# Cleopatra Hospitals Group Reports 1Q2023 Results

*CHG Reports Strong Q1 Performance with Core Business Growth Surpassing 2022 Momentum; Hospital Margins Surpass Pre-Pandemic Levels Despite Q1 2022's High Base Effect from Covid-19; CHG launched operations at Cleopatra October Hospital, the Group's flagship facility in West Cairo.*

## 1Q2023 Financial & Operational Highlights[1]

EGP 777 mn
Total Revenue
(+22% y-o-y)

+38%
Y-o-Y Revenue Growth
(Excluding Covid income)[2]

EGP 264 mn
Gross Profit
(+19% vs. 1Q22; 34% margin vs.35% in 1Q22)

EGP 213 mn
Adjusted EBITDA[3]
(+19% vs. 1Q22; 27% margin vs.28% in 1Q22)

EGP 145 mn
EBIT
(+25% vs. 1Q22; 19% margin vs.18% in 1Q22)

EGP 107 mn
Net Profit
(+4% vs. 4Q21; 14% margin vs.16% in 1Q22)

EGP 113 mn
Normalized Net Profit[4]
(+25% vs. 1Q22; 14% margin in 1Q23 & 1Q22)

+9%
Outpatient Consultations Volume Growth

+14%
Inpatients Volume Growth

+11%
Surgical Procedures Volume Growth

+274,849
Cases Served[5]
(+5% y-o-y)

**Cairo, 9th July 2023**
Cleopatra Hospital Group S.A.E. (CLHO.CA on the Egyptian Exchange), Egypt's leading private hospital group by number of hospital beds and number of operating hospitals, reported today its consolidated results for the quarter ended 31 March 2023.

## H12023 Trading Update and 1Q2023 Performance Highlights

- CHG demonstrated a strong c.30% year-on-year growth in the first half of 2023 with consolidated revenues exceeding EGP 1.5bn, exhibiting over 35% y-o-y growth when excluding Covid income from H1 2022 comparative period. This is predominantly attributed to volume surges and increased average revenues across all facilities and recording record growth rates for ramping-up facilities. Management is committed to maintaining this momentum, optimizing operations, and broadening service offerings to cover complete treatment journeys.

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[1] *Consolidation includes: CHC, CSH, NBH, and ASH, as well as East and West Cairo Polyclinics, Queens and El Katib Hospitals, and Bedaya IVF*
[2] *Based on CHG internal calculations, management estimates CHG's core business performance by excluding all Covid related revenue from its facilities across all periods. Covid revenues include direct revenues from Queens, in addition to indirect revenues from diagnostics and consultations related to suspected covid patients across the Group's other assets.*
[3] *Adjusted EBITDA: Earnings before Interest, Tax, Depreciation and Amortization adjusted for provisions, impairments, LTIP, acquisitions expenses, pre- operating expenses and excluding contributions from other income.*
[4] *Normalized Net Profit adds back interest expense and excludes interest income from the consolidated Income Statement.*
[6] *Cases served includes number of inpatients, paid outpatient visits and ER visits.*

- In 1Q23, CHG recorded historic quarterly revenue of EGP 777mn on the back of 22% y-o-y growth compared to 1Q22. Excluding Covid-related revenue, CHG experienced remarkable 38% core-business growth, driven by an increase in overall patient volumes, particularly in outpatient, inpatient, and surgical procedures.
- With CHG's comprehensive strategy and focus on organic business expansion, both patient volumes and case mixes across its facilities have improved. In 1Q23, the Group saw overall cases served growth of 5%, with growth rates of 9%, 14%, and 11% in outpatients, inpatients, and surgical procedures respectively. This growth trend, combined with CHG's holistic healthcare approach, underscores the group's commitment to meeting the market's high demand for inclusive quality healthcare services.
- In 1Q23, despite the lack of profitable Covid-related services and the current challenging macroeconomic climate, CHG has protected its margins across all facilities against inflationary pressures and with strong potential of margin enhancements as the company progresses through its various strategic measures. These measures include operational efficiencies and cost avoidance strategies that are supported by strategic blended price increases. That said, management recorded 38% growth in the Group’s core business as well as a reduction in CHG's Salaries & Wages to Revenue ratio, highlight CHG's commitment to productivity and efficiency.
- With an emphasis on operational efficiencies and synergy extractions, CHG reported substantial gross profit and EBITDA profitability in 1Q23 with margins of 34% and 27% respectively. The Group's EBITDA reached EGP 213mn in 1Q23, marking 19% growth from 1Q2022. Despite the loss of high margins Covid-related services present in 2022, the company maintained a consolidated gross profit of EGP 264mn, recording a 19% y-o-y increase.
- CHG reported a net profit of EGP 107mn, marking 4% growth from 1Q2022. Normalizing interest income and interest expense effects on the Group’s income statement due to the company's recent capital structural changes and investments, the normalized net income stood at EGP 113mn, resulting in 25% growth from the same period in 2022, with a consistent associated margin of 14% compared to 1Q22.

