

Integrated Diagnostics Holdings Plc
1H 2023 Results

Thursday, 31 August 2023

Integrated Diagnostics Holdings Plc delivers robust 40% year-on-year conventional revenue growth in 1H 2023

(Cairo and London) — Integrated Diagnostics Holdings (“IDH,” “the Group,” or “the Company”), a leading provider of diagnostic services with operations in Egypt, Jordan, Nigeria, Sudan, and soon launching in Saudi Arabia, announced today its reviewed financial statements for the six-month period ended 30 June 2023, booking revenues of EGP 1,872 million, down 4% from the figure recorded during the same period of 2022 when Covid-19-related testing¹ had significantly boosted results. Excluding² the contributions made by IDH’s Covid-19-related offering in 1H 2022, the Company’s conventional³ business recorded robust year-on-year growth of 40%, continuing to showcase the underlying health of IDH’s business.

The strong performance delivered by the Company’s conventional segment was driven by 24% and 13% year-on-year increases in average revenue per conventional test and conventional test volumes, respectively. IDH posted a net profit of EGP 211 million in 1H 2023, down 52% year-on-year due to significant contributions from Covid-19-related testing (31% of 1H 2022 revenues) in the same period of the previous year.

On a quarterly basis, IDH recorded total revenues of EGP 957 million in Q2 2023, expanding 24% year-on-year and 5% quarter-on-quarter. Similarly, the Company reported a solid 37% year-on-year conventional revenue expansion in Q2 2023. Net profit for the quarter stood at EGP 43 million, 66% below last year’s figure.

Financial Results (IFRS)⁴

EGP mn	1H 2022	1H 2023	Change
Revenues	1,954	1,872	-4%
Conventional Revenues	1,339	1,872	40%
Covid-19-related Revenues	615	-	-
Cost of Sales	(1,122)	(1,214)	8%
Gross Profit	832	658	-21%
Gross Profit Margin	43%	35%	-7 pts
Operating Profit	562	265	-53%
EBITDA⁵	709	462	-35%
EBITDA Margin	36%	25%	-12 pts
Net Profit	439	211	-52%
Net Profit Margin	22%	11%	-11 pts
Cash Balance	816	666	-18%

Note (1): Throughout the document, percentage changes between reporting periods are calculated using the exact value (as per the Consolidated Financials) and not the corresponding rounded figure.

Key Operational Indicators⁶

	1H 2022	1H 2023	Change
Branches	538	588	50
Patients ('000)	4,541	3,917	-14%
Revenue per Patient (EGP)	430	478	11%
Tests ('000)	16,004	16,465	3%
Conventional Tests ('000)	14,547	16,465	13%
Covid-19-related Tests ('000)	1,458	-	-
Revenue per Test	122	114	-7%
Revenue per Conventional Test (EGP)	92	114	24%
Revenue per Covid-19-related Test (EGP)	422	-	-
Test per Patient	3.5	4.2	19%

¹ Covid-19-related tests include both core Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other routine inflammatory and clotting markers including, but not limited to, Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), which the Company opted to include in the classification as “other Covid-19-related tests” due to the strong rise in demand for these tests witnessed following the outbreak of Covid-19.

² Starting Q1 2023, IDH has opted to stop reporting on its Covid-19-related revenues and test volumes due to their material insignificance to the consolidated figures and to Egypt’s and Jordan’s country-level results for the quarter. In the comparable period of last year (1H 2022) IDH had recorded EGP 615 million in Covid-19-related revenues and had performed 1.4 million Covid-19-related tests.

³ Conventional (non-Covid) tests include all of the Group’s test offering with the exception of its Covid-19-related test offering outlined above.

⁴ Important notice: In the Company’s earnings releases covering the five quarters starting from Q4 2021 and ending Q4 2022, management had opted to present Alternative Performance Measures (APM) alongside IFRS-compliant figures as outlined on page 2 of the Company’s FY 2022 Earnings Release. Starting in Q1 2023, due to the material insignificance of Covid-19-related revenues on consolidated results, the Company will only report IFRS-compliant figures. It is worth noting that revenues for the comparable period (Q1 2022), include concession fees amounting to EGP 63 million paid by Biolab as part of its agreement with QAIA and Aqaba Port.

⁵ EBITDA is calculated as operating profit plus depreciation and amortization.

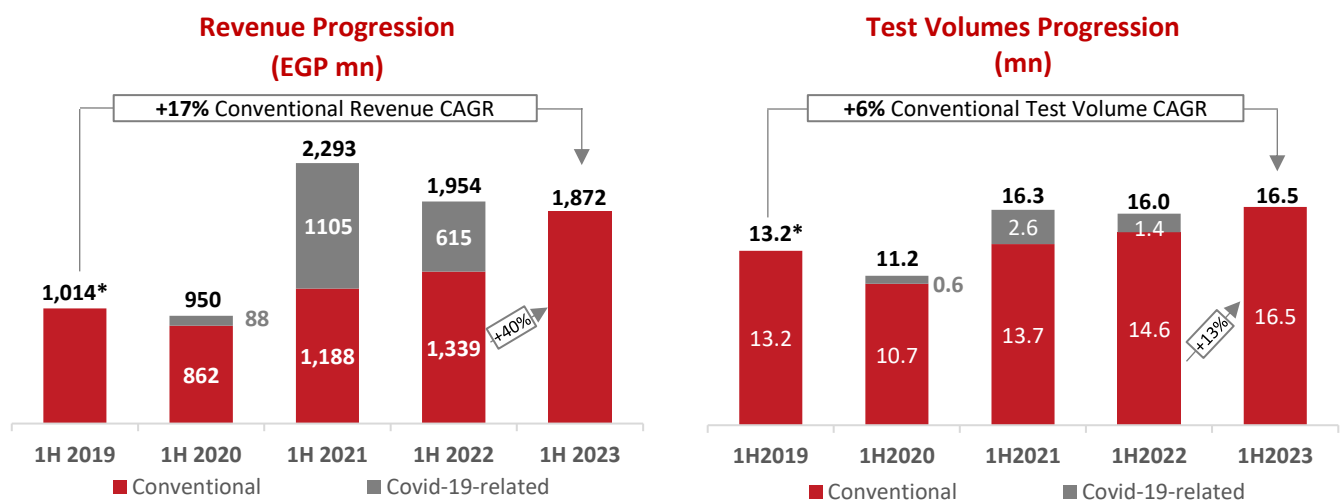
⁶ Key operational indicators are calculated based on revenues for the periods of EGP 1,872 million and EGP 1,954 million for 1H 2023 and 1H 2022, respectively.

Important notice: In the Company’s earnings releases covering the five quarters starting from Q4 2021 and ending Q4 2022, management had opted to present Alternative Performance Measures (APM) alongside IFRS-compliant figures as outlined on page 2 of the Company’s FY 2022 Earnings Release. Starting in Q1 2023, due to the material insignificance of Covid-19-related revenues on consolidated results, the Company will only report IFRS-compliant figures. It is worth noting that revenues for the comparable period (1H 2022) include concession fees amounting to EGP 63 million paid by Biolab as part of its agreement with QAIA and Aqaba Port.

Introduction

i. Financial Highlights

- Conventional⁷ revenue** booked EGP 1,872 million in the first half of 2023, a year-on-year increase of 40%. Conventional revenue growth was dual driven as conventional test volumes and average revenue per conventional test increased 13% and 24%, respectively, with the translation effect from a weaker EGP contributing just 8% to growth for the period. On a quarterly basis, IDH posted conventional revenues of EGP 957 million during Q2 2023, a 37% year-on-year expansion driven by a 14% rise in test volumes and a 20% increase in average revenue per test.
- Total revenues** stood at EGP 1,872 million during 1H 2023, a 4% year-on-year decline from 1H 2022’s high base when Covid-19-related⁸ testing had made a significant EGP 615 million contribution⁹ to the total revenue figure. On a three-month basis, the Company recorded total revenues of EGP 957 million, representing a 24% year-on-year increase. It is important to note that the Company recorded its strongest monthly revenue figures in the months of May and June (when controlling for the Eid-related slowdown) signalling an acceleration which it expects to carry into the second half of the year.



*1H 2019 figures exclude revenues (of EGP 47 million) and test volumes (of 2.4 million tests) generated as part of the Group’s contribution to the Egyptian government’s 100 Million Healthy Lives campaign which ran from November 2018 to June 2019.

- Gross Profit** during 1H 2023 recorded EGP 658 million, a 21% year-on-year decrease versus the comparable period when gross profitability had been boosted by IDH’s Covid-19-related test offering. Gross profit margin (GPM) recorded 35% in 1H 2023 versus 43% in 1H 2022. Lower gross profitability in the first half of the year primarily reflected an increase in direct salaries and wages resulting from new staff hires and higher than usual salary increases for existing staff to compensate for increased inflation rates as well as higher depreciation related to the roll out of new branches. On a quarterly basis, gross profit booked EGP 333 million, increasing 11% year-on-year. GPM recorded 35% in Q2 2023, down from the 39% recorded in Q2 2022 and unchanged compared to the figure reported in Q1 2023.
- EBITDA¹⁰** came in at EGP 462 million during 1H 2023, declining 35% year-on-year yielding an associated margin of 25%. Declining EBITDA profitability for the period was mainly driven by the aforementioned decreased

⁷ Conventional (non-Covid) tests include IDH’s full service offering excluding the Covid-19 related tests outlined below.

⁸ Covid-19-related tests include both core Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other routine inflammatory and clotting markers including, but not limited to, Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), which the Company opted to include in the classification as “other Covid-19-related tests” due to the strong rise in demand for these tests witnessed following the outbreak of Covid-19.

⁹ Covid-19-related revenue in 1H 2022 includes EGP 63 million in concession fees paid by Biolab to Queen Alia International Airport and Aqaba Port as part of its revenue sharing agreement.

¹⁰ EBITDA is calculated as operating profit plus depreciation and amortization.

gross profitability coupled with increased SG&A outlays including higher salary, auditing, and consulting expenses, with the latter two reflecting the impact of a weaker EGP, being USD-based. On a three-month basis, EBITDA remained relatively stable at EGP 234 million in Q2 2023, with an associated margin of 24%.

- **Net Profit** for the six-month period ended 30 June 2023 stood at EGP 211 million, down 52% year-on-year and with a net profit margin (NPM) of 11%. On a quarterly basis, net profit booked EGP 43 million in Q2 2023, 66% below the figure reported in Q2 2022. It is important to note that IDH's net profit for 1H 2023 and Q2 2023 included a non-recurring expense of EGP 12 million related to contributions owed to the Egyptian government vocational training fund for the previous five-year period.
- In light of the ongoing uncertainty and lack of foreign currency availability in Egypt, the Company will not be distributing a **dividend** to shareholders in respect of the financial year ended 31 December 2022. The Company remains committed to its long-term dividend policy that sees it return to shareholders the maximum amount of excess cash after taking careful account of the cash needed to support operations and expansions.

