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

EARNINGS RELEASE 9M22

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E. books top-line growth of 28.2% y-o-y to EGP 1.1 bn in 9M22; Net profit after minority interest grew 82.0% y-o-y to EGP 194.9 million and yielded a strong margin expansion to 17.8% in 9M22

9M22 Financial & Operational Highlights

Consolidated Revenue	Gross Profit	EBITDA	Net Income After Minority
EGP 1,093.0 million ▲ 28% y-o-y	EGP 539.2 million (49% margin) ▲ 38% y-o-y	EGP 334.0 million (31% margin) ▲ 65% y-o-y	EGP 194.9 million (18% margin) ▲ 82% y-o-y
EPS ¹	Net Debt	Average Unit Price	Units Sold
EGP 0.196 ▲ 83% y-o-y	EGP 372.7 ▲ 3.4% YTD	EGP 46.0 (IMS Health) ▲ 22% y-o-y	47.0 million (excludes toll volume) ▲ 16% y-o-y

November 15th, 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 nine-month period ending 30 September 2022.

Financial & Operational Highlights

- **Revenues** grew by 28.2% y-o-y to EGP 1,093.0 million in 9M22 on the back of a solid performance from Rameda’s private sales vertical, which saw both recently launched and core products deliver strong results, coupled with enhanced growth at the Group’s exports vertical.
- **COGS** increased by 19.6% y-o-y to EGP 553.8 million but declined 3.7 percentage points to 50.7% as a percentage of revenue in 9M22 due 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.
- **Gross profit** grew by 38.5% y-o-y to EGP 539.2 million in 9M22 and yielded a GPM of 49.3% during the period, reflecting a y-o-y increase of 3.7 percentage points driven by the reduction in the cost of raw materials as a percentage of total revenues, as well as strategic price increases across multiple key products during the period.
- **EBITDA** increased by 64.7% y-o-y to EGP 334.0 million and yielded an EBITDA margin expansion of 6.8 percentage points y-o-y to 30.6% in 9M22 driven by a 2.7 percentage point decline in SG&A expenses as a percentage of revenue due to economies of scale and cost optimization efforts.
- **Net Income after minority interest** increased by 82.0% y-o-y to EGP 194.9 million and yielded an NPM increase of 5.3 percentage points to 17.8% in 9M22 on the back of growing operating profitability.
- **Core Net Income**, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, recorded an increase of 88.1% y-o-y to EGP 200.6 million and yielded a y-o-y margin increase of 5.8 percentage points to 18.3% in 9M22.
- **EPS¹** increased 83.3% y-o-y to EGP 0.196 in 9M22.

¹ EPS before dividend distribution



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Notes from the Management Team

Dr. Amr Morsy, Chief Executive Officer

As we inch closer towards the end of the 2022, I am pleased to report a solid set of results for the last nine months. The Group booked strong revenue and bottom-line growth coupled with healthy profitability margins, which I am confident will leave us well-positioned to close out the year on a strong note.

Our solid performance for the period came on the back of strong performances across all of Ramedata's verticals, especially at our private sales and export verticals, with both witnessing strong double-digit growth in 9M22. Our private sales vertical's top line has inched closer to the EGP 1-billion mark, recording a revenue increase of 37% year-on-year to EGP 804.3 million on the back of strong growth from both recently launched and core products. Our strong performance was also buoyed by our exports vertical, which recorded solid results in 9M22 on the back of a strong performance from our existing export markets despite the loss of sales from our antiviral portfolio, which represented the majority of our export sales last year. I am hopeful that as global market conditions improve and supply chain constraints continue to ease, we will be able to generate even greater value from the Group's existing markets and tap new ones going forward.