## FY2022 Strategic Updates

- All of CHG's hospitals and facilities showcased remarkable year-over-year progress, bolstered by increased volumes and optimized case mixes. Cairo Specialized Hospital (CSH) specifically posted over 35% top-line growth in Q1 2023, driven by a rise of over 20% in outpatients, inpatients, emergency patients, surgical procedures, and catheterizations, testament to the outstanding work done by the CSH and CHG managements. NBH and ASH also reported remarkable top-line growth rates exceeding 25%, driven by their core business volumes. With ongoing investments in the Group's centers of excellence and an improved commercial payer portfolio, management anticipates this positive momentum to continue in the near to medium term, setting up the Group's flagship hospitals for consistent multi-faceted growth.
- The recent roll-out of CHG's organizational optimization plan, designed to refine the company's structure and boost cross-asset referrals and overall usage, significantly propelled the Group's performance this quarter. By leveraging geographic proximity and complementary case mixes, CHG restructured its management hierarchy, bringing NBH and CSH, AKH and ASH, and CHC and Sky Hospital under common top managements in a delayering initiative. This strategic initiative notably accelerated the ramp-up trajectory of Al Katib Hospital (AKH), which posted an impressive top-line growth of over 300% in Q1 2023, fuelled by triple-digit volume increases across inpatients, outpatients, and surgical procedures. As this restructuring allows the Group to optimize its strengths, increase collaboration, and enhance operational efficiency, AKH's position as a Surgical Center of Excellence has been further emphasized within the Group, largely benefiting from the Group's cross-asset referral network. The Group’s polyclinics and pharma business also played essential roles in the company's feeder network, contributing EGP 40mn in revenue and growing by 28% compared to Q1 2022.
- Cleopatra October was launched as the new flagship facility in West Cairo, (formerly Haven Hospital), demonstrating CHG's dedication to providing top-tier comprehensive healthcare services and increasing CHG’s geographical presence across Egypt’s populated and underserved regions. The facility, initially specializing in Physiotherapy, Rehabilitation, and Long-Term Care, is now transforming into a full-scale tertiary hospital. Within the next 18 months, CHG aims to establish Centers of Excellence in Neurology, Orthopaedics, and Cardiology at Cleopatra October, enhancing its offerings and aligning with CHG’s comprehensive healthcare provision approach. Significant advancements are also being made with the development of Sky Hospital, CHG’s future East Cairo flagship facility, with a soft opening targeted by the end of 2023 and full operations by the end of 2024. These strategic efforts aim to continue to position CHG as a top-tier healthcare provider in the region.

## Management Comment

As we press on in 2023, we're thrilled to see that our upward momentum from last year remains strong. In the first half of the year, we've achieved robust revenue growth across the Group, exceeding EGP 1.5 billion, which puts us well on our way to surpassing our annual expectations. This tremendous achievement marks a remarkable year-on-year growth of c.30% which we owe to our strategic investments in our Centers of Excellence and our successful commercial strategy that targets complete patient treatment journeys across various service offering spectrums. This approach is fostering sustainable growth in the number of cases we serve and consistently optimizing our case mixes across the Group. In the first quarter of 2023, we set a new record for quarterly revenue with EGP 777 million, marking a notable 22% growth from Q1 2022. More notably, when we isolate our core business growth from the impact of Covid-related revenue, we see an impressive growth rate of 38%. We're confident that this comprehensive approach to healthcare service delivery is setting us up for sustainable success.