ii. Operational Highlights

- IDH's **branch network** stood at 588 branches as of 30 June 2023, increasing by 50 branches compared to the same time last year. During Q2 2023, IDH inaugurated 12 additional branches, 11 in its home market of Egypt and one in Jordan.
- **Conventional test** volumes recorded 16.5 million tests in 1H 2023, increasing 13% year-on-year. Total test volumes increased 3% year-on-year versus last year's 16.0 million tests which had included 1.4 million Covid-19-related tests.
- **Average revenue per conventional test** reached EGP 114 during 1H 2023, a 24% year-on-year increase (out of which translation effect accounted for 8%). Consolidated average revenue per test decreased 7% year-on-year to EGP 114 from EGP 122 in 1H 2022 when the figure was boosted by contributions from the Group's Covid-19-related offering.
- **Total patients served** by the Company during 1H 2023 came in at 3.9 million, down 14% from 1H 2022's high base. Meanwhile, following a post-pandemic normalisation, average test per patient increased to 4.2 tests in 1H 2023 from 3.5 tests in 1H 2022. This stands well above IDH's historical average of 3.9 tests per patient.
- In **Egypt** (80.9% of total revenues) conventional business climbed 33% year-on-year to record revenues of EGP 1,514 million during 1H 2023. Conventional revenues were driven by a 14% year-on-year increase in test volumes, which stood at 15.1 million tests, as well as a 16% year-on-year rise in average revenue per test to EGP 100. Meanwhile, consolidated revenues in Egypt remained largely unchanged, recording EGP 1,514 million for the six-month period.
- In **Jordan** (15.5% of total revenues), Biolab continued its impressive growth trend at its conventional business, posting year-on-year revenue growth in JOD terms of 9% primarily supported by an 8% rise in conventional tests performed versus last year. In EGP terms, conventional revenue grew 88% year-on-year to reach EGP 290 million in 1H 2023, mainly reflecting the translation effect resulting from a weakening EGP. Total revenues in EGP terms declined 25% year-on-year versus 1H 2022 when Biolab's top-line had been boosted by a large contribution from Covid-19-related testing.
- In **Nigeria** (3.1% of total revenues), Echo-Lab continued to witness sustained growth in line with recent trends, as revenue in NGN terms expanded 19% year-on-year (EGP revenue growth was 73%).
- In **Sudan** (0.5% of total revenues), IDH's subsidiaries recorded a 3% year-on-year revenue decline in EGP terms and 32% drop in SDG terms reflecting the temporary closure of 16 out of 18 branches starting in April following the start of the ongoing conflict in the country. As of 30 June 2023, IDH only had two operational branches in Sudan, in Madani and Port Sudan.

iii. Management Commentary

Commenting on the Group's performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: "I am delighted to report that IDH continued to build on a strong start to the year to deliver yet another set of impressive operational and financial results at our conventional business supported by solid performances across our Egyptian, Jordanian and Nigerian subsidiaries. The robust 40% year-on-year growth in conventional revenues for the six-month period came despite a difficult macroeconomic environment faced across our markets of operation as accelerating inflation, rising interest rates and weakening local currencies continued to impact our patients' purchasing power and our cost base. In parallel, during the second quarter of the year, patient volumes were affected by the expected slowdown associated with the holy month of Ramadan and Eid vacations which weighed on traffic in April and the last week of June. Despite this, in the first six months of 2023 we performed 13% more conventional tests than in the comparable period of 2022, supported by an expanded branch network and an enhanced service offering. In parallel, we also recorded a 24% year-on-year rise in average revenue per conventional test reflecting the annual price hikes introduced at the start of 2023. On this front, it is important to highlight that our price increases since the start of the year have lagged behind inflation, a strategic decision taken to help patients during the ongoing difficult times and build long-term loyalty in the process. It is also worth mentioning that total revenues for the first half of 2023 declined just 4% year-on-year, a remarkable result when considering the large contribution made by our Covid-19-related test offering during the first part of last year.

Looking at our markets in more detail, in both Egypt and Jordan we continued to observe growing demand for our conventional service offering with test volumes expanding 14% and 8% versus 1H 2022, respectively. Combined with rising average revenue per test, this translated in a robust 33% year-on-year conventional revenue expansion in Egypt and a 9% year-on-year conventional revenue growth in JOD terms in Jordan. Results like these continue to showcase both countries' underlying growth potential and further validate the effectiveness of our post-pandemic growth strategies. We were particularly happy to note that across both markets during the months of May and June (once adjusted for the Eid-related slowdown) we recorded the highest monthly revenue figures since the start of 2023. The accelerating growth, which we observed continue into July and August, displays the resilience of demand for our service offering despite the continued inflationary pressures impacting our patients and leaves us in a strong position heading into the second half of the year. During the six-month period, we continued to expand our branch network rolling out 31 new branches in Egypt and 4 new branches in Jordan, further cementing our leadership position in each market. In line with recent trends, we recorded robust contributions to revenue in Egypt made by our house call service, which remains well-above its average pre-pandemic contribution. In Egypt, we also remained committed to ramping up our radiology business, which in the first half of the year reported a 78% year-on-year increase in revenues and nearly doubled its contribution to the country's top-line. Meanwhile, in Nigeria, Echo-Lab recorded strong revenue growth in both local currency and EGP terms, supported by both its radiology and pathology offerings. Finally, as expected, results in Sudan were significantly impacted by the ongoing conflict which has seen 16 of our 18 branches temporarily shut down starting in April. Our team has put in place robust mitigation strategies to protect our people and operations, and regularly updates our response protocols to reflect the evolving conditions on the ground.

Further down the income statement, we reported lower margins at all levels of profitability primarily reflecting a post-Covid-19 normalisation and rising salary and wage expenses as we rolled out higher than usual annual increases to protect our staff against rising inflation as part of our talent retention strategy. Meanwhile, we continued to record only moderate increases in raw material outlays during the period, as we successfully leveraged our robust supplier relationships to secure favourable test-kit prices. Despite our cost base continuing to reflect the impacts of rising inflation and a weakening EGP, in the coming months we see them progressively normalising heading into 2024.

With two thirds of 2023 now behind us, I am confident that we remain well placed to deliver on our operational and financial targets for the year. In the coming months, we are particularly looking forward to launching operations in Saudi Arabia in December, while also making progress on our strategic priorities and value-creation strategies across existing markets. Considering our strong first half results, the solid strategies in place, and the positive momentum enjoyed by our Egyptian and Jordanian subsidiaries, we reaffirm our guidance of full-year conventional revenue (excluding Covid-19-related contributions) year-on-year growth of around 30% for FY 2023."

– End –

Analyst and Investor Call Details

An analyst and investor call will be hosted at 1pm (UK) | 3pm (Egypt) on Monday, 4 September 2023. You can register for the call by clicking on this [link](#).

For more information about the event, please contact: amoataz@EFG-HERMES.com

About Integrated Diagnostics Holdings (IDH)

IDH is a leading diagnostics services provider in the Middle East and Africa offering a broad range of pathology and radiology tests to patients in Egypt, Jordan, Nigeria and Sudan. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Lab (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 2,000 diagnostics tests. From its base of 552 branches as of 31 December 2022, IDH served over 8.7 million patients and performs more than 32.7 million tests in 2022. IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern, African, and East Asian markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015 with a secondary listing on the EGX since May 2021 (ticker: IDHC.CA).

Shareholder Information

LSE: IDHC.L

EGX: IDHC.CA

Bloomberg: IDHC:LN

Listed on LSE: May 2015

Listed on EGX: May 2021

Shares Outstanding: 600 million

Contact

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Forward-Looking Statements

These results for the six-month period ended 30 June 2023 have been prepared solely to provide additional information to shareholders to assess the group's performance in relation to its operations and growth potential. These results should not be relied upon by any other party or for any other reason. This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

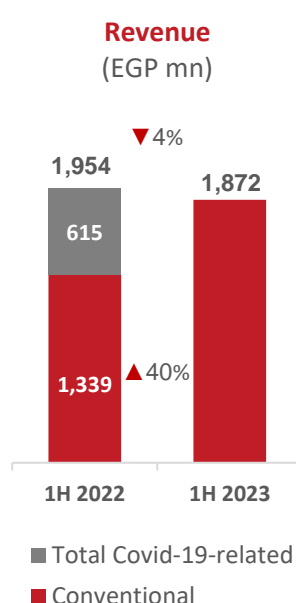
Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this communication. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

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Group Operational & Financial Review

i. Revenue and Cost Analysis



Consolidated Revenue

IDH maintained its impressive performance during the first six months of 2023, with revenues and volumes progressively picking up as the year progressed to record their strongest monthly figures in May and June (once adjusting for the Eid-related slowdown). During 1H 2023, **conventional revenues** expanded 40% year-on-year to record EGP 1,872 million. Conventional revenue growth for the period was driven by a 13% rise in test volumes and a 24% increase in average revenue per test (translation effect only contributed 8% to growth for the period). On a quarterly basis, IDH's conventional revenues grew 37% year-on-year to EGP 957 million in Q2 2023 driven by increases in test volumes and average revenue per test.

Meanwhile, IDH's total revenues reached EGP 1,872 million in 1H 2023, down 4% year-on-year as Covid-19-related testing had impacted total results of 1H 2022. On a three-month basis, IDH recorded total revenues of EGP 957 million, a 24% year-on-year increase from EGP 774 million one year prior.

Revenue Analysis

	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	%
Total revenue (EGP mn)	1,180	915	774	957	24%	1,954	1,872	-4%
Conventional revenue (EGP mn)	640	915	699	957	37%	1,339	1,872	40%
Covid-19-related revenue (EGP mn)	540	-	75	-	-	615	-	-

Contribution to Consolidated Results

Conventional revenue	54%	100%	90%	100%		69%	100%
Covid-19-related revenue	46%	-	10%	-		31%	-

Test Volume Analysis

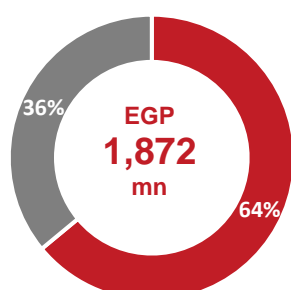
	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	%
Total tests (mn)	8.4	8.0	7.6	8.5	12%	16.0	16.5	3%
Conventional tests performed (mn)	7.1	8.0	7.4	8.5	13%	14.5	16.5	13%
Total Covid-19-related tests performed (mn)	1.3	-	0.2	-	-	1.5	-	-

Contribution to Consolidated Results

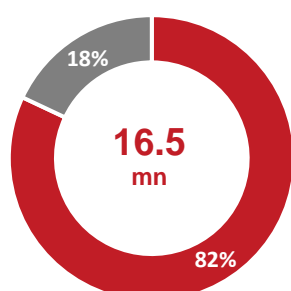
Conventional tests performed	85%	100%	97%	100%		91%	100%
Total Covid-19-related tests performed	15%	-	3%	-		9%	-

Revenue per Test Analysis

	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	%
Total revenue per test (EGP)	140	114	102	113	11%	122	114	-7%
Conventional revenue per test (EGP)	90	114	94	113	20%	92	114	24%
Covid-19-related revenue per test (EGP)	431	-	454	-	-	422	-	-

Revenue Analysis: Contribution by Patient Segment
Revenue by Patient Segment
(1H 2023)


■ Contract ■ Walk-in

Tests by Patient Segment
(1H 2023)


■ Contract ■ Walk-in

Contract Segment (64% of Group revenue)

The Company's contract segment booked conventional revenues of EGP 1,193 million during 1H 2023, a 44% year-on-year increase from the EGP 827 million recorded one year prior. Conventional revenues at IDH's contract segment were driven by increases in test volumes and average revenue per conventional test, which increased 18% and 22% year-on-year (of which 4% was related to the translation effect), respectively. During the period, IDH recorded a notable increase in total tests per patient at the segment, which reached a record 4.4 tests in 1H 2023 from 4.0 last year. Higher tests per patient were supported both by a post-Covid-19 patient mix normalisation coupled with the success of a new loyalty programme introduced at the end of FY 2021.

Walk-in Segment (36% of Group revenue)

Meanwhile, IDH's walk-in segment reported conventional revenue growth of 33% year-on-year during 1H 2023, booking revenues of EGP 679 million. While test volumes remained relatively stable compared to the same period of the previous year, declining 4% year-on-year, revenue growth was entirely driven by increases in average revenue per conventional test, which expanded 38% year-on-year to EGP 226 during 1H 2023 (of which 14% was related to the translation effect) from EGP 163 one year prior. Similar to trends witnessed at the contract segment, total walk-in tests per patient reached their highest value on record at 3.6 tests up impressively from the 2.5 tests per patient recorded in 1H 2022.