I am also pleased to report the successful launch of three products in 3Q22; Calnesia, a calcium supplement, Family Vit, a prenatal vitamin, and Paracetamol, bringing the total number of products launched during 9M22 to five, in line with our efforts to continuously expand our overall portfolio offering by penetrating fast-growing therapeutic areas to ultimately enhance our performance. Moreover, I am optimistic about the outlook for the Group's other recent acquisitions during the 9M22 period, including anticoagulant, Artixiban, and anticonvulsant, Lacovimp, both of which, according to the latest estimates from IQVIA, have witnessed strong performances in the market. I would also like to highlight that the Group is well-positioned to deliver on its goal of launching a total of 8-10 products by year-end 2022.

Moreover, I would like to highlight the Group's stellar profitability during the period, where we witnessed strong margin expansions across the board. In anticipation of rising inflationary pressures and the devaluation of the Egyptian pound, management was swift to respond and successfully received approvals for price hikes between c. 25%-40% across products representing 65% of Ramedata's sales. These price hikes allowed us to continue delivering strong profitability margins and we will remain focused on applying for further price increases across Ramedata's portfolio to hedge against the impact of the devaluation of the Egyptian pound going forward.

Our success will continue to be driven by our deep know-how of Egypt's pharmaceutical space and well-established operational prowess, which have allowed us to successfully launch and acquire strategic products that have supported our growth even amid suboptimal market conditions. I am confident that the Group is well-positioned to maintain its strong growth trajectory going forward, continue to deliver on both its medium and long-term strategies, and end 2022 on a solid note.



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Mahmoud Fayek, Chief Financial Officer

I am exceptionally pleased with the Group's performance given the rising inflationary pressures and the recent currency devaluation, which represents a challenge to the pharmaceutical sector. Despite these factors, the Group was able to book solid top and bottom-line results whilst generating exceptional margin growth during 9M22 as it continued to reap the rewards of its ongoing portfolio optimization strategy to generate solid revenues from its higher priced and higher margin products.

Rameda's revenues increased by 28% year-on-year to EGP 1,093.0 million in 9M22, primarily driven by a solid performance from Rameda's private sales vertical, which saw both recently launched and core products deliver strong results. Stellar performances from Colona and Rametax – the Group's 1st and 3rd highest selling products in 9M22– were major driving forces of revenue growth during period, which were further supported by the 102% year-on-year increase in sales from Vaxato in 9M22. Additionally, improved market conditions boded well for our exports vertical, which booked a revenue increase of 28% year-on-year to EGP 75.8 million in 9M22. Parallel to this, the Group's toll manufacturing vertical generated solid results in 9M22, booking a revenue increase of 53.9% year-on-year to EGP 86.4 million. This was driven by the securing of accretive contracts, which saw increased utilization of the Group's liquid and penicillin lines in addition to its lyophilized production capabilities. The only vertical that witnessed a decline in revenues was the Group's tenders vertical, which recorded a decline of 15.6% year-on-year in 9M22, however, this is in line with Rameda's strategy to shift its focus away from tenders as we seek to enhance the Group's overall gross profitability.

On the operational profitability front, I am pleased to report that the Group booked strong year-on-year expansions across the board in 9M22. Rameda's GPM expanded by 3.7 percentage points to 49.3% in 9M22 on the back of a decline in raw materials costs as a percentage of total revenues as we shift towards verticals with higher margin contribution such as private and export sales whilst further diluting our overheads with incremental toll revenues. Moreover, strategic price hikes across the Group's portfolio of products played a key role in enhancing Rameda's gross profitability during the period. This trickled down to the Group's EBITDA, which recorded a stronger margin expansion of 6.8 percentage points to 30.6% in 9M22 helped by growing gross profitability and further supported by improved economies of scale during the period. At the Group's bottom-line, we witnessed a strong increase of 82% year-on-year, with net income coming in at EGP 194.9 million in 9M22, yielding a net income margin expansion of 5.3 percentage points to 17.8% during the period.

Given our strong performance over the first nine months of the year, I am confident that Rameda is well-positioned to close out 2022 on a strong note as we remain steadfast in our efforts to continue expanding our portfolio through strategic acquisitions and launches that will continue to support Rameda's outperformance while ensuring sustainable growth. I am also confident that Rameda will continue to deliver strong top and bottom-line growth in the upcoming periods despite the challenging macro-economic conditions, including rising inflationary pressures.