Operationally, we're committed to staying ahead of the curve and mitigating potential future challenges without compromising the quality and uniqueness of our services. We maintained our margins in line with historical levels despite significant macroeconomic and industry challenges. We're constantly working to extract synergies and take full advantage of our integrated network and broad patient base. We're using our robust understanding of our business, our leading market position, our superior intelligence gathering abilities, and our long-term planning capabilities to support our ambitious plans. We're dedicated to achieving sustainable profitability and taking steps towards operational excellence every quarter. We're particularly proud of the performances of CSH, NBH, and ASH this quarter, as they have successfully leveraged their newly established Centers of Excellence and grown their contributions to the Group.

As we look to the future, we're excited about our pipeline of upcoming developments. By the end of 2023, we expect to soft launch Sky Hospital, where we will continue to progressively roll out services as they develop until the hospital's full operations by the following year. Furthermore, Cleopatra October (previously Haven Hospital) has now launched opened to the public and is making significant strides in its transformation into a fully-fledged tertiary hospital. We have expanded our network and referral reach beyond the region, positioning ourselves to attract patients from across Africa and the Middle East. To support this expansion, we are working towards complete compliance with GAHAR (The General Authority for Health Accreditation and Regulation) and have established an International Business Unit dedicated to serving international patients. At CHG, our focus remains on improving patient experiences through innovative healthcare solutions and state-of-the-art facilities. We're leveraging our integrated network and advanced digital capabilities to spur growth across all our facilities. We appreciate the invaluable contributions of our team and partners in executing our growth strategy, and we look forward to continuing to add value for our patients, stakeholders, and the wider Egyptian healthcare industry.

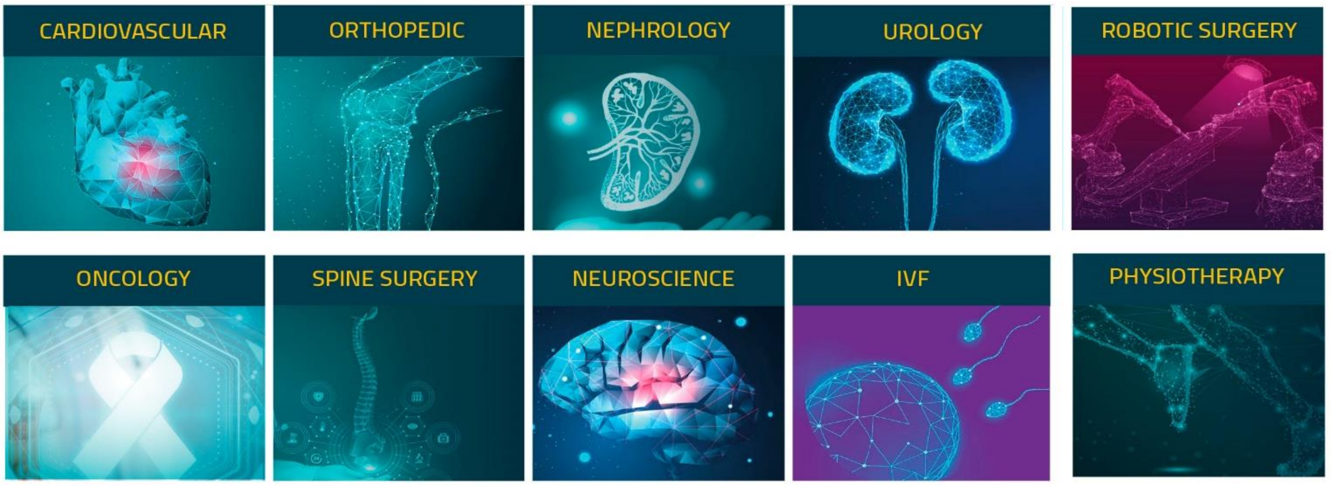
**Dr. Ahmed Ezzeldin**
**Group CEO**

# The Group's Strategic Development Pillars

CHG continued to execute on its comprehensive growth strategy, building on the progress made in 2022. The company focused on further completing service offering spectrums, expand its overall capacity, and grow its referral network, all while building a more efficient and technologically enabled organization. In line with management's growth ambitions, CHG had previously reported its geographic footprint expansion in West Cairo through an 18-year usufruct agreement for Haven Hospital in 6th of October district late 2022. Management has launched the hospital to the public under CHG's brand and management in 2023, re-introducing the hospital as Cleopatra October which currently stands as the largest operating facility in the group in size. On the east side of Cairo, CHG has been reporting progress on Sky Hospital, its Brownfield project in East Cairo, that is expected to have a soft launch later in 2023 in anticipation of its full operational launch by year-end 2024.