Detailed Segment Performance Breakdown

	Walk-in Segment			Contract Segment			Total		
	1H22	1H23	Change	1H22	1H23	Change	1H22	1H23	Change
Revenue (EGP mn)	857	679	-21%	1,097	1,193	8%	1,954	1,872	-4%
Conventional Results (EGP mn)	512	679	33%	827	1,193	44%	1,339	1,872	40%
Total Covid-19-related revenue (EGP mn)	345	-	-	270	-	-	615	-	-
Patients ('000)	1,513	833	-45%	3,027	3,084	2%	4,541	3,917	-14%
% of Patients	33%	21%		67%	79%				
Revenue per Patient (EGP)	565	815	44%	363	387	7%	430	478	11%
Tests ('000)	3,849	3,008	-22%	12,155	13,457	11%	16,004	16,465	3%
% of Tests	24%	18%		76%	82%				
Conventional tests ('000)	3,135	3,008	-4%	11,412	13,457	18%	14,547	16,465	13%
Total Covid-19-related tests ('000)	714	-	-	744	-	-	1,458	-	-
Revenue per Test (EGP)	222	226	2%	90	89	-2%	122	114	-7%
Conventional Revenue per Test (EGP)	163	226	39%	72	89	23%	92	114	24%
Test per Patient	2.5	3.6	42%	4.0	4.4	9%	3.5	4.2	19%

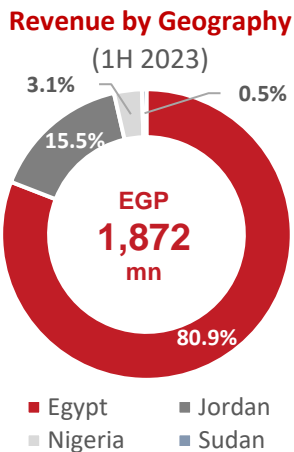
Revenue Analysis: Contribution by Geography

Egypt (80.9% of Group revenue)

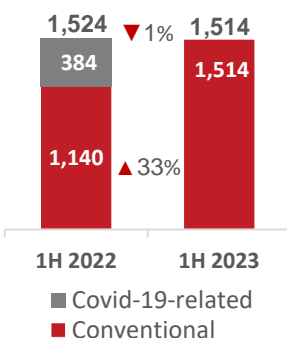
IDH’s conventional business in Egypt continued delivering notable growth, progressively picking up throughout the first six months of the year and recording the strongest monthly revenue figures for the year in May and June (once adjusting for the Eid-related slowdown). Revenues have remained strong during July and August and the Company expects the trend to continue heading further into the second half of the year.

More specifically, the Company recorded conventional revenue growth of 33% year-on-year in 1H 2023, supported by simultaneous expansions in test volumes and average revenue per conventional test, which grew 14% and 16% year-on-year, respectively. Total revenues from IDH’s Egyptian operations remained relatively unchanged, declining just 1% year-on-year to EGP 1,514 million in 1H 2023.

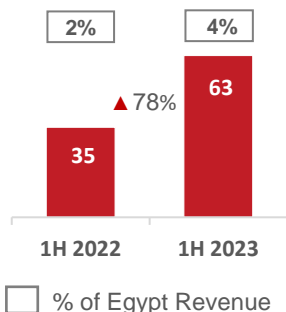
On a quarterly basis, IDH recorded conventional revenues of EGP 783 million in Q2 2023, up a solid 32% year-on-year and 7% quarter-on-quarter. Total revenues also expanded by 21% year-on-year as the impact of Covid-19-related testing on the comparable three-month period of 2022 significantly declined starting April.



Egypt Revenue
(EGP mn)



AI Borg Scan Revenue
(EGP mn)



AI-Borg Scan

IDH’s fast-growing radiology venture maintained its growth trend throughout the second quarter of 2023, recording revenues of EGP 63 million in 1H 2023, a 78% year-on-year increase. Revenue expansion was primarily driven by increased average revenue per test, which grew 24% year-on-year to EGP 691, and increased test volumes, which climbed 44% year-on-year to 91 thousand tests during the six-month period. AI-Borg Scan has also continued increasing its contribution to Egypt’s top-line figure, constituting 4% of Egypt revenues during the first six months of 2023 versus only 2% in the same period of the previous year. To capitalize on the growing demand for AI-Borg Scan’s offering, IDH has, over the last two years, launched four new branches taking the total to six as at 30 June 2023. In the coming months, IDH plans to add an additional seventh branch to its radiology venture in Egypt.

House Calls

Throughout the first six months of the year, IDH’s house call service in Egypt continued to make a remarkable contribution of 16% to total revenues in the country. This continues to be well-above the service’s pre-pandemic contribution, further showcasing the segment’s growth potential, and the success of IDH’s investment strategy which has seen it significantly boost the service’s capabilities since 2020.

Wayak

During the six-month period ending 30 June 2023, Wayak recorded 83 thousand orders, a 29% year-on-year increase compared to 64 thousand in the same six-month period of the previous year. Meanwhile, the venture’s EBITDA losses continued to narrow to record EGP 746 thousand compared to EBITDA losses of EGP 1.7 million booked in the six-month period ending 30 June 2022. It is also worth noting that Wayak’s EBITDA turned positive for the months of May and June, a trend which IDH will look to maintain heading into the second half of the year.

Detailed Egypt Performance Breakdown
Revenue Analysis

EGP mn	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	%
Total Revenue	879	731	645	783	21%	1,524	1,514	-1%
Conventional Revenue	549	731	591	783	32%	1,140	1,514	33%
Pathology Revenue	532	703	573	748	31%	1,105	1,451	31%
Radiology Revenue	17	28	19	35	89%	35	63	78%
Total Covid-19-related Revenue	330	-	53	-		384	-	

Contribution to Consolidated Results

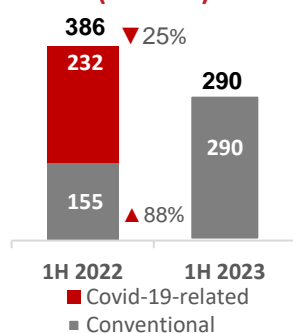
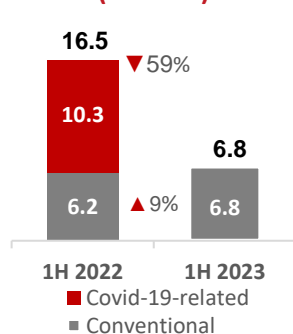
Conventional revenue	62%	100%	92%	100%		75%	100%	
Pathology Revenue	61%	96%	89%	96%		73%	96%	
Radiology Revenue	1.9%	3.8%	2.9%	4.5%		2.3%	4.2%	
Total Covid-19-related revenue	38%	-	8%	-		25%	-	

Test Volume Analysis

	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	%
Total tests (mn)	7.3	7.3	6.9	7.8	13%	14.2	15.1	6%
Conventional tests performed (mn)	6.5	7.3	6.7	7.8	16%	13.2	15.1	14%
Total Covid-19-related tests performed (mn)	0.8	-	0.1	-		0.9	-	

Contribution to Consolidated Results

Conventional tests performed	89%	100%	98%	100%		94%	100%	
Total Covid-19-related tests performed	11%	-	2%	-		6%	-	

Jordan Revenue (EGP mn)

Jordan Revenue (JOD mn)

Jordan (15.5% of Group revenue)

Similar to trends seen in Egypt, IDH witnessed a steady rise in revenues throughout the first half of 2023, with Biolab recording its highest monthly revenue figures for the year in May and June (adjusting for the Eid-vacation slowdown). Overall, in 1H 2023, Biolab recorded conventional year-on-year revenue growth of 9% in JOD terms, supported by a solid 8% year-on-year rise in conventional tests performed. In EGP terms, conventional revenues posted an 88% year-on-year rise, in part boosted by the translation effect which saw average revenue per conventional test in EGP terms rise by 74% versus 1H 2022.

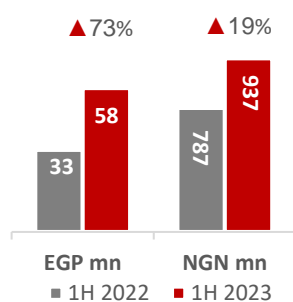
On a quarterly basis, Biolab recorded year-on-year conventional revenue growth of 6% in JOD terms supported by a 4% year-on-year rise in conventional test volumes for the quarter. In EGP terms, year-on-year conventional revenue growth in Q2 2023 stood at 73% on the back of a significant rise in average revenue per test following the devaluations of the EGP.

Detailed Jordan Performance Breakdown
Revenue Analysis

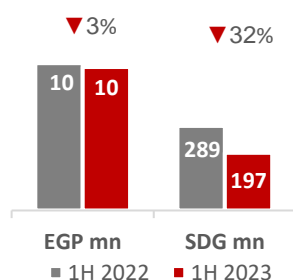
EGP mn	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	%
Total Revenue	280	144	106	146	38%	386	290	-25%
Conventional Results	70	144	84	146	73%	155	290	88%
Total Covid-19-related Revenues (PCR and Antibody)	210	-	21	-		232	-	
Contribution to Consolidated Results								
Conventional Results	25%	100%	79%	100%		40%	100%	
Total Covid-19-related Revenue (PCR and Antibody)	75%	-	20%	-		60%	-	

Test Volume Analysis

Total tests (k)	991	582	603	598	-1%	1,594	1,180	-26%
Conventional tests performed (k)	519	582	572	598	4%	1,091	1,180	8%
Total Covid-19-related tests performed (k)	472	-	30	-		502	-	
Contribution to Consolidated Results								
Conventional tests performed	52%	100%	95%	100%		68%	100%	
Total Covid-19-related tests performed	48%	-	5%	-		32%	-	

Nigeria Revenue

Nigeria (3.1% of revenue)

IDH's Nigerian subsidiary, Echo-Lab, recorded robust revenue growth of 19% year-on-year in NGN terms, booking revenues of NGN 937 million during the six-month period. In EGP terms, the Company booked revenues of EGP 58 million, increasing 73% year-on-year from the EGP 33 million booked during the same period of the previous year. Revenue growth for the year was driven by a 71% increase in average revenue per test in EGP terms and 18% in NGN terms. Test volumes, on the other hand, increased a marginal 1% year-on-year to 136 thousand tests in 1H 2023.

Sudan Revenue

Sudan (0.5% of revenue)

IDH's Sudanese operations recorded revenues of SDG 197 million, down 32% year-on-year in 1H 2023. In EGP terms, revenue declined 3% year-on-year to reach EGP 10 million from EGP 10.5 million one year prior. The decline in revenues during 1H 2023 was primarily a result of the halting of operations in 16 of 18 branches in April of this year as a result of the ongoing conflict in the country. The Company continues to monitor the situation closely and will update the market should the situation evolve.