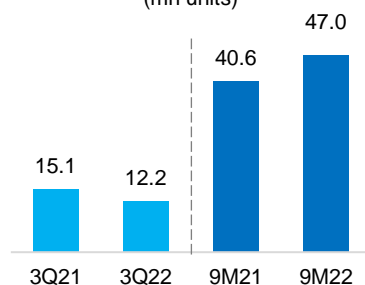
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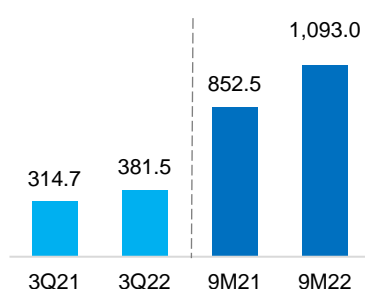
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Financial & Operational Performance

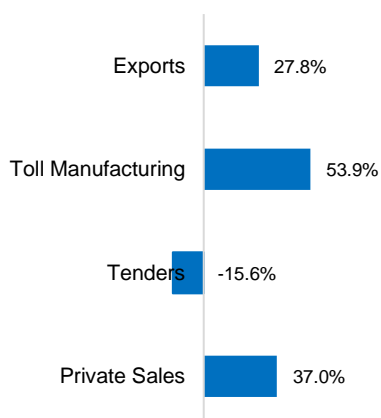
Volume Progression
(excludes toll sales)
(mn units)



Revenue Progression
(EGP mn)



9M22 Revenue Growth Rates
by Business Line



Volumes

Total volumes (excluding toll manufacturing) increased by 15.6% y-o-y to 47.0 million units, driven mainly by growing volume sales at Rameda's private sales vertical in 9M22 – which contributed the lion's share of volume sales at 62% – and recorded a volume sales increase of 30.8% y-o-y in 9M22. The Group's exports vertical further supported overall volume performance, recording a strong 160.8% y-o-y increase in volumes in 9M22. Meanwhile, tender volumes declined by 19.6% y-o-y, in line with the Group's strategy to participate in tenders that generate solid profitability levels.

At Rameda's toll manufacturing vertical, volumes increased by more than two-fold in 9M22. This was driven by the securing of accretive contracts, which saw increased utilization of the Group's liquid and penicillin lines in addition to its lyophilized production capabilities.

In 3Q22, volumes (excluding toll manufacturing) declined by 19.4% y-o-y to 12.1 million units due to the decline in tender volumes.

Revenues

The Group's revenues increased by 28.2% y-o-y to EGP 1,093.0 million in 9M22, supported by strong results from its top 10 performing products during the period, including core products Colona and Rametax, as well solid performances from Augram and Vaxato. Rameda's top line performance was further driven by its expanding international footprint boding well for its export sales vertical, where Rameda tapped a total of 9 markets in 9M22.

Revenues by Business Line

Revenue Analysis	9M21	9M22	% YoY
Private Sales			
Volumes Sold ('000)	22,186	29,020	30.8%
Sales (EGP mn)	587	804	37.0%
Tenders			
Volumes Sold ('000)	16,713	13,436	-19.6%
Sales (EGP mn)	150	126	-15.6%
Exports			
Volumes Sold ('000)	1,733	4,519	160.8%
Sales (EGP mn)	59	76	27.8%
Volume (excluding toll) ('000)	40,632	46,976	15.6%
Revenue (excluding toll) (EGP mn)	796	1,007	26.4%
Toll Manufacturing			
Volumes Sold ('000)	24,283	51,129	110.6%
Sales (EGP mn)	56	86	53.9%
Total Revenue (EGP mn)	852	1,093	28.2%

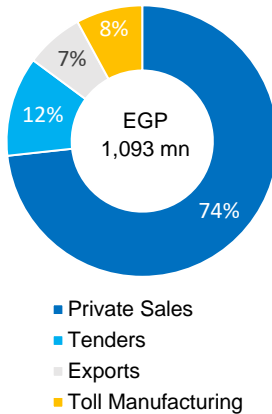


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9M22 Sales Contribution by Vertical



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 from private sales grew by 30.8% y-o-y to 29.0 million units in 9M22 primarily on the back of solid performances from Rameda's core and recently launched products, coupled with the general post Covid-19 recovery in Egypt's pharmaceutical retail segment during the period. Consequently, private sales revenues increased by 37.0% y-o-y to EGP 804.3 million and contributed 74% of Rameda's consolidated revenues and 82% of revenue growth in 9M22.