Management continues to focus direct investments into CHG's portfolio of Centers of Excellence across the Group in accordance with a 360-degree approach of treatment in a one-stop-shop manner. El Katib Hospital's ramp up has been progressing very positively, running at a monthly CAGR of 17% since its official transformation to a general setup in January 2022, solidifying its position within the Group's roaster as a surgical Center of Excellence. Building on Nile Badrawi Hospital's strategic upgrading that took place throughout 2022 that aimed to enhance the hospital's capacity and further complete its one stop approach to healthcare delivery, the hospital recorded strong growth on all fronts as it inches towards its true potential. Additionally, ASH and CSH have seen strong growth throughout 1Q23, building on their inaugurated centers of excellence in 2022 that allowed both hospitals to capture complete treatment journeys of complex patient cases resulting in further refinement of their case mixes as well as overall volume growths, enhanced payor profiles, and ultimately profitability.

**CHG's Centres of Excellence (CoE)**




CHG's medical tourism initiative is powered by strategic measures that leverage digitalization and cutting-edge technology. The establishment of the International Business Unit within the Commercial Business department aims to showcase CHG's high-quality facilities and Centers of Excellence that cater to the complete treatment journey of patients, offering compelling value propositions that surpass regional competitors while adhering to global quality standards. Digitalization plays a pivotal role in CHG's medical tourism agenda. By leveraging top medical technologies, the Group ensures it remains at the forefront of healthcare innovation. Additionally, the Group's integrated platform enables efficient operational excellence, streamlined processes, and seamless patient experiences. The digitalization initiatives encompass electronic health records, telemedicine solutions, and enhanced connectivity, enhancing access to care and preferred medical outcomes. Through the synergy of digitalization and exceptional medical services, CHG warrants that international patients receive world-class care while enjoying the benefits of a seamless healthcare journey, positioning the Group as a preferred provider for medical tourism.

**Al Katib Hospital's Transformation Journey**

Since its transformation into a multispecialty Surgical Center of Excellence in January 2022, as it has been historically utilized as a designated covid-19 referral facility, AKH has been steadily progressing through its ramp-up period. The hospital has shown impressive growth, with a monthly Compound Annual Growth Rate (CAGR) of 17% from January 2022 to March 2023. Operating as an efficient surgical hub, AKH attracts increasing volumes of patients and has achieved growth in profitability on gross profit, EBITDA, and net profit levels, boasting its operational excellence in high-quality surgical care within one year of its transformation. As AKH continues to ramp up throughout 2023, management expects it to surpass its pandemic performance. To support this growth, AKH has been expanding its surgical service offerings, including the recent inauguration of a 360-degree Breast Center of Excellence in addition to the existing urology unique service offerings. AKH's focus on delivering surgical care in an efficient manner positions it as an attractive choice for patients as well as commercial payors. As AKH continues its ramp-up phase, it is poised to attract even more patients, making it a valuable asset within the Group's network that efficiently delivers surgical care in an unprecedented efficient manner with strong growth potential.

**Polyclinics and Pharmacy (CHG for Medical Services & CHG Pharma)**

The Group's two polyclinics have been strategically positioned in underserved suburban regions of Cairo to cater for patients based in newly developed regions that lack access to top quality healthcare services. During 1Q23, the polyclinics generated EGP 27mn in revenue, recording 31% growth compared to the same period in 2022. This performance comes on the back of over 20% growth in outpatient volumes, coupled with strategic pricing restructuring that ensures maintenance of volume growth trajectory as well as sustainable margin expansions across the entity’s income statement. That said, the polyclinics' gross profit and EBITDA margins both exceed 30% as of 1Q23.