Revenue Contribution by Country

	Q1 2022	Q1 2023	Q2 2022	Q2 2023	%	1H 2022	1H 2023	Change
Egypt Revenue (EGP mn)	879	731	645	783	21%	1,524	1,514	-1%
<i>Conventional (EGP mn)</i>	549	731	591	783	32%	1,140	1,514	33%
<i>Pathology Revenue</i>	532	703	573	748	31%	1,105	1,451	31%
<i>Radiology Revenue</i>	17	28	19	35	89%	35	63	78%
<i>Covid-19-related (EGP mn)</i>	330	-	53	-		384	-	
<i>Egypt Contribution to IDH Revenue</i>	<i>74.5%</i>	<i>79.9%</i>	<i>83.2%</i>	<i>81.8%</i>		<i>78.0%</i>	<i>80.1%</i>	
Jordan Revenue (EGP mn)	280	144	106	146	38%	386	290	-25%
<i>Conventional (EGP mn)</i>	70	144	84	146	73%	155	290	88%
<i>Covid-19-related (EGP mn)</i>	210	-	21	-		232	-	
Jordan Revenues (JOD mn)	12.5	3.4	4.0	3.4	-16%	16.5	6.8	-59%
<i>Conventional (JOD mn)</i>	3.0	3.4	3.2	3.4	6%	6.2	6.8	9%
<i>Jordan Revenue Contribution to IDH Revenue</i>	<i>23.7%</i>	<i>15.7%</i>	<i>13.7%</i>	<i>15.2%</i>		<i>19.8%</i>	<i>15.5%</i>	
Nigeria Revenue (EGP mn)	15	31	19	27	44%	33	58	73%
Nigeria Revenue (NGN mn)	371	468	416	469	13%	787	937	19%
<i>Nigeria Contribution to IDH Revenue</i>	<i>1.3%</i>	<i>3.4%</i>	<i>2.5%</i>	<i>2.8%</i>		<i>1.7%</i>	<i>3.1%</i>	
Sudan Revenue (EGP mn)	5.7	8.8	4.8	1.4	-71%	10.5	10.2	-3%
Sudan Revenue (SDG mn)	152	169	137	27	-80%	289	197	-32%
<i>Sudan Contribution to IDH Revenue</i>	<i>0.5%</i>	<i>1.0%</i>	<i>0.6%</i>	<i>0.1%</i>		<i>0.5%</i>	<i>0.5%</i>	

Average Exchange Rate

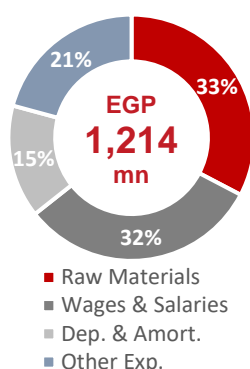
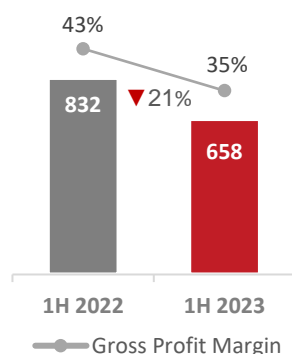
	1H 2022	1H 2023	Change
USD/EGP	17.6	30.7	74.4%
JOD/EGP	24.7	42.8	73.4%
NGN/EGP	0.04	0.06	26.2%
SDG/EGP	0.04	0.05	42.0%

Patients Served and Tests Performed by Country

	1H 2022	1H 2023	Change
Egypt Patients Served (mn)	3.8	3.7	-3%
Egypt Tests Performed (mn)	14.2	15.1	6.5%
<i>Conventional tests (mn)</i>	13.2	15.1	14%
<i>Covid-19-related tests (mn)</i>	1.0	-	-
Jordan Patients Served (k)	670	183	-73%
Jordan Tests Performed (k)	1,594	1,180	-26%
<i>Conventional tests (k)</i>	1,091	1,180	8%
<i>Covid-19-related tests (k)</i>	502	-	-
Nigeria Patients Served (k)	70	69	-2%
Nigeria Tests Performed (k)	135	136	1%
Sudan Patients Served (k)	46	14	-69%
Sudan Tests Performed (k)	84	40	-52%
Total Patients Served (mn)	4.5	3.9	-14%
Total Tests Performed (mn)	16.0	16.5	3%

Branches by Country

	30 June 2022	30 June 2023	Change
Egypt	488	531	43
Jordan	21	27	6
Nigeria	12	12	-
Sudan	17	18	1
Total Branches	538	588	50

**Cost of Net Sales
Breakdown**
(1H 2023)

Gross Profit
(EGP mn)

Cost of Sales

Cost of sales increased 8% year-on-year in the first six months of 2023, to record EGP 1,214 million. As a percentage of revenues, cost of sales increased seven percentage points year-on-year in the six-month period ended 30 June 2023, to reach 64.9%. The year-on-year increase reflected primarily higher salaries and wages, as well as partially increased raw material expenses and higher direct depreciation booked in 1H 2023.

Cost of Sales Breakdown as a Percentage of Revenue

	1H 2022	1H 2023
Raw Materials	20.3%	21.5%
<i>Conventional raw material costs as % of conventional revenues</i>	16.4%	21.5%
<i>Covid-19-related raw material costs as % of Covid-19-related revenues</i>	29.6%	-
Wages & Salaries	16.8%	20.4%
Depreciation & Amortisation	6.7%	9.4%
Other Expenses	13.6%	13.5%
Total	57.4%	64.9%

Raw material costs (33% of consolidated cost of sales) was the largest contributor to cost of sales during the period. Raw material costs recorded EGP 402 million during 1H 2023, and amounted to 21% of total Group revenues. During the period, the Company booked a rise in the average cost for conventional test kits on the back of a weaker EGP and rising inflation across its markets of operation. This saw conventional raw material costs as a share of revenues reach 21.5% in 1H 2023, up five percentage points year-on-year. It is important to note that the significant increase in the cost of conventional test kits as a share of revenue is attributable to a delay in the delivery of free test kits from IDH's main suppliers during Q2 2023 as part of special arrangements to support the Company during the ongoing turbulent times. The delivery of free test kits is expected to normalise in the third quarter of the year.

Wages and salaries including employee share of profits (32% share of consolidated cost of sales) was the second largest contributor to cost of sales during 1H 2023, amounting to EGP 383 million in 1H 2023. During the period, wages and salaries as a percentage of revenues stood at 20.4%, increasing from 16.8% in the same period of the previous year. The year-on-year increase in direct wages and salaries is attributable to new staff hires across IDH's newly launch branches, coupled with higher than usual compensation increases for existing staff to compensate for increased inflationary pressures in IDH's home market of Egypt. Meanwhile, the year-on-year rise in NGN terms of Nigeria's salary and wage expenses reflects an increase in USD-denominated compensation of Echo-Lab's expat personnel on the back of a weaker Naira and rising inflation.

Direct Wages and Salaries by Region

	1H 2022	1H 2023
Egypt (EGP mn)	260	287
Jordan (EGP mn)	60	78
Jordan (JOD mn)	2	2
Nigeria (EGP mn)	8	16
Nigeria (NGN mn)	186	272
Sudan (EGP mn)	2	2
Sudan (SDG mn)	51	48

Direct depreciation and amortization costs (15% of consolidated cost of sales) increased 34% year-on-year in 1H 2023 to EGP 176 million compared to EGP 132 million one year prior. Increases in depreciation and amortization expenses were primarily due

to the expansion of Al-Borg Scan's branches as well as the rollout of additional branches throughout the Company's wider network. More specifically, depreciation booked by Al-Borg Scan's branches contributed 28% of total direct depreciation in 1H 2023.

Other expenses (21% of consolidated cost of sales) during the first half of 2023 recorded EGP 253 million, down 5% year-on-year from the EGP 266 million recorded in 1H 2022. It is important to note that other expenses booked in 1H 2022 had included EGP 63 million paid in concession fees as part of Biolab's agreement with Queen Alia International Airport and Aqaba Port to provide Covid-19-related testing during January and February of last year. Excluding these concession fees, other expenses increased by 25% year-on-year during 1H 2023, mainly on the back of increases recorded in Egypt and Nigeria. The increase in Egypt primarily reflects a change in the treatment of revenue-sharing hospital contracts starting in Q2 2023, which saw revenue-sharing expenses in 1H 2023 rise by 330% year-on-year, contributing to nearly half of other expenses growth for the period. In Nigeria, higher gasoline prices and general inflation were the main contributors to the increase in other expenses for the period.

Gross Profit

The Company booked gross profit of EGP 658 million in 1H 2023, down 21% year-on-year from the high base of EGP 832 million posted during 1H 2022. Meanwhile, IDH's gross profit margin came in at 35% compared to 43% in 1H 2022. Lower gross profitability during the period reflected both the above-mentioned increase in direct salaries and wages and depreciation, as well as an expected normalization of margins following the decline in Covid-19-related testing.

On a quarterly basis, IDH booked gross profit of EGP 333 million, up 11% year-on-year from EGP 300 million in Q2 2022 when contributions from the Company's Covid-19-related offering had already begun to decline. IDH recorded a GPM of 35% in Q2 2023, down four percentage points year-on-year, as gross profitability was impacted by rising inflation and a weaker EGP. Meanwhile, IDH's GPM remained relatively stable compared to Q1 2023.

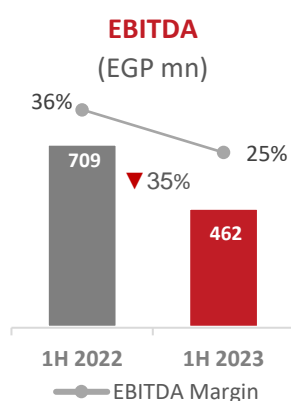
Selling, General and Administrative Expenses

IDH's SG&A outlays during 1H 2023 amounted to EGP 367 million, up 43% year-on-year. As a percentage of revenues, SG&A outlays stood at 20% in 1H 2023 versus 13% in 1H 2022. Increased SG&A expenses were mainly driven by:

- Increases in wages and salaries, which expanded by 53% year-on-year to EGP 141 million during 1H 2023 primarily due to higher-than-usual annual adjustments to employee compensation packages to support them during the ongoing challenging period. Increased wages and salaries also partially reflected an increase in USD-denominated directors' compensation and the addition of a board member in March 2022 (who received compensation starting March 2022). Wages and salaries as a share of revenue increased to 8% in 1H 2023 from 5% in 1H 2022.
- Increases in other expenses, which grew 59% year-on-year to EGP 153 million in 1H 2023 due to the increase of USD-denominated expenses (including USD-denominated auditor fees) for the holding company.
- One-off legal consultancy expenses related to the termination of the Pakistan deal in the first quarter of 2023.

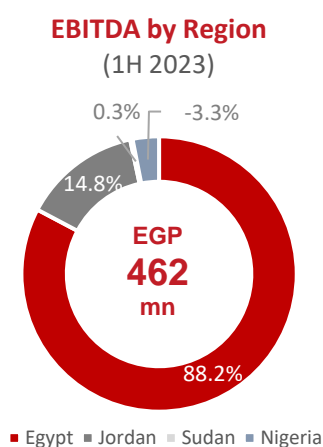
Selling, General and Administrative Expenses

	1H 2022	1H 2023	Change
Wages & Salaries	92	141	53%
Accounting Fees	18	38	111%
Professional Services Fees	18	32	78%
Market – Advertisement expenses	54	52	-4%
Other Expenses	53	70	32%
Depreciation & Amortisation	15	20	32%
Travelling and transportation expenses	7	14	100%
Total	257	367	43%


EBITDA

IDH posted EBITDA¹¹ of EGP 462 million in 1H 2023, down 35% year-on-year from the figure reported in 1H 2022 when Covid-19-related testing has significantly boosted results. The Company's EBITDA margin was 25% during the six-month period, declining 12 points year-on-year on the back of lower gross profitability as well as the 46% year-on-year increase in SG&A outlays discussed above. It is worth highlighting that when controlling for non-recurring items, such as a loss on expired Covid-19 kit inventory (EGP 12 million), one-off legal reports (EGP 3 million), legal fees related to the termination of the Pakistan agreement (EGP 8 million), IDH would have recorded an EBITDA of EGP 483 million and yielded an associated margin of 26%.

On a quarterly basis, the Company booked EBITDA of EGP 234 million in Q2 2023, a 3% year-on-year decrease and with an associated margin of 24%.


EBITDA by Country

In **Egypt**, IDH's operations recorded an EBITDA of EGP 407 million in 1H 2023, down 35% from the figure recorded in 1H 2022 which had included a notable contribution from Covid-19-related testing. EBITDA margin recorded 27% in 1H 2023 versus 41% in the same period of the previous year. Lower EBITDA profitability reflects a post-pandemic normalisation in gross profits which declined 20% year-on-year coupled with a 40% year-on-year increase in SG&A expenses.

Biolab, IDH's **Jordanian** subsidiary, recorded EBITDA in local currency terms of JOD 1.6 million, declining 60% year-on-year from 1H 2022 when Covid-19-related testing had significantly contributed to results. Biolab recorded an EBITDA margin of 24% compared to 29% in the same period of last year in local currency terms. In EGP terms, EBITDA declined 25% year-on-year to EGP 69 million. EBITDA profitability declined during 1H 2023 due to a 26% year-on-year decrease in gross profit and 48% year-on-year increase in SG&A outlays during the period. It is worth highlighting that SG&A expense increases partially reflect the translation effect from the devaluation of the Egyptian Pound over the past year. In JOD terms, SG&A expenses increased just 44% versus last year.

