



Quality For All

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E

EARNINGS RELEASE 1Q21

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. books top line growth of 17% y-o-y to EGP 270.8 mn in 1Q21; Net profit after minority interest grew by 26% y-o-y to EGP 30.2 million for the period.

1Q21 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	Adjusted EBITDA ¹	Net Income After Minority
EGP 270.8 million ▲ 17% y-o-y	EGP 116.1 million (43% margin) ▲ 9% y-o-y	EGP 65.9 million (24% margin) ▲ 4% y-o-y	EGP 30.2 million (11% margin) ▲ 26% y-o-y
EPS ¹	Net Debt	Average Unit Price (Retail Market)	Units Sold
EGP 0.039 ▲ 26% y-o-y	EGP 360.1 ▼ 12% q-o-q	EGP 34.85 (IQVIA Health) ▲ 6% y-o-y	14.9 million (excludes toll volume) ▼ 11% y-o-y

May 6th, 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 first quarter results for 2021.

Financial & Operational Highlights

- **Revenues** increased by 16.5% y-o-y to EGP 270.8 million in 1Q21 on the back of the Group’s recent new launches and its recent portfolio optimization strategy, which reflected positively on the majority of Rameda’s lines of business for the period. Growth in the Group’s top line came despite a contraction in volumes sold (excluding toll sale volumes, which grew by 15.0% y-o-y) which was driven by a decrease in tender volumes.
- **COGS** grew by 22.6% y-o-y on the back of an increase in raw material costs that saw COGS expand to 60% as a percentage of revenue in 1Q21, up from 47% in 1Q20. The increase was driven by high initial API costs associated with the ramp-up in the production of the Group’s new COVID-19 related antiviral products for the period.
- **Gross profit** increased by 9.3% y-o-y to EGP 116.1 million, yielding a GPM of 42.9%, down by 2.8 percentage points y-o-y in 1Q21. The decline came on the back of the higher costs associated with the production and sale of COVID-19 related antiviral products for the period.
- **Adjusted EBITDA²** increased by 3.9% y-o-y to EGP 65.9 million in 1Q21, reflecting an EBITDA margin decline of 2.9 percentage points to 24.3%, in line with the 2.8 percentage-point fall in gross profit margin during the same period.
- **Net Income after minority interest** grew by 26.2% y-o-y to EGP 30.2 million, yielding an NPM of 11.1%, up 0.9 percentage points y-o-y in 1Q21.
- **EPS** increased 26.2% y-o-y to record EGP 0.039 in 1Q21.

¹ EPS before dividend distribution

² Adjusted for impairments, provisions, and universal healthcare tax



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Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

With the worst of the pandemic behind us, we entered 2021 on stronger footing and ended our first quarter of operations having achieved multiple milestones and operational developments across our verticals. The easing of COVID-19 related restrictions across our home country of Egypt boded well for the Group's operations and saw Ramedata deliver strong top and bottom-line growth. Our proven ability to identify lucrative opportunities across high-growth therapeutic areas, such as the 2020 year-end launch of our new COVID-19 related antiviral products, Anviziram and Remdesivir, has supported Ramedata's growth in the first quarter of the year and has helped the Group maintain its position as one of the leading and fastest-growing pharmaceutical players in the region, with a private market evolution index of 129 recorded for the period.

Easing import restrictions and strong demand for our antiviral medication regionally saw us enter new markets in 1Q21, with sales to the Levant driving pronounced growth at the Group's exports vertical. Growing demand for the Group's antiviral products abroad, with further orders already received from across the Levant region, is expected to boost export sales and open up new markets for the Group. Additionally, Ramedata is currently completing the registration process to export its products to select GCC and Eastern European markets, with the aim of expanding our operations and unlocking additional value for the Group and its stakeholders.

We remain focused on bringing new products to market and growing our comprehensive portfolio as well expanding our offering into new therapeutic areas and markets beyond our home borders. This quarter, we added two new products to Ramedata's growing portfolio, Doxytroler, a medicine commonly used by pregnant women to treat nausea, and Opranate, an antacid that is primarily used to treat gastrointestinal problems. In line with our portfolio optimization strategy, we expect the solid performance from Doxytroler and Opranate to support top line and gross margin growth within their therapeutic areas.

Our outlook for the remainder of the year looks promising: As COVID-19 vaccines continue to be distributed and restrictions ease across the globe, we are hopeful that we can carry the positive momentum from our first quarter performance over the course of 2021. Ramedata will continue to focus on its portfolio optimization strategy, molecule acquisitions, product launches and opening-up new markets to drive growth and generate value for its shareholders. We will accomplish this while we continue to monitor developments relating to COVID-19 and abide by local and international best practice with respect to health and safety across our operations. Our priority will continue to be the well-being of our people, who have time and again proven that they are the backbone of Ramedata's resilience and success.