Due to their unique service offerings, the polyclinics play a crucial role in the Group's strategy to ramp up its centres of excellence within each hospital. Moreover, they are expected to facilitate faster ramp-up of Sky and Cleopatra October hospitals due to their established presence in close proximity to both hospitals and established patient bases. The Group's management is exploring new polyclinic models that can be located adjacent to the Group's flagship hospitals, similar to Al Sherouk Hospital's latest polyclinic model, aiming to further optimize capacities within the hospitals as well as offer a wider spectrum of specializations.

In addition, CHG Pharma, which complements the polyclinics and IVF offerings, generated EGP 14mn in revenue during 1Q23, representing a 24% YoY growth. Clinisys is expected to accelerate this segment’s growth throughout 2023 by virtue of an initiative that aims to consolidate patient records under one system, allowing better tracking of patients' full treatment cycles and cross-selling pharmacy services, particularly to chronic patients. Furthermore, CHG's outpatient pharmacy services, comprising all outpatient pharmacies across the CHG network, reported a 32% YoY growth in 1Q23, contributing 6% to the consolidated revenue for the period. The sustained growth reported by the Group's polyclinics and CHG Pharma aligns with the Group's vision of creating a 360-degree platform that generates solid growth across its diagnostics, pharmacy, and other service offerings at its conventional hospital offerings at healthy margins that support growth on an ongoing concern.

## Cleopatra October

In line with CHG’s strategic plan to expand its geographic footprint in West Cairo, the Group has signed an 18-year usufruct agreement with the owners of Haven Hospital, with an option to renew at the end of the period. Under this agreement, CHG currently operates and consolidates the hospital's performance into its Group structure and will continue to do so throughout the agreed-upon period. The interior ministry will retain ownership of the facility and receive annual rental payments.

Upon the successful integration of the asset onto the Group’s framework, management launched the hospital to the public under Cleopatra Hospitals Group brand name and management. Whereby it is strategically located in the highly underserved region of 6th of October City in West Cairo, the hospital currently operates as a physical therapy, long-term care, and rehabilitation center of excellence. The hospital is well on its way to further expand its service offerings and transform to become one of the most well-equipped specialized hospitals in North Africa and the Middle East, with unique strength in its current specialized service offerings and a center for medical tourism for the region. CHG plans to establish Centers of Excellence that are complementary to the hospital’s current specializations being cardiology, neurology, and orthopedics, leading to vertical growth within each segment and generating its own referral network.

## Sky Hospital

In December 2021, CHG finalized an agreement to complete, equip, and operate Sky Hospital for a 27-year period. This brownfield project is located in East Cairo's highly underserved Fifth Settlement area and is expected to house 240 beds. While the land and buildings will remain under the ownership of the Petroleum Sector, who partnered with CHG for the project's duration, CHG will operate and consolidate the hospital's operations and financials under a favourable revenue-sharing agreement. As Sky Hospital is geared to serve petroleum patients, as well as East Cairo's patients in general, it is set to launch key services by late 2023, following which the hospital will continue to roll out its other service offerings as they develop with an aim to be fully operational by year end 2024. Sky Hospital will be structured to host a collective of fully loaded, enveloped Centers of Excellence under one roof, a one-stop-shop medical powerhouse that covers patients' entire treatment cycles. The hospital's comprehensive services will provide a significant benefit to patients in the area, and the Centers of Excellence will ensure high-quality care across all specializations. This agreement allows CHG to expand its presence in East Cairo's highly underserved Fifth Settlement area and further solidify its relationship with the petroleum sector in Egypt.