In **Nigeria**, IDH recorded an EBITDA loss of NGN 233 million in 1H 2023, widening from NGN 80 million during the same period of last year. In EGP terms, EBITDA losses widened to EGP 15 million in 1H 2023 from EGP 3.3 million in the same six-month period of 2022. The widening in EBITDA losses for the period was primarily driven by

¹¹ EBITDA is calculated as operating profit plus depreciation and amortization. It is important to note that while in absolute terms the EBITDA figure is identical when using IFRS or APM, its margin differs between the two sets of performance indicators only for the comparable period of 2022. Margins for Q1 2023 are identical across both IFRS and APM.

lower gross profitability in Nigeria. The rise in Echo-Lab's cost of sales has been driven by higher gasoline and electricity prices and have continued to weigh down on gross profitability since the start of the year.

In **Sudan**, IDH recorded EBITDA of SDG 24 million, well above the EBITDA figure of SDG 4 million recorded in the same six months of 2022. In EGP terms, Sudan's operations generated an EBITDA of EGP 1.2 million, up from EGP 0.1 million in 1H 2022. Improved EBITDA profitability comes despite the notable operational difficulties faced by IDH's Sudanese operations. More specifically, 16 of IDH's 18 branches in the country have been temporarily shut down since April due to the ongoing conflict.

Regional EBITDA in Local Currency

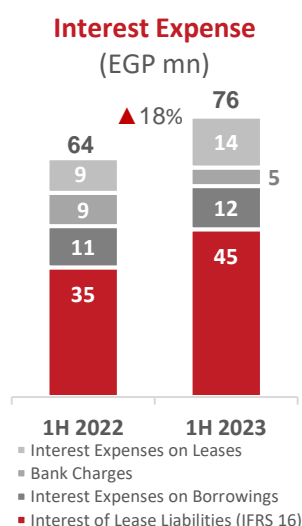
Mn		1H 2022	1H 2023	Change
Egypt EBITDA	EGP	622	407	-35%
Margin		41%	27%	
Jordan	JOD	4.0	1.6	-60%
Margin		29%	24%	
Nigeria	NGN	-80	-233	192%
Margin		-10%	-25%	
Sudan	SDG	4	24.1	494%
Margin		1%	12%	

Interest Income / Expense

IDH's **interest income** during 1H 2023 stood at EGP 30 million, decreasing 60% year-on-year from the EGP 75 million booked during the same six-month period of last year. Lower interest income during the period was mainly due to the Company's lower cash balances as a result of record cash dividends distributed during last year.

Interest expense¹² amounted to EGP 76 million during 1H 2023, up 18% year-on-year from EGP 64 million during 1H 2022. Increased interest expenses were mainly driven by:

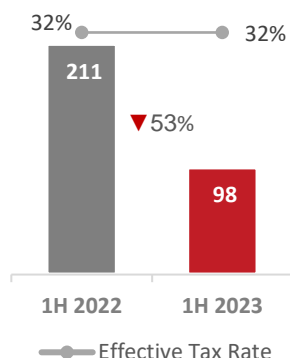
- Increased interest on lease liabilities related to IFRS 16 due to the rollout of new branches.
- Higher interest expenses following the CBE decision to increase rates by 1,000 bps since March 2022. It is important to note that IDH's interest bearing debt balance decreased to EGP 108 million as at 30 June 2023, from EGP 117 million at year-end 2022. During the six-month period, as part of IDH's strategy to reduce foreign currency risk the Company agreed with General Electric (GE) for the early repayment of its contractual obligation of USD 5.7 million. To finance the settlement, IDH utilized a bridge loan facility, with half the amount being funded internally, while the other half (amounting to EGP 55 million) was provided through a bridge loan by Ahli United Bank– Egypt (AUBE). Interest expenses related to the AUBE facility recorded EGP 12 million in 1H 2023. The bridge loan was fully settled in Q2 2023.



¹² Interest expenses on medium-term loans include EGP 12.0 related to the Group's facility with Ahli United Bank Egypt (AUBE). Meanwhile, the Group's facility with the Commercial International Bank (CIB) was fully repaid as of 5 April 2022.

Interest Expense Breakdown

EGP mn	1H 2022	1H 2023	Change
Interest on Lease Liabilities (IFRS 16)	34.9	45.2	29%
Interest Expenses on Leases	9.3	13.7	47%
Interest Expenses on Borrowings ¹³	5.2	11.6	123%
Bank Charges	8.8	5.3	-39%
Loan-related Expenses on IFC facility ¹⁴	5.9	-	-
Total Interest Expense	64.1	75.9	18%

Tax
(EGP mn)

Foreign Exchange

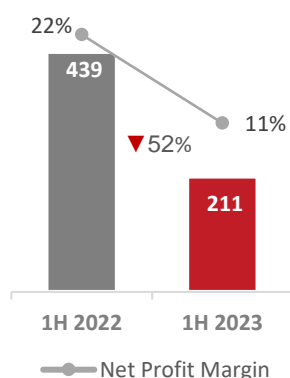
The Company recorded a foreign exchange gain of EGP 102 million during the six-month period, a 47% year-on-year increase partially reflecting intercompany balances revaluation.

Taxation

Tax expenses, which include income and deferred tax, amounted to EGP 98 million during 1H 2023, a 53% year-on-year decrease. The Company's effective tax rate came in at 32%, unchanged versus the same six-month period of the previous year. It is important to highlight that there is no tax payable for IDH's two holding-level companies. Meanwhile, tax was paid on profits resulting from the Group's operating subsidiaries (Egypt 27.5%, Jordan 36.6%, Nigeria 0.2%, Sudan 11.4%).

Taxation Breakdown by Region

EGP Mn	1H 2022	1H 2023	Change
Egypt	196.0	91.1	-53%
Jordan	14.6	6.6	-55%
Nigeria	-0.2	-0.1	-63%
Sudan	0.1	0.5	350%
Total Tax Expenses	210.5	98.1	-53%

Net Profit
(EGP mn)

Net Profit

IDH's net profit in 1H 2023 came in at EGP 211 million, down 52% year-on-year. Meanwhile, the Company's net profit margin recorded 11%, down 11 percentage points from 22% in the same six-month period last year. On a three-month basis, the Company posted net profit of EGP 43 million, down 66% year-on-year. IDH's bottom-line on both a year-to-date and quarterly basis was impacted by a non-recurring expense of EGP 12 million related to contributions owed to the Egyptian government vocational training fund for the previous five-year period. Controlling for this, IDH would have booked a net profit of EGP 223 million in 1H 2023 and EGP 55 million in Q2 2023.

The EGP 12 million non-recurring expense is in accordance with article 134 of labour law on Vocational Guidance and Training issued by the Egyptian Government in 2003. In accordance with the law, IDH's Egyptian operations are required to provide 1% of net profits each year into a training fund. Integrated Diagnostics Holdings plc has taken legal advice and considered market practices in Egypt relating to the law, and more specifically whether vocational training courses undertaken by the Company's Egyptian subsidiaries suggest that obligations have been satisfied by in-house training

¹³ Interest expenses on medium-term loans include EGP 12.0 related to the Group's facility with Ahli United Bank Egypt (AUBE). Meanwhile, the Group's facility with the Commercial International Bank (CIB) was fully repaid as of 5 April 2022.

¹⁴ Loan-related expenses on IFC facility represents commitment fees on the facility granted by IFC and Mashreq with a total value of USD 60 million. The facility was cancelled in May 2023.

programmes provided by those entities. Since the issue of the law, IDH's Egyptian subsidiaries have not been requested by the government to pay, nor have they voluntarily paid, any amounts into the external training fund.

ii. Balance Sheet Analysis

Assets

Property, Plant and Equipment

The Company recorded gross property, plant and equipment (PPE) of EGP 2,411 million as at 30 June 2023, increasing from EGP 2,208 million at year-end 2022. The rise in CAPEX as a share of revenues during 1H 2023 was driven mainly by the addition of new branches to IDH's network (contributing 9% of revenues), while the rest is attributable to the translation effect related to Jordan, Sudan, and Nigeria (contributing 2% of revenues).

Total CAPEX Addition Breakdown – 1H 2023

	EGP mn	% of Revenue
Leasehold Improvements/new branches	154.9	8.3%
Al-Borg Scan Expansion	14.1	0.8%
Total CAPEX Additions Excluding Translation	169.5	9.1%
Translation Effect	34.3	1.8%
Total CAPEX Additions	203.4	10.9%

Accounts Receivable and Provisions

Accounts receivable as at 30 June 2023 stood at EGP 532 million, increasing 35% year-to-date from EGP 395 million. IDH's receivables' Days on Hand (DoH) came in at 136 days, increasing from 124 days as at 31 December 2022.

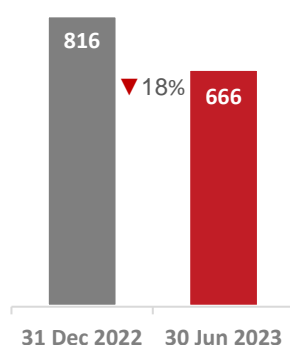
Provisions for doubtful accounts recorded EGP 23 million in 1H 2023, up from EGP 16 million in the same period of the previous year. Increased provisions and receivable balance during the six-month period are mainly attributable to slower collection rates as a result of sustained economic downturns in IDH's geographies and, mainly, in the Company's home market of Egypt.

Inventory

IDH's inventory balance as of the end of the first six months of 2023 recorded EGP 361 million, increasing from EGP 265 million as of the end of 2022. Meanwhile, Days Inventory Outstanding (DIO) came in at 148 days, up from 127 days on a year-to-date basis. Increases in DIO were mainly driven by management strategy to accumulate inventory as a hedge against inflation over the past year.

Cash Balances

(EGP mn)



Cash and Net Debt/Cash

Cash balances stood at EGP 666 million as of 30 June 2023, declining from EGP 816 million as of year-end 2022. The decline in cash balances is primarily related to the aforementioned decision for the early repayment of IDH's contractual obligation of USD 5.7 million (equivalent to EGP 110 million) to reduce exposure to foreign currency risk using internal resources as well as a bridge loan facility provided by AUBE, where the latter was also fully settled in Q2 2023.

EGP million	31 Dec 2022	30 Jun 2023
T-Bills	296	238
Time Deposits	123	95
Current Accounts	378	313
Cash on Hand	18	21
Total	816	666

IDH's net debt¹⁵ balance came in at EGP 482 million as of the end of 1H 2023, increasing 29% year-to-date from EGP 374 million as of year-end 2022.

EGP million	31 Dec 2022	30 Jun 2023
Cash and Financial Assets at Amortised Cost ¹⁶	816	666
Lease Liabilities Property	(727)	(777)
Total Financial Liabilities (Short-term and Long-term)	(335)	(249)
Interest Bearing Debt ("Medium Term Loans")	(127)	(122)
Net Cash/(debt) Balance	(374)	(482)

Note: Interest Bearing Debt includes accrued interest for each period.

Lease liabilities and financial obligations on property came in at EGP 777 million as at 31 June 2023, up from EGP 727 million as at year-end 2022. Higher lease liabilities were driven by the launch of 50 new branches across IDH's branch network in the twelve months to 30 June 2023.

Meanwhile, **financial obligations related to equipment** recorded EGP 249 million as at the end of 1H 2023, down from EGP 335 million as at the end of 2022. Declining financial obligations related to equipment is a result of the early repayment of IDH's obligations with General Electric (GE) as part of the Company's efforts to hedge against foreign currency risk. Half of the settlement was financed internally by the Company, while the other half was financed through a bridge loan facility from AUBE.

Finally, **interest bearing debt**¹⁷ recorded EGP 108 million, down from EGP 117 million as at year-end 2022. The decrease is mainly attributable to the repayment of EGP 8.5 million in accordance with Al-Borg Scan's medium term loan repayment schedule.

Liabilities

Accounts Payable¹⁸

Accounts payable stood at EGP 377 million as at the end of 1H 2023, increasing from EGP 270 million six months earlier. In parallel, IDH's Days Payable Outstanding (DPO) came in at 153 days, up from 151 days as at year-end 2022.