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 sold from tenders declined by 19.6% y-o-y to 13.4 million units in 9M22, which is in line with management's strategy to reduce the segment's contribution to its top line due to its lower relative profitability, driven by strong price competition within the sales channel, and ultimately enhance profitability on the gross level. The segment came in second in terms of its contribution to the Group's total revenues at 12% in 9M22, generating EGP 126.4 million in sales during the period, reflecting a revenue decline of 15.6% y-o-y.

Exports

Rameda sells its products to export agents, responsible for distributing its products across different regional markets; 51% of total export sales were sold in Iraq during 9M22, with 40% sold in Yemen, and 7% in Libya. The remaining 3% of exports were sold in Saudi Arabia, Palestine, China, Nigeria, Somalia, and South Sudan in 9M22.

Rameda's export volume increased by 160.8% y-o-y to 4.5 million units in 9M22. This was driven by strong sales from the Group's largest export market, Iraq, coupled with stellar export sales to Yemen, which contributed 40% of export sales in 9M22, as well as a low base effect associated with the COVID-19 lockdown in the first quarter of 9M21. Consequently, export revenues grew 27.8% y-o-y to EGP 75.8 million and contributed 7% to the Group's top line in 9M22.

Rameda is looking forward to further expanding its footprint both regionally and globally.

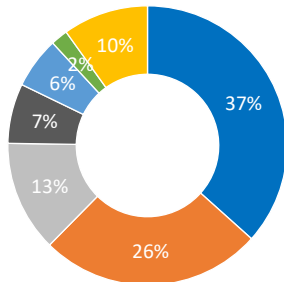


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9M22 Sales Contribution by Therapeutic Area



- Systemic anti-infectives
- Alimentary tract and metabolism
- Musculo-Skeletal System
- Genitourinary system and sex hormones
- Blood and blood-forming organs
- Antiviral Therapy
- Others

Toll Manufacturing

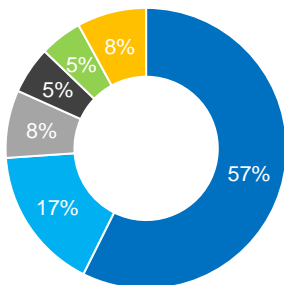
To monetise its excess production capacity and dilute the Group's existing fixed overheads, Rameda selectively engages in toll manufacturing arrangements. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies, 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 more than two-fold year-on-year to 51.1 million units in 9M22, driven by the securing of accretive contracts, which saw significantly increased utilization of the Group's liquid and penicillin lines in addition to its lyophilized production capabilities. Consequently, the toll manufacturing segment generated EGP 86.4 million in revenues, reflecting a strong 53.9% y-o-y increase in 9M22 and contributing 8% of total revenues during the period.

Revenue by Therapeutic Area²

Systemic anti-infectives (excluding antivirals) generated the lion's share of revenues in 9M22, at 37%, followed by alimentary tract & metabolism, which contributed 26%. The musculoskeletal system came in next, contributing 13%, followed by genitourinary system & sex hormones at 7%, while blood and blood forming organs contributed 6% and antiviral therapy contributed 2% to 9M22 revenue. It is also important to note that the contribution of antivirals declined by 9.8 percentage points 9M22.

9M22 Cost of Revenues Breakdown



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

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 19.6% y-o-y to EGP 553.8 million but declined 3.7 percentage points to 50.7% as a percentage of revenue in 9M22 due to a shift towards higher margin verticals such as private and export sales, coupled with the Group's successful cost optimization efforts during the period.