# Financial Review

## Revenue

As CHG transitioned beyond the Covid-19 pandemic and witnessed a remarkable surge in its business throughout 2022, management has been diligently focused on sustaining this upward trajectory throughout 2023 by consistently reinforcing the Group's core business. In the first quarter of 2023, CHG's consolidated revenues recorded EGP 777 million, indicating substantial growth of 22% compared to the same period in 2022. However, it's important to note that in the first quarter of 2022, the Group's consolidated revenues included direct Covid-related revenue from Covid treatment dedicated facilities, as well as indirect Covid-related revenue from diagnostics and consultations for suspected Covid patients across CHG's other assets. To provide a more accurate assessment of CHG's core business performance in the first quarter of 2023, management estimated EGP 30 million in direct Covid revenue contribution from the first quarter of 2022 and EGP 42 million in indirect Covid revenue contribution from CHG's consolidated revenues in that same period. This adjustment allows for effective comparison of core business performance between the two quarters, revealing an impressive 38% growth in CHG's core business in the first quarter of 2023 compared to the same period in 2022. This outcome highlights the Group's consolidation capabilities and balanced organic growth, demonstrating its ability to sustainably compensate for the decline in Covid-related business and continue to grow.

The strength of CHG's core business has not only facilitated a smooth transition from the pandemic but has also paved the way for continued upward trajectory, reaching new heights of success. During the first quarter of 2023, the Group recorded a 5% increase in cases served, with surgical and catheterization procedures experiencing growth rates of 11% and 6% respectively. Additionally, the number of inpatients and outpatients served across the Group witnessed respective increases of 14% and 9% during this period. These results reaffirm the robustness of CHG's organic healthcare services and emphasize the company's ability to surpass pre-pandemic patient volume trends at even steeper rates in the short to medium term.

**Quarterly Revenue Progression – in EGP Mn**

| EGP mn | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---|---|---|---|---|---|
| **Total Revenues** | 637 | 605 | 661 | 712 | **777** |
| ***Y-o-y Growth*** | *1%* | *-6%* | *6%* | *10%* | ***+22%*** |

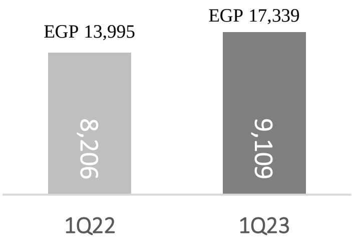
**Quarterly Core Business Volumes Progression – Consolidated Volumes**

| EGP mn | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---|---|---|---|---|---|
| **Paid Outpatient visits** | 200,275 | 189,744 | 214,647 | 238,977 | **219,011** |
| ***Y-o-y Growth*** | *12%* | *5%* | *12%* | *12%* | ***9%*** |
| **Surgical Procedures** | 8,206 | 8,732 | 10,252 | 10,362 | **9,109** |
| ***Y-o-y Growth*** | *7%* | *17%* | *9%* | *14%* | ***11%*** |
| **Inpatients** | 12,366 | 12,941 | 14,734 | 15,147 | **14,067** |
| ***Y-o-y Growth*** | *5%* | *11%* | *11%* | *15%* | ***14%*** |

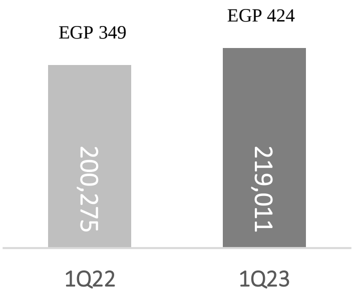
**Revenue Breakdown by Segment**

In the first quarter of 2023 CHG's inpatient services and surgeries were the primary drivers of the Group's consolidated top line, accounting for 19% and 21% of the revenue, respectively. Inpatient services experienced 3% year-on-year revenue growth, on the back of 14% increase in inpatient volumes. This was primarily due to higher average revenue and longer lengths of stays for Covid-related inpatients in the first quarter of 2022 creating a high base effect in revenue. Conversely, the surgical segment exhibited remarkable growth, with revenues surging by 37% compared to the same period last year. This

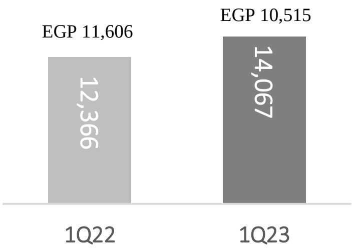
Number of Surgical Procedures
(Rev/Procedure)



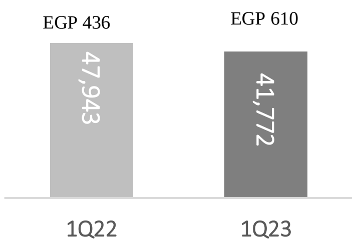

Number of Paid Consultations
(Rev/Visit)