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Mahmoud Fayek, Chief Financial Officer

The first quarter of the year has been positive on Rameda's operations and financial performance, with net revenues and net income up by 17% and 26% respectively in 1Q21, demonstrating strong private market growth of 13% compared to a slower recovery for the overall Egyptian pharmaceutical market, which grew at 2.6% during the same period. The Group also delivered exceptional export performance for the period, which was supported by its leading position in the production and promotion of COVID-19 related products, namely Remdesivir and Anviziram, resulting in a more than four-fold increase in export revenues year-on-year.

Rameda recorded revenues of EGP 270.8 million in 1Q21. The Group's growing top line was driven by strong performance from our recent launches, with a ramp up in sales of the new COVID-19 related antiviral products, both domestically and internationally. Rameda's strong results for the quarter stand testament to the Group's ability to swiftly respond to the changing market conditions and new market demands. Meanwhile, our state-of-the-art lyophilized production facility continued to drive growth at our toll manufacturing operations. These developments saw a marked improved overall revenue performance, despite a 10.6% y-o-y decline in the Group's (excluding toll) volume sales due to a fall in tender volumes on the back of a decrease in orders from the UMPA, the Group's selectivity in tender participation, and the strategic decision taken by Rameda to remove certain products associated with lower margins, in line with our portfolio optimization strategy.

Rameda's gross profit grew by 9.3% y-o-y to EGP 116.1 million in 1Q21. Despite successfully procuring raw materials at the best available prices, a contraction in its corresponding gross margin of 2.8 pps was primarily attributed to the high initial API costs and overheads associated with the production of COVID-19-related antiviral medicines, which was ramped-up to support growing demand during the period. While adjusted EBITDA increased by 3.9% y-o-y to EGP 65.9 million in 1Q21, its EBITDA margin declined by 2.9 pps to 24.3%, in line with the fall in GPM for the period. Meanwhile, Rameda recorded an increase of 26.2% y-o-y in its bottom-line to EGP 30.2 million in 1Q21, representing an uptick of 0.8 percentage points year-on-year in net profit margin to 11.1% and demonstrating the effects of operational leverage.

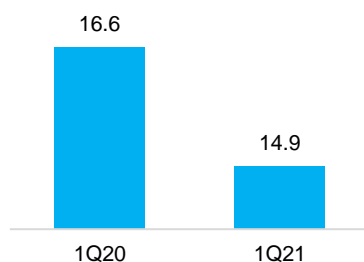
Going forward, we expect significant improvement in the Group's operating margins associated with its COVID-19 related antiviral products as the cost of raw materials declined significantly over the past year and production overheads are diluted more efficiently. Meanwhile, the Group will continue to press on with its portfolio optimization strategy, with a focus on the launching products associated with higher margins to support its operating margins and deliver on its guidance for the year.



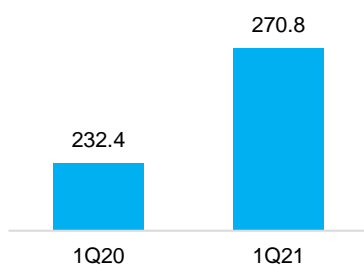
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Financial & Operational Performance

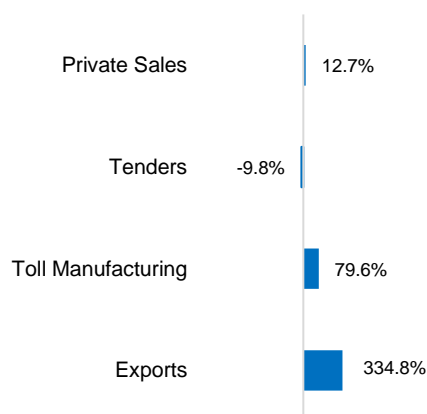
Volume Progression
(excludes toll sales)
(mn units)



Revenue Progression
(EGP mn)



1Q21 Revenue Growth Rates
by Business Line



Volumes

Despite double-digit growth in private sales and export volumes, total volume sold (excluding toll sale volumes) declined by 10.6% y-o-y to 14.9 million units in 1Q21. The decline came on the back of a 27.9% y-o-y decrease in tender volumes, the Group's largest volume-contributing segment, driven by slower orders from the Unified Medical Procurement Authority (UMPA), selectivity in tender participation, and the strategic decision to remove certain products associated with lower margins.

Toll manufacturing volumes increased by 15.0% y-o-y in 1Q21, with the vertical's positive performance directly attributed to an increase in capacity utilization at Rameda's lyophilized production facility.