Gross Profit

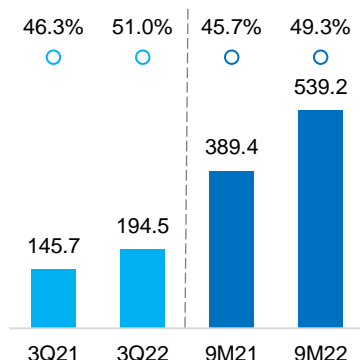
Rameda's gross profit grew by 38.5% y-o-y to EGP 539.2 and yielded a GPM of 49.3% in 9M22, reflecting a y-o-y increase of 3.7 percentage points. Margin improvement was primarily driven by the 2.8 percentage point year-on-year decline in raw materials cost as a percentage of total revenues in 9M22. This was supported by strategic price hikes of key products during the period across the Group's portfolio.

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

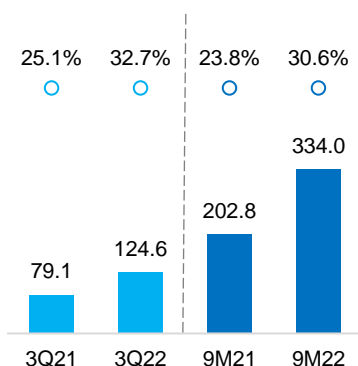


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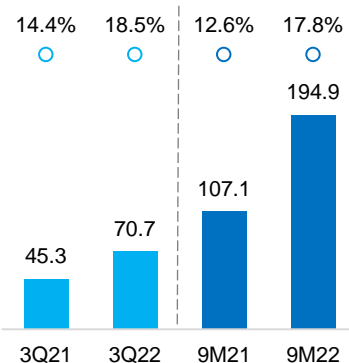
**Gross Profit and Margin
Progression
(EGP mn | %)**



**EBITDA and Margin
Progression
(EGP mn | %)**



**Net Income
and Margin Progression
(EGP mn | %)**



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 12.9% y-o-y to EGP 205.7 million in 9M22 driven by a 17.8% y-o-y increase in advertising and marketing expenses during the period to support the Group's recent launches. However, as a percentage of revenues, selling and marketing expenses fell from 21.4% to 18.8% during the same period on the back of Rameda's cost optimization efforts and operating leverage.

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 23.6% y-o-y in general and administrative expenses to EGP 47.7 million in 9M22. The increase was driven primarily by a 20.0% 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 declined to 4.4% in 9M22 compared to 4.5% during the same period last year driven by economies of scale.

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 grew by 64.7% y-o-y to EGP 334.0 million in 9M22 and yielded a margin expansion of 6.8 percentage points y-o-y to 30.6% in 9M22, driven by a 2.7 percentage point y-o-y decline in SG&A expenses as a percentage of revenue during the period due to economies of scale.

Net Income

Net profit after minority interest grew by 82.0% y-o-y to EGP 194.9 million, yielding an NPM of 17.8%, up 5.3 percentage points y-o-y in 9M22. Expansion in NPM was driven by growing operating profitability coupled with decreasing interest expenses during the period.

Core Net Income, calculated as net income before minority interest adjusted for FX gains/losses, non-cash ESOP expenses, recorded an increase of 88.1% y-o-y to EGP 200.6 million, yielding a 5.8 percentage point margin expansion to 18.3% in 9M22.



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Operating Cash Flow, Capital Expenditure and Debt

Rameda recorded net operating cashflows of EGP 134.1 million in 9M22, down 38% y-o-y due to increasing receivables and inventories compared to 9M21. The increase in inventory reflects a strategic decision executed by the Group in light of the anticipated devaluation of Egypt's local currency in order to hedge the Group's profitability for an extended period of time.

Net debt stood at EGP 372.7 million as of 30 September 2022, representing an increase of 3.4% YTD, driven by financing of working capital during 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



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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.