Number of Inpatients
(Rev/Inpatient)




Number of ER Visits
(Rev/visit)



performance was fueled by an 11% rise in the number of surgical procedures conducted across the Group as well as strategic price increases. The continued investments made by management in the Group's Centers of Excellence have further emphasized CHG's one stop shop approach enabling the Group's hospitals to effectively retain patients from outpatient and emergency outlets throughout their entire treatment journeys, leading to sustainable volume growths in surgical procedures and inpatient care. This was also apparent in the Group's performance with regards to Catheterization procedures conducted, whereby they recorded revenue growth of 32% and contributing 8% to the Group's consolidated top line on the back of 6% increase in procedures conducted.

Outpatients and Emergency patients form vital pillars of CHG's patient base, playing pivotal roles in driving growth in the Group's Inpatient services and Surgical Procedures as they are typically the first point of contact with any potential patient at the Group's facilities. These segments contributed 12% and 3% to the overall revenue, respectively. In the first quarter of 2023, both Outpatient and Emergency revenues demonstrated substantial growth, with a remarkable increase of 32% and 22%, respectively and in comparison, to the same period in 2022. That said, the Group's focus on providing comprehensive, specialized, and unique service offerings has led to a notable 9% growth in Outpatient volumes in 1Q23. This demonstrates CHG's ability to continuously attract patients across its facilities and the trust patients place in its services. On the other hand, Emergency volumes experienced a decline of 13% in 1Q23. It is important to consider the high base effect of Covid patients who sought emergency care during the pandemic in 1Q22, which is fades away beginning 2Q22 as the pandemic began to subside.

The Group's diagnostic business lines, laboratories and radiology, contributed 11% and 6% respectively to the Group's consolidated revenues in 1Q23, with both their volumes declining by 9% and 11% respectively during the period. The diagnostics segments experienced the strongest high base effect in 1Q22 considering Covid impact coupled with its related protocols being indirect Covid contribution across the Group. However, management has implemented strategic pricing measures that allowed for their revenue contribution to not weaken the overall consolidation growth, and accordingly laboratory and radiology revenues increased by 12% and 10% respectively. As this high base effect is fades away beginning 2Q22 as previously discussed, management continues to place strong emphasis on the Group's diagnostic capabilities and related service offerings, aiming to return to their previous exponential growth trajectory pre-Covid on the back of the Group's growing COEs.

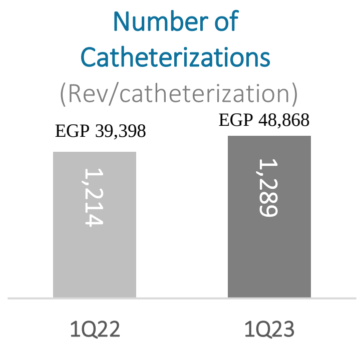
**Performance by Facility**

*Cleopatra Hospital:*

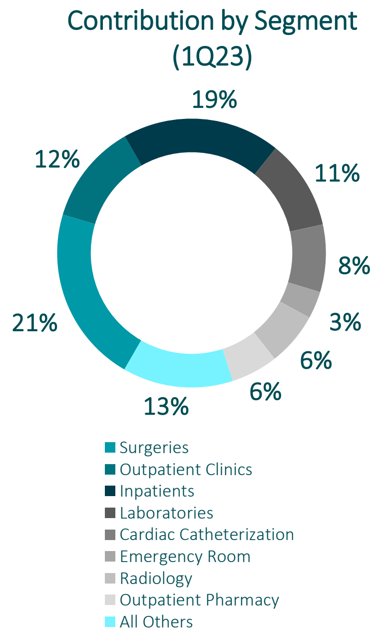
In 1Q23, CHC generated EGP 292mn in revenue recording strong growth of 17% compared to the same period in 2022. Growth was mainly driven by solid volume increases in the hospital's core service offerings and improved profitability levels on the back of the hospital's preferred patients case mixes. CHC experienced growth in both surgical procedures and inpatients served, with a 6% and 8% rise, respectively, in 1Q23 as the hospital's centers of excellence continue to ramp up. The recent completion of renovations in select inpatient wards, coupled with the previously renovated outpatient department, has proven beneficial in effectively accommodating the growing patient volumes and handling more complex cases. CHC is working on further optimizing its capacities throughout 2023, aiming to accommodate the hospital's growing patient volumes.

