adjusted EBITDA is defined as earnings before finance expenses (including bank charges), income taxes, depreciation and amortisation, impairment of trade and notes receivable, write-down/reversal of write down of inventories, provisions for expected claims and universal healthcare tax.

The Group's adjusted EBITDA grew by 14.7% y-o-y to EGP 130.7 million in 1H21, reflecting an EBITDA margin decline of 1.8 percentage points to 24.3%, in line with the 1.5 percentage-point fall in gross margins during the same period.

Net Income

Net profit after minority interest grew by 41.1% y-o-y to EGP 61.8 million, yielding an NPM of 11.5%, up 1.5 percentage points y-o-y in 1H21. Bottom line growth was supported by an increased operating leverage.

Net Income and Margin Progression (EGP mn | %)



Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded EGP 201.7 million in operating cashflow in 1H21, compared to negative EGP 40.5 million in the same period last year. The increase was driven by an improved inventory level in 2021 year-to-date, with the onset of COVID-19 during the comparative period in 2020 requiring Rameda to stockpile sufficient inventory to accommodate its production needs for the year.

With all of the major facility expansions and upgrades fully realized by the end of 2019 CAPEX year-to-date accounting primarily for asset maintenance, net fixed assets came in at EGP 494.9 million as at 30 June 2021, declining by 0.1% from the end of last quarter.

Net debt stood at EGP 274.2 million as at 30 June 2021, representing a year-to-date decline of 33.2%, driven by a fall in overall debt of 13.4% year-to-date and was further dampened by a 3.5% year-to-date increase in cash and bank balances for the period.

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About Rameda

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

Forward-Looking Statements

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

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

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