Revenues

Consolidated revenues grew by 16.5% y-o-y to EGP 270.8 million on the back of the Group's optimized portfolio strategy coupled with a ramp-up in sales of Rameda's new COVID-19 related antiviral products, Anviziram and Remdesivir, both domestically and internationally in 1Q21.

Revenues by Business Line

Revenue Analysis	1Q20	1Q21	% YoY
Private Sales			
Volumes Sold ('000)	5,907	6,713	13.6%
Sales (EGP mn)	150.7	169.9	12.7%
Tenders			
Volumes Sold ('000)	10,374	7,483	-27.9%
Sales (EGP mn)	66.1	59.6	-9.8%
Exports			
Volumes Sold ('000)	339	666	96.8%
Sales (EGP mn)	5.2	22.7	334.8%
Volume (excluding toll) ('000)	16,620	14,863	-10.6%
Revenue (excluding toll) (EGP mn)	222.1	252.3	13.6%
Toll Manufacturing			
Volumes Sold ('000)	6,234	7,167	15.0%
Sales (EGP mn)	10.4	18.6	79.6%
Total Revenue (EGP mn)	232.4	270.8	16.5%

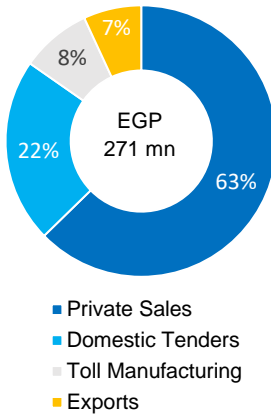


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EARNINGS RELEASE 1Q21

1Q21 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 sales grew by 13.6% y-o-y to 6.7 million units in 1Q21. The increase was driven by sales of the Group's new recent launches.

Recent launches, coupled with the Group's ongoing portfolio optimization strategy, drove a revenue increase of 12.7% y-o-y to EGP 169.9 million for the Group's private sales line of business and supported Rameda's overall top line growth in 1Q21. The segment is also the largest contributor to revenues, at 63% of total revenues in 1Q21.

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.

Volume sold from Rameda's tenders line of business declined by 27.9% y-o-y to 7.5 million units in 1Q21. The decline was primarily driven by a decline in orders from the UMPA, selectivity in tender participation, as well and the strategic decision taken by the Group to remove certain products associated with lower margins in line with our portfolio optimization strategy. Consequently, tenders revenue declined by 9.8% y-o-y to EGP 59.6 million in 1Q21. The segment came in second in terms of its contribution to the Group's total revenues at 22% for the period.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 63.0% of total export sales were sold in the Levant during 1Q21, with 32.6% sold in Yemen and 4.0% in Libya. The remaining 1% of exports were sold in Somalia for the period.

After international restrictions related to the pandemic eased, combined with growing regional demand for Rameda's new COVID-19 related antiviral medication, the Group's export volume increased by 96.8% y-o-y to 0.7 million units in 1Q21. Rameda's new antiviral medication successfully opened up new export markets for the Group, including within the Levant, with the region holding the lion's share of the Group's exports in 1Q21. The performance reflected positively on the Group's export revenues, which recorded over a four-fold increase year-on-year to EGP 22.7 million in 1Q21. This came despite the country-wide lockdown in Iraq hindering Rameda's ability to export its products to the nation, which was previously the Group's largest export market.

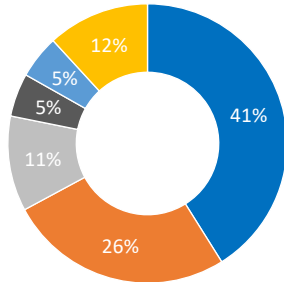


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1Q21 Sales Contribution by Therapeutic Area



- Systemic anti-infectives
- Alimentary tract and metabolism
- Anti-inflammatory (NSAIDS)
- Genitourinary system and sex hormones
- Cardiovascular system
- Others

Rameda is looking forward to further expanding its footprint regionally and is also currently completing the registration process to export its products to select GCC and Eastern European markets. Further, rising demand from across the Levant is expected to further boost export sales for the Group.

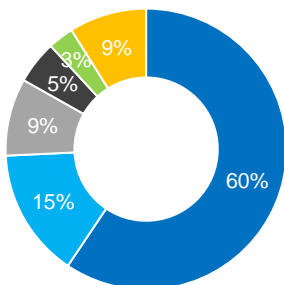
Toll Manufacturing

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 a steady 15.0% y-o-y to record 7.2 million units in 1Q21, with the vertical’s positive performance directly attributed to an increase in capacity utilization at Rameda’s lyophilized production facility. The increase in volumes led to a strong growth in revenues of 79.6% y-o-y to EGP 18.6 million for the period. Moreover, toll manufacturing contributed 18.3% to revenue growth and 6.9% of the Group’s total revenues in 1Q21.