Put Option

The put option current liability is related to the option granted in 2011 to Dr. Amid, Biolab's CEO, to sell his stake (40%) to IDH. The put option is in the money and exercisable since 2016 and is calculated as 7 times Biolab's LTM EBITDA minus net debt. Biolab's put option liability decreased following the significant decline in the venture's EBITDA for the period.

The put option non-current liability is related to the option granted in 2018 to the International Finance Corporation from Dynasty – shareholders in Echo Lab – and it is exercisable in 2024. The put option is calculated based on fair market value (FMV).

–End–

¹⁵ The net cash/(debt) balance is calculated as cash and cash equivalent balances including financial assets at amortised cost, less interest-bearing debt (medium term loans), finance lease and Right-of-use liabilities.

¹⁶ As outlined in Note 18 of IDH's Consolidated Financial Statements, some term deposits and treasury bills cannot be accessed for over 3 months and are therefore not treated as cash. Term deposits which cannot be accessed for over 3 months stood at EGP 113 million in Q1 2023, versus EGP 123 million as at year-end 2022. Meanwhile, treasury bills not accessible for over 3 months stood at EGP 342 million in Q1 2023, up from EGP 296 million in FY 2022.

¹⁷ IDH's interest bearing debt as at 31 March 2023 included EGP 172 million to its facility with Ahli United Bank Egypt (AUBE) (outstanding loan balances are excluding accrued interest for the period). It is worth noting that in order to finance the early repayment settlement with General Electric, the Company utilized a bridge loan facility of EGP 55 million. The facility was withdrawn in Q1 2023 and settled in Q2 2023.

¹⁸ Accounts payable is calculated based on average payables at the end of each period.

**INTEGRATED DIAGNOSTICS HOLDINGS plc – “IDH”
AND ITS SUBSIDIARIES**

Consolidated Financial Statements

for the six-month period ended 30 June 2023

Consolidated statement of financial position as at 30 June 2023

	Notes	30 Jun 2023 EGP'000	31 Dec 2022 EGP'000
Assets			
Non-current assets			
Property, plant and equipment	4	1,392,293	1,326,262
Intangible assets and goodwill	5	1,723,582	1,703,636
Right of use assets	6	653,008	622,975
Financial assets at fair value through profit and loss	7	-	18,064
Total non-current assets		3,768,883	3,670,937
Current assets			
Inventories		360,847	265,459
Trade and other receivables	8	651,528	543,887
Financial assets at amortized cost	9	189,931	167,404
Current financial assets at fair value through profit and loss	7	23,590	-
Cash and cash equivalents	10	475,580	648,512
Total current assets		1,701,476	1,625,262
Total assets		5,470,359	5,296,199
Equity			
Share capital		1,072,500	1,072,500
Share premium reserve		1,027,706	1,027,706
Capital reserves		(314,310)	(314,310)
Legal reserve		51,641	51,641
Put option reserve		(286,152)	(490,695)
Translation reserve		(84,765)	24,173
Retained earnings		1,006,671	783,081
Equity attributable to the owners of the Company		2,473,291	2,154,096
Non-controlling interests		379,132	292,885
Total equity		2,852,423	2,446,981
Non-current liabilities			
Provisions		16,163	3,519
Non-current put option liability	12	-	51,000
Borrowings	13	79,560	93,751
Other financial obligations	14	873,998	914,191
Deferred tax liabilities	18-C	332,953	321,732
Total non-current liabilities		1,302,674	1,384,193
Current liabilities			
Trade and other payables	11	766,773	701,095
Other financial obligations	14	152,159	148,705
Current put option liability	12	286,152	439,695
Borrowings	13	28,384	22,675
Current tax liabilities		81,794	152,855
Total current liabilities		1,315,262	1,465,025
Total liabilities		2,617,936	2,849,218
Total equity and liabilities		5,470,359	5,296,199

The accompanying notes form an integral part of these consolidated financial statements.

These condensed consolidated interim financial information were approved and authorized for issue by the Board of Directors and signed on their behalf on 30 August 2023 by:

Dr. Hend El Sherbini
Chief Executive Officer

Hussein Choucri
Independent Non-Executive Director

Consolidated income statement for the quarter and six-month periods ended 30 June 2023

	Notes	For the three months period ended 30 June		For the six months period ended 30 June	
		2023 EGP'000	2022 EGP'000	2023 EGP'000	2022 EGP'000
Revenue	21	956,651	773,586	1,871,942	1,954,065
Cost of sales		(623,291)	(473,402)	(1,214,008)	(1,122,195)
Gross profit		333,360	300,184	657,934	831,870
Marketing and advertising expenses		(49,178)	(51,804)	(112,473)	(92,568)
Administrative expenses	16	(127,857)	(77,892)	(254,340)	(164,192)
Impairment loss on trade and other receivable		(12,586)	(8,980)	(23,269)	(16,158)
Other income		(7,260)	4,553	(2,563)	3,471
Operating profit		136,479	166,061	265,289	562,423
Non-operating expense		(12,200)	-	(12,200)	-
Finance costs	17	(33,084)	(31,087)	(75,879)	(64,147)
Finance income	17	7,746	43,247	132,234	151,292
Net finance cost		(25,338)	12,160	56,355	87,145
Profit before tax		98,941	178,221	309,444	649,568
Income tax expense	18-B	(56,277)	(53,302)	(98,394)	(210,516)
Profit for the period		42,664	124,919	211,050	439,052
Profit attributed to:					
Equity holders of the parent		50,681	125,611	223,590	422,220
Non-controlling interests		(8,017)	(692)	(12,540)	16,832
		42,664	124,919	211,050	439,052
Earnings per share (expressed in EGP):					
Basic and diluted earnings per share	20	0.08	0.21	0.37	0.70

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated statement of comprehensive income/(expenses) for the quarter and six-month periods ended 30 June 2023

	For the three months period ended 30 June		For the six months period ended 30 June	
	2023 EGP'000	2022 EGP'000	2023 EGP'000	2022 EGP'000
Net profit	42,664	124,919	211,050	439,052
Items that may be reclassified to profit or loss:				
Exchange difference on translation of foreign operations	(42,604)	25,983	(10,151)	103,291
Other comprehensive income / (Loss) for the period net of tax	(42,604)	25,983	(10,151)	103,291
Total comprehensive income for the period	60	150,902	200,899	542,343
Attributed to:				
Equity holders of the parent	27,642	138,135	114,652	448,685
Non-controlling interests	(27,582)	12,767	86,247	93,658
	60	150,902	200,899	542,343

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated statement of cash flows for the six-month period ended 30 June 2023

	Notes	30 June 2023 EGP'000	30 June 2022 EGP'000
Cash flows from operating activities			
Profit for the period before tax		309,444	649,568
Adjustments			
Depreciation of property, plant and equipment		126,755	95,184
Depreciation of right of use assets		65,632	48,215
Amortisation of intangible assets		3,872	3,439
Unrealised foreign currency exchange (gains) losses	17	(102,159)	(69,378)
Interest income	17	(30,075)	(75,443)
Interest expense	17	70,496	55,342
Bank Charges		5,383	8,805
Loss/(Gain) on disposal of Property, plant and equipment		(603)	523
Impairment in trade and other receivables		23,269	16,158
Equity settled financial assets at fair value		(5,526)	(2,548)
ROU Asset/Lease Termination		(348)	(408)
Hyperinflation (gains) losses	17	-	(6,471)
Change in Provisions		12,644	(380)
Change in Inventories		(90,933)	(15,888)
Change in trade and other receivables		(103,219)	(81,073)
Change in trade and other payables		33,226	(85,084)
Cash generated from operating activities before income tax payment		317,858	540,562
Tax paid during period		(157,734)	(506,375)
Net cash generated from operating activities		160,124	34,187
Cash flows from investing activities			
Interest received on financial asset at amortised cost		30,494	25,224
Payments for the purchase of financial assets at amortized cost		(150,423)	(309,952)
Proceeds for the sale of financial assets at amortized cost		138,815	1,266,048
Payments for acquisition of property, plant and equipment	4	(164,174)	(143,424)
Payments for acquisition of intangible assets	5	(1,401)	(1,505)
Proceeds from sale of Property, plant and equipment		1,874	5,999
Net cash flows generated (used in) from investing activities		(144,815)	842,390
Cash flows from financing activities			
Proceeds from borrowings		54,936	-
Repayments of borrowings		(63,418)	(13,238)
Payment of finance lease liabilities		(67,735)	(58,276)
Dividends paid		-	(88,766)
Interest paid		(5,383)	(8,805)
Bank charge paid		(161,410)	(17,239)
Net cash flows used in financing activities		(243,010)	(186,324)
Net increase in cash and cash equivalent		(227,701)	690,253
Cash and cash equivalents at the beginning of the year		648,512	891,451
Effect of exchange rate		54,769	85,920
Cash and cash equivalent at the end of the period	10	475,580	1,667,624

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets - note 6
- Property plant and equipment - note 4
- Put option liability - note 12

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Consolidated statement of changes in equity for the six-month period ended 30 June 2023

EGP '000	Attributable to owners of the Parent						Retained earnings	Total attributable to the owners of the Parent	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Capital reserve	Legal reserve*	Put option reserve	Translation reserve				
At 1 January 2023	1,072,500	1,027,706	(314,310)	51,641	(490,695)	24,173	783,081	2,154,096	292,885	2,446,981
Profit for the period	-	-	-	-	-	-	223,590	223,590	(12,540)	211,050
Other comprehensive income for the period	-	-	-	-	-	(108,938)	-	(108,938)	98,787	(10,151)
Total comprehensive income at 30 June 2023	-	-	-	-	-	(108,938)	223,590	114,652	86,247	200,899
Transactions with owners of the Company										
Contributions and distributions										
Movement in put option liabilities	-	-	-	-	204,543	-	-	204,543	-	204,543
Total contributions and distributions	-	-	-	-	204,543	-	-	204,543	-	204,543
Balance at 30 June 2023	1,072,500	1,027,706	(314,310)	51,641	(286,152)	(84,765)	1,006,671	2,473,291	379,132	2,852,423
At 1 January 2022	1,072,500	1,027,706	(314,310)	51,641	(956,397)	150,730	1,550,976	2,582,846	211,513	2,794,359
Profit for the period	-	-	-	-	-	-	422,220	422,220	16,832	439,052
Other comprehensive income for the period	-	-	-	-	-	26,465	-	26,465	76,826	103,291
Total comprehensive income at 30 June 2022	-	-	-	-	-	26,465	422,220	448,685	93,658	542,343
Transactions with owners of the Company										
Contributions and distributions										
Dividends	-	-	-	-	-	-	(1,304,805)	(1,304,805)	(106,947)	(1,411,752)
Movement in put option liabilities	-	-	-	-	19,501	-	-	19,501	-	19,501
Impact of hyperinflation	-	-	-	-	-	-	(4,705)	(4,705)	1,020	(3,685)
Total contributions and distributions	-	-	-	-	19,501	-	(1,309,510)	(1,290,009)	(105,927)	(1,395,936)
Balance at 30 June 2022	1,072,500	1,027,706	(314,310)	51,641	(936,896)	177,195	663,686	1,741,522	199,244	1,940,766

*Under Egyptian Law, each subsidiary in Egypt must set aside at least 5% of its annual net profit into a legal reserve until such time that this represents 50% of each subsidiary's issued capital. This reserve is not distributable to the owners of the Company.

The accompanying notes form an integral part of these condensed consolidated interim financial information.

(In the notes all amounts are shown in Egyptian Pounds “EGP’000” unless otherwise stated)

1. Reporting entity

Integrated Diagnostics Holdings plc “IDH” or “the Company” is a Company which was incorporated in Jersey on 4 December 2014 and established according to the provisions of the Companies (Jersey) Law 1991 under Registered No. 117257. These condensed consolidated interim financial information as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred as the ‘Group’). The Company is a dually listed entity, in both London Stock Exchange (since 2015) and in the Egyptian Exchange (during May 2021).

The principal activities of the Company and its subsidiaries (together “The Group”) include investments in all types of the healthcare field of medical diagnostics (the key activities are pathology and Radiology related tests), either through acquisitions of related business in different jurisdictions or through expanding the acquired investments they have. The key jurisdictions that the Group operates are in Egypt, Jordan, Nigeria and Sudan.

The Group’s financial year starts on 1 January and ends on 31 December of each year.

These condensed consolidated interim financial information were approved for issue by the Directors of the Company on 30 August 2023.

2. Basis of preparation

A) Statement of compliance

These condensed consolidated interim financial information have been prepared as per IAS 34 ‘Interim Financial Reporting’ (As adopted by the IASB). As the accounting policies adopted are consistent with those of the previous financial year ended 31 December 2022 and corresponding interim reporting period.

These condensed consolidated interim financial information do not include all the information and disclosures in the annual consolidated financial Statement, and should be read in conjunction with the financial Statement published as at and for the year ended 31 December 2022 which is available at www.idhcorp.com,. In addition, results of the six-month period ended 30 June 2023 are not necessary indicative for the results that may be expected for the financial year ending 31 December 2023.

B) Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except where adopted IFRS mandates that fair value accounting is required which is related to the financial assets and liabilities measured at fair value.

C) Functional and presentation currency

These condensed consolidated interim financial information is presented in Egyptian Pounds (EGP’000). The functional currency of the majority of the Group’s entities is the Egyptian Pound (EGP) and is the currency of the primary economic environment in which the Group operates.

The Group also operates in Jordan, Sudan and Nigeria and the functional currencies of those foreign operations are the local currencies of those respective territories, however due to the size of these operations, there is no significant impact on the functional currency of the Group, which is the Egyptian Pound (EGP).

3. Significant accounting policies

In preparing these condensed consolidated interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial information for the year ended 31 December 2022. "The preparation of these condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated interim financial statement is described in note 3.2 of the annual consolidated financial information published for the year ended 31 December 2022. In preparing these condensed consolidated interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial information for the year ended 31 December 2022".

4. Property, plant and equipment

	Land & buildings	Medical, electric & information system equipment	Leasehold improvements	Fixtures, fittings & vehicles	Project under construction	Payment on account	Total
Cost							
At 1 January 2023	426,961	1,111,867	507,442	133,195	28,589	10,614	2,218,668
Additions	8,554	64,416	35,237	14,783	50,162	432	173,584
Disposals	-	(2,578)	(317)	(1,192)	-	-	(4,087)
Exchange differences	2,278	5,398	20,320	6,266	23	-	34,285
Transfers	-	-	15,276	-	(15,276)	-	-
At 30 June 2023	437,793	1,179,103	577,958	153,052	63,498	11,046	2,422,450
Depreciation							
At 1 January 2023	61,578	513,869	261,705	55,254	-	-	892,406
Depreciation for the period	3,548	75,350	39,950	7,907	-	-	126,755
Disposals	-	(1,643)	(262)	(911)	-	-	(2,816)
Exchange differences	568	5,053	7,006	1,185	-	-	13,812
At 30 June 2023	65,694	592,629	308,399	63,435	-	-	1,030,157
Net book value at 30 June	372,099	586,474	269,559	89,617	63,498	11,046	1,392,293
At 31 December 2022	365,383	597,998	245,737	77,941	28,589	10,614	1,326,262

5. Intangible assets and goodwill

Intangible assets represent goodwill acquired through business combinations and brand names.

	Goodwill	Brand name	Software	Total
Cost				
Balance at 1 January 2023	1,291,823	395,551	92,836	1,780,210
Additions	-	-	1,401	1,401
Effect of movements in exchange rates	13,176	7,315	3,908	24,399
Balance at 30 June 2023	1,304,999	402,866	98,145	1,806,010
Amortisation and impairment				
Balance at 1 January 2023	6,373	381	69,820	76,574
Amortisation	-	-	3,872	3,872
Effect of movements in exchange rates	86	12	1,884	1,982
Balance at 30 June 2023	6,459	393	75,576	82,428
Carrying amount				
Balance at 30 June 2023	1,298,540	402,473	22,569	1,723,582
Balance at 31 December 2022	1,285,450	395,170	23,016	1,703,636

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. No indicators of impairment have been identified during the three months ended 30 June 2023.

6. Right-of-use assets

	30 June 2023	31 December 2022
Balance at 1 January	622,975	462,432
Addition for the period / year	60,074	214,846
Depreciation charge for the period / year	(65,632)	(103,099)
Terminated contracts	(4,246)	(13,564)
Exchange differences	39,837	62,360
Balance	653,008	622,975

7. Financial asset at fair value through profit and loss

	<u>30 June 2023</u>	<u>31 December 2022</u>
Non-current equity investments	-	18,064
Current equity investments	23,590	-
	<u>23,590</u>	<u>18,064</u>

- * On August 17, 2017, Almakhabariyoun AL Arab (seller) has signed IT purchase Agreement with JSC Mega Lab (Buyer) to transfer and install the Laboratory Information Management System (LIMS) for a purchase price amounted to USD 400 000, which will be in the form of 10% equity stake in JSC Mega Lab. In case the valuation of the project is less or more than USD 4,000,000, the seller stake will be adjusted accordingly, in a way that the seller equity stake shall not fall below 5% of JSC Mega Lab.
- Ownership percentage in JSC Mega Lab at the transaction date on April 8, 2019, and as of June 30, 2023, was 8.25%.
 - On April 8, 2019, Al Mokhabariyoun Al Arab (Biolab) has signed a Shareholder Agreement with JSC Mega Lab and JSC Georgia Healthcare Group (CHG), whereas, BioLab Shall have a put option, exercisable within 12 months immediately after the expiration of five(5) year period from the signing date, These assets have therefore been reclassified as current assets in the financial information as of June 30, 2023, which allows BioLab stake to be bought out by CHG at a price of the equity value being USD 400,000 plus 15% annual Interred Rate of Return (IRR).
 - In case the Management Agreement or the Purchase Agreement and/or the Service level Agreement is terminated/cancelled within 6 months period from the date of such termination/cancellation, CHG shall have a call option, which allows the CHG to purchase Biolab's Strake in JSC Megalab having value of USD 400,000.00 plus 20% annual Interred Rate of Return (IRR).
 - If JCI accreditation is not obtained, immediately after the expiration of the 12 months period, CHG shall have a call option (the Accreditation Call option), exercisable within 6 months period, allowing CHG to purchase BioLab's Shares in JSC Mega Lab at a price of the equity value of USD 400,00.00 plus the 20% annual IRR.
 - After 12 months from the date of the put option period expiration, CHG to purchase Biolab's Stake in JSC Megalab having value of USD 400,000 plus higher of 20% annual IRR or 6X EV/EBITDA (of the financial year immediately preceding the call option exercise date).

8. Trade and other receivables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade receivables – net	532,482	395,220
Prepayments	41,247	34,081
Due from related parties note (15)	4,366	5,930
Other receivables	71,559	106,363
Accrued revenue	1,874	2,293
	<u>651,528</u>	<u>543,887</u>

9. Financial assets at amortised cost

	<u>30 June 2023</u>	<u>31 December 2022</u>
Term deposits (more than 3 months)	47,977	60,200
Treasury bills (more than 3 months)	141,954	107,204
	<u>189,931</u>	<u>167,404</u>

The maturity date of the treasury bills and Fixed-term deposits are between 3-12 months and have average interest rates of EGP, and JOD 21.75% and 5.50% respectively.

10. Cash and cash equivalents

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash at banks and on hand	333,201	399,957
Treasury bills (less than 3 months)	95,611	185,513
Term deposits (less than 3 months)	46,768	63,042
	<u>475,580</u>	<u>648,512</u>

11. Trade and other payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade payable	377,453	269,782
Accrued expenses	185,930	241,060
Due to related parties note (15)	25,242	25,058
Other payables	122,602	98,204
Deferred revenue	47,192	60,948
Accrued finance cost	8,354	6,043
	<u>766,773</u>	<u>701,095</u>

12. Put option liability

	<u>30 June 2023</u>	<u>31 December 2022</u>
Current put option - Biolab Jordan	249,947	439,695
Current put option - Eagle Eye-Echo scan	36,205	-
	<u>286,152</u>	<u>490,695</u>
	<u>30 June 2023</u>	<u>31 December 2022</u>
Non-current put option - Eagle Eye-Echo scan	-	51,000
	<u>-</u>	<u>51,000</u>

Put option - Biolab Jordan

The accounting policy for put options after initial recognition is to recognise all changes in the carrying value of the put option liability within equity.

Through the historic acquisitions of Makhbaryoun Al Arab the Group entered into separate put option arrangements to purchase the remaining equity interests from the vendors at of a subsequent date. At acquisition, a put option liability has been recognised at the net present value of the exercise price of the option.

The option is calculated at seven times EBITDA of the last 12 months minus Net Debt and its exercisable in whole starting the fifth anniversary of completion of the original purchase agreement, which fell due in June 2016. The vendor has not exercised this right at 30 June 2023. It is important to note that the put option liability is treated as current as it could be exercised at any time by the NCI. However,

based on discussions and ongoing business relationship, there is no expectation that this will happen in next 18 months. The option has no expiry date.

Put option - Eagle Eye-Echo scan

According to the definitive agreements signed on 15 January 2018 between Dynasty Group Holdings Limited and the International Finance Corporation (IFC) related to the Eagle Eye-Echo scan transaction, IFC has the option to put it is shares to Dynasty in year 2024. The put option price will be calculated on the basis of the fair market value determined by an independent valuator. This commitment has been reclassified as a working obligation as the put option ends within one year of the Group's financial position on June 30, 2023

13. Loans and borrowings

	Currency	Nominal interest rate	Maturity	30 June 2023	31 December 2022
AUB – Bank	EGP	CBE corridor rate+1%	26 January 2027	107,944	116,426
				107,944	116,426
<u>Amount held as:</u>					
Current liability				28,384	22,675
Non- current liability				79,560	93,751
				107,944	116,426

- A)** In July 2018, AL-Borg lab, one of IDH subsidiaries, was granted a medium term loan amounting to EGP 130.5m from Ahli United Bank “AUB Egypt” to finance the investment cost related to the expansion into the radiology segment. As at 30 June 2023 only EGP 108 M had been drawn down from the total facility available with 8.5 M had been repaid. Loan withdrawal availability period was extended till July 2023 and the loan will be fully repaid by January 2027.

The loan contains the following financial covenants which if breached will mean the loan is repayable on demand:

- The financial leverage shall not exceed 0.7 throughout the period of the loan
“Financial leverage”: total bank debt divided by net equity.
- The debt service ratios (DSR) shall not be less than **1.35 starting 2020**
“Debt service ratio”: cash operating profit after tax plus depreciation for the financial year less annual maintenance on machinery and equipment adding cash balance (cash and cash equivalent) divided by total financial payments.

“Cash operating profit”: Operating profit after tax, interest expense, depreciation and amortisation, is calculated as follows: Net income after tax and unusual items adding Interest expense, Depreciation, Amortisation and provisions excluding tax related provisions less interest income and Investment income and gains from extraordinary items.

“Financial payments”: current portion of long-term debt including finance lease payments, interest expense and fees and dividends distributions.

- The current ratios shall not be less than 1.
“Current ratios”: Current assets divided current liabilities.

The terms and conditions of outstanding loans are as follows:

- * As at 30 June 2023 corridor rate 20.25% (2022: 17.25%)

13. Loans and borrowings (continued)

AL- Borg company didn't breach any covenants for MTL agreements.

IDH opted to reduce its exposure to foreign currency risk by agreeing with General Electric (GE) for the early repayment of its dollar obligation. The Group and GE have agreed to settle this balance early for USD 3.55 million, payable in EGP, equivalent to EGP 110 million.