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.

1Q21 Cost of Revenues Breakdown



- Raw materials
- Salaries & social insurance
- Depreciation & amortisation
- Utilities
- Spare parts & materials
- Other

Revenue by Therapeutic Area³

Systemic anti-infectives continued to lead the pack in terms of revenue contribution at 41% in 1Q21, followed by alimentary tract & metabolism which contributed 26%. NSAIDs contributed 11%, while genitourinary system & sex hormones and cardiovascular system contributed 5% each 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 22.6% y-o-y to EGP 154.7 million on the back of an increase in raw material costs in 1Q21. The Group’s raw materials contribution to total COGS increased by 13 percentage points year-on-year to 60% in 1Q21 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. 2-4 percentage points in 1Q21 during the period.

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

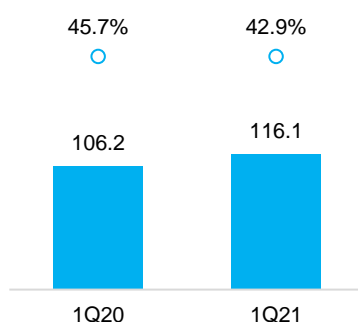


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Gross Profit and Margin Progression
(EGP mn | %)



Gross Profit

Rameda's gross profit grew by 9.3% y-o-y to EGP 116.1 million in 1Q21, yielding a gross profit margin of 42.9%, down by 2.8 percentage points y-o-y for the period. The contraction in gross margin was primarily attributed to high API costs associated with the production of COVID-19-related antiviral products, which was ramped-up during the period to support growing demand.

Selling and Marketing Expenses

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

Selling and marketing expenses increased by 10.7% y-o-y to EGP 54.1 million in 1Q21. As a percentage of revenues, Selling & Marketing expenses fell from 21.0 % to 20.0% during the same period on the back of a 1.8 percentage point decrease in salaries, social insurance and other fringe benefits as a percentage of revenues.

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 18.5% y-o-y in general and administrative expenses to EGP 13.2 million. The increase was driven primarily by 20.3% 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 remained largely flat at 4.9% in 1Q21 compared to the same period last year.

Adjusted EBITDA

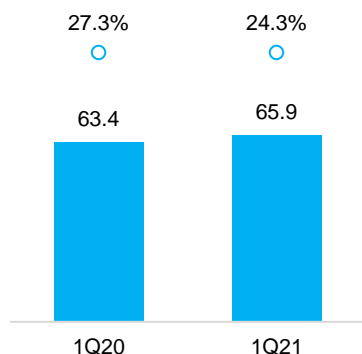
Adjusted EBITDA is defined as earnings before finance expenses (including bank charges), income taxes, depreciation and amortisation, impairment of trade and notes receivable, write-down/reversal of write down of inventories, provisions for expected claims and universal healthcare tax.

The Group's adjusted EBITDA grew by 3.9% y-o-y to EGP 65.9 million in 1Q21, reflecting an EBITDA margin decline of 2.9 percentage points to 24.3%, in line with the 2.8 percentage-point fall in gross margins during the same period.

Net Finance Expenses

Net finance expenses, which includes the Group's interest expense and interest income from treasury operations, decreased by 38% y-o-y to EGP 11.8 million in 1Q21 on the back of declining financing costs during the period.

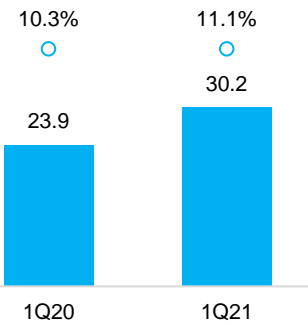
EBITDA and Margin Progression
(EGP mn | %)





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Net Income
and Margin Progression
(EGP mn | %)



Net Income

Net profit after minority interest grew by 26.2% y-o-y to EGP 30.2 million, yielding an NPM of 11.1%, up 0.9 percentage points y-o-y in 1Q21. The increase was driven by operating leverage, coupled with an improved working capital cycle, resulting in lower working capital facilities and financing costs.

Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded EGP 65.0 million in operating cashflow in 1Q21, compared to EGP 33.7 million in the same period last year. The increase was driven by stabilized inventory levels 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 495.0 million as at 31 March 2021, declining by 0.1% from the end of last quarter.

Net debt stood at EGP 360.1 million as at 31 March 2021, representing a year-on-year decline of 12.3%, driven by a fall in overall debt of 5.1% year-to-date and was further dampened by a 1.0% 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.