To finance the settlement, IDH utilized a bridge loan facility, with half of the amount (EGP 55 million) being funded internally and the other half (EGP 55 million) provided by a loan from Ahly United Bank – Egypt, this credit facility was fully repaid during the six-month period ending 30 June 2023.

14. Other Financial obligations

	<u>30 June 2023</u>	<u>31 December 2022</u>
Lease liabilities building	777,198	727,426
Financial liability– laboratory equipment	248,959	335,470
	<u>1,026,157</u>	<u>1,062,896</u>

The financial obligations for the laboratory equipment and building are payable as follows:

	30 June 2023		
	<u>Minimum payments</u>	<u>Interest</u>	<u>Principal</u>
Less than one year	254,680	102,521	152,159
Between one and five years	1,010,080	287,655	722,425
More than five years	185,611	34,038	151,573
	<u>1,450,371</u>	<u>424,214</u>	<u>1,026,157</u>
	31 December 2022		
	<u>Minimum payments</u>	<u>Interest</u>	<u>Principal</u>
Less than one year	285,962	137,257	148,705
Between one and five years	1,030,750	314,656	716,094
More than Five years	227,715	29,618	198,097
	<u>1,544,427</u>	<u>481,531</u>	<u>1,062,896</u>

14. Other Financial obligations (continued)
Amounts recognised in profit or loss:

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Interest on lease liabilities	22,898	18,065	45,221	34,926
Expenses related to short-term lease	<u>2,515</u>	<u>9,387</u>	<u>5,191</u>	<u>15,144</u>

15. Related party transactions

The significant transactions with related parties, their nature volumes and balance during the period 30 June 2023 are as follows:

Related Party	Nature of transaction	Nature of relationship	30 June 2023	
			Transaction amount of the year EGP'000	Amount due from / (to) EGP'000
ALborg Scan (S.A.E)*	Expenses paid on behalf	Affiliate	-	351
International Fertility (IVF)**	Expenses paid on behalf	Affiliate	-	1,771
H.C Security	Provide service	Entity owned by Company's board member	70	(29)
Life Health Care	Provided service	Entity owned by Company's CEO	(1,740)	778
Dr. Amid Abd Elnour	Put option liability	Bio. Lab C.E.O and shareholder	189,748	(249,947)
	Current account	Bio. Lab C.E.O and shareholder	191	(19,817)
International Finance corporation (IFC)	Put option liability	Echo-Scan shareholder	14,794	(36,205)
International Finance corporation (IFC)	Current account	Echo-Scan shareholder	623	-
Integrated Treatment for Kidney Diseases (S.A.E)	Collection	Entity owned by Company's CEO	(103)	
	Medical Test analysis		72	1,466
Hena Holdings Ltd	shareholders' dividends deferral agreement	shareholder	(63)	(2,436)
Actis IDH Limited	shareholders' dividends deferral agreement	shareholder	(1,005)	(2,960)
				<u>(307,028)</u>

15. Related party transactions (continued)

Related Party	Nature of transaction	Nature of relationship	31 December 2022	
			Transaction amount of the year EGP'000	Amount due from / (to) EGP'000
AL borg Scan (S.A.E)*	Expenses paid on behalf	Affiliate	-	351
International Fertility (IVF)**	Expenses paid on behalf	Affiliate	4	1,771
H.C Security	Provide service	Entity owned by Company's board member	220	(99)
Life Health Care	Provided service	Entity owned by Company's CEO	424	2,518
Dr. Amid Abd Elnour	Put option liability	Bio. Lab C.E.O and shareholder	481,665	(439,695)
	Current account	Bio. Lab C.E.O and shareholder	(20,008)	(20,008)
International Finance corporation (IFC)	Put option liability	Echo-Scan shareholder	(15,963)	(51,000)
International Finance corporation (IFC)	Current account	Echo-Scan shareholder	12,292	(623)
Integrated Treatment for Kidney Diseases (S.A.E)	Rental income	Entity owned by Company's CEO	116	1,290
	Medical Test analysis		381	-
Dr. Hend El Sherbini	Loan arrangement	CEO	17,025	-
HENA HOLDINGS LTD	shareholders' dividends deferral agreement	shareholder	(2,373)	(2,373)
ACTIS IDH LIMITED	shareholders' dividends deferral agreement	shareholder	(1,955)	(1,955)
				(509,823)

* ALborg Scan is a company whose shareholders include Dr. Moamena Kamel (founder of IDH subsidiary Al-Mokhtabar Labs).

** International Fertility (IVF) is a company whose shareholders include Dr. Moamena Kamel (founder of IDH subsidiary Al-Mokhtabar Labs).

15. Related party transactions (continued)
Compensation of key management personnel of the Group

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

	<u>30 June 2023</u>	<u>30 June 2022</u>
Short-term employee benefits	22,203	25,424
	<u>22,203</u>	<u>25,424</u>

16. General and administrative expenses

	<u>For the three months ended 30 June</u>		<u>For the six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Wages and salaries	55,449	32,979	107,211	66,910
Depreciation	8,181	6,432	16,640	12,915
Amortisation	1,535	1,008	3,089	1,928
Consulting fees	31,503	17,184	68,354	34,064
Other expenses	31,189	20,289	59,046	48,375
Total	<u>127,857</u>	<u>77,892</u>	<u>254,340</u>	<u>164,192</u>

17. Net finance cost

	<u>For the three months ended 30 June</u>		<u>For the six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Finance income				
Interest income	14,907	30,196	30,075	75,443
Net foreign exchange gain	(7,161)	8,244	102,159	69,378
Gain on hyperinflationary net monetary position	-	4,807	-	6,471
Total finance income	<u>7,746</u>	<u>43,247</u>	<u>132,234</u>	<u>151,292</u>
Finance cost				
Bank charges	(2,975)	(1,661)	(5,383)	(8,805)
Interest expense	(30,109)	(29,426)	(70,496)	(55,342)
Total finance cost	<u>(33,084)</u>	<u>(31,087)</u>	<u>(75,879)</u>	<u>(64,147)</u>
Net finance (cost)/income	<u>(25,338)</u>	<u>12,160</u>	<u>56,355</u>	<u>87,145</u>

18. Tax
A) Tax expense

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

B) Income tax

Amounts recognised in profit or loss as follow:

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Current tax:				
Current period	(46,432)	(58,479)	(87,568)	(159,839)
Deferred tax:				
Deferred tax arising on undistributed reserves in subsidiaries	(11,097)	6,672	(10,907)	(48,553)
Relating to origination and reversal of temporary differences	1,252	(1,495)	81	(2,124)
Total Deferred tax expense	(9,845)	5,177	(10,826)	(50,677)
Tax expense recognised in profit or loss	(56,277)	(53,302)	(98,394)	(210,516)

C) Deferred tax liabilities

Deferred tax relates to the following:

	30 June 2023	31 December 2022
Property, plant and equipment	(33,890)	(35,804)
Intangible assets	(111,345)	(109,118)
Undistributed reserves from Group subsidiaries	(187,779)	(176,871)
Provisions and financial obligation	61	61
Net deferred tax liabilities	(332,953)	(321,732)

19. Financial instruments

The Group has reviewed the financial assets and liabilities held at 30 June 2023. It has been deemed that the carrying amounts for all financial instruments are a reasonable approximation of fair value. All financial instruments are deemed Level 3.

20. Earnings per share

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Profit attributed to owners of the parent	50,681	125,611	223,590	422,220
Weighted average number of ordinary shares in issue	600,000	600,000	600,000	600,000
Basic and diluted earnings per share	0.08	0.21	0.37	0.70

The Company has no potential diluted shares as at 30 June 2023 and 30 June 2022, therefore; the earnings per diluted share are equivalent to basic earnings per share.

21. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The Group has four operating segments based on geographical location rather than two operating segments based on service provided, as the Group's Chief Operating Decision Maker (CODM) reviews the internal management reports and KPIs of each geography.

The Group operates in four geographic areas, Egypt, Sudan, Jordan, and Nigeria. As a provider of medical diagnostic services, IDH's operations in Sudan are not subject to sanctions. The revenue split, EBITDA split (being the key profit measure reviewed by CODM) net profit and loss between the four regions is set out below.

For the three months ended	Revenue by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30-Jun-23	782,633	1,414	145,782	26,822	956,651
30-Jun-22	644,550	4,797	105,621	18,618	773,586

For the six months period ended	Revenue by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30-Jun-23	1,513,673	10,194	290,255	57,820	1,871,942
30-Jun-22	1,524,040	10,469	386,135	33,421	1,954,065

For the three months ended	EBITDA by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30-Jun-23	208,915	(373)	32,670	(7,042)	234,170
30-Jun-22	226,684	(23)	16,478	(2,163)	240,976

For the six months period ended	EBITDA by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30-Jun-23	406,862	12,49	68,502	(15,065)	461,548
30-Jun-22	621,740	63	90,790	(3,332)	709,261

21. Segment reporting (continued)
Net profit / (loss) by geographic location

For the three months ended	Net profit / (loss) by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30-Jun-23	54,684	(435)	4,920	(16,505)	42,664
30-Jun-22	124,044	1,522	2,441	(3,088)	124,919

Net profit / (loss) by geographic location

For the six months period ended	Net profit / (loss) by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30-Jun-23	225,921	3,637	11,312	(29,820)	211,050
30-Jun-22	393,560	4,278	47,471	(6,257)	439,052

**Revenue by type
For the three months
ended 30 June**
**Net profit by type
For the three months
ended 30 June**

	Revenue by type For the three months ended 30 June		Net profit by type For the three months ended 30 June	
	2023	2022	2023	2022
Pathology	894,756	736,467	79,465	147,694
Radiology	61,895	37,119	(36,801)	(22,775)
	956,651	773,586	42,664	124,919

**Revenue by type
For the six months
ended 30 June**
**Net profit by type
For the six months
ended 30 June**

	Revenue by type For the six months ended 30 June		Net profit by type For the six months ended 30 June	
	2023	2022	2023	2022
Pathology	1,751,192	1,885,271	287,805	477,718
Radiology	120,750	68,794	(76,755)	(38,666)
	1,871,942	1,954,065	211,050	439,052

Non-current assets by geographic location

	Non-current assets by geographic location				Total
	Egypt region	Sudan region	Jordan region	Nigeria region	
30 June 2023	3,064,395	16,988	602,761	84,739	3,768,883
31 December 2022	3,039,930	14,993	494,244	121,770	3,670,937

21. Segment reporting (continued)

The operating segment profit measure reported to the CODM is EBITDA, as follows:

	For the three months ended 30 June		For six months period ended 30 June	
	2023	2022	2023	2022
Profit from operations	136,479	166,061	265,289	562,423
Property, plant and equipment depreciation	63,038	49,136	126,755	95,184
Right of use depreciation	32,694	24,289	65,632	48,215
Amortization of Intangible assets	1,959	1,490	3,872	3,439
EBITDA	234,170	240,976	461,548	709,261

22. Important events

On March 8, 2023, the Group completed the establishment of Medical Health Development Company, a limited liability company based in Saudi Arabia with a total stake of 51% directly and indirectly through one of the Group's subsidiaries, where Integrated Diagnostics Holdings (IDH) owns 31% and Al Makhbaryoun Al Arab LLC ("Biolab")- Jordan a subsidiary owns 20%. The company's activity did not begin until the period ending June 30, 2023.

The Central Bank of Egypt increased the interest rate by 200 points, to reach 19.25% instead of 17.25%. This was by a decision of the Monetary Policy Committee, according to the meeting held on March 30, 2023.

During April 2023, an armed conflict began in Sudan that led to security unrest across the country. Business has been temporarily frozen in the branches of the Sudan Laboratory Company and Ultra Lab until further notice, which will greatly affect the profits of the geographical sector in the subsequent period. There is no damage to the material assets to date. The Group's management is closely monitoring the situation and is currently evaluating the impact of these events on the Group's business results and activities.

23. Subsequent event

The Central Bank of Egypt increased the interest rate by 100 points, to reach 20.25% instead of 19.25%. This was by a decision of the Monetary Policy Committee, according to the meeting held on 6 August 2023.