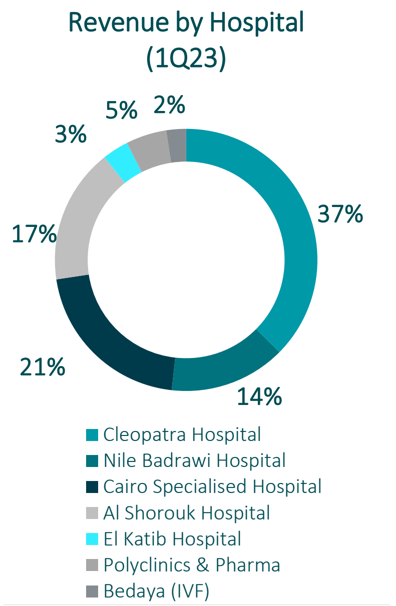
*Cairo Specialized Hospital:*

CSH delivered an exceptional performance in 1Q23 allowing the hospital to grow its contribution to the Group's consolidated revenues. With revenue of EGP 163mn, the hospital experienced an impressive growth rate of 38%. Its contribution to the Group's consolidated top line rose from 18% in 1Q22 to 21% in 1Q23. This growth was fueled by



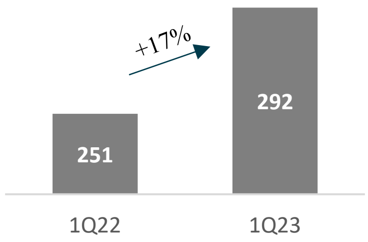

*All KPI figures refer to the consolidation of all CHG hospitals as well as the Group's East and West Cairo Polyclinics) and excludes Bedaya while taking into account elimination entries.*



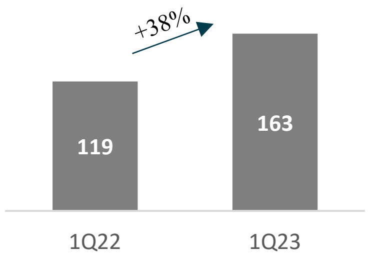



**Polyclinic revenue includes both East and West Cairo Polyclinics (CHC for medical services) in addition to the polyclinic pharmacies segment (CHG Pharma)*

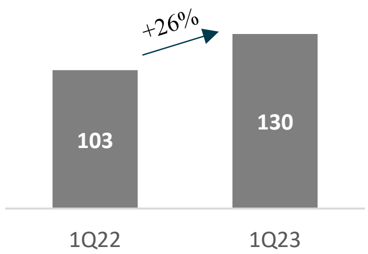
CHC Revenue Growth (EGP mn)



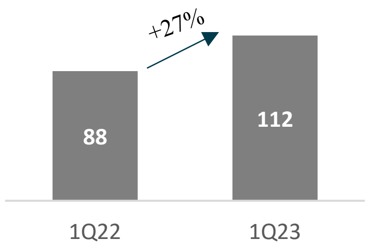

CSH Revenue Growth (EGP mn)




ASH Revenue Growth (EGP mn)




NBH Revenue Growth (EGP mn)




volume growths across the board, where inpatients, surgical procedures, outpatients, emergency patients, and catheterizations conducted all increased by over 20% in comparison to 1Q22's volumes. This surge in volumes showcases the hospital's ability to attract and cater to a diverse range of case mixes than it previously did. Management has been investing in expanding the hospital's service offerings and renovations as well as optimizing its overall capacities, whether in inpatient or outpatient settings. CSH also has been leveraging their latest inaugurations of Orthopaedic and Neurosurgery Centers of Excellence, allowing the hospital to capture entire treatment journeys of highly complex case mixes. In 1Q23, the hospital's growing volumes and refined case mixes allowed for a one percentage point expansion in gross profit margin as well as three percentage points expansion on the EBITDA margin level. Looking ahead, the hospital will continue to optimize its case mixes, further complete its service offerings' spectrums, and accordingly solidify its position within the Group's consolidation.

*Al Sherouk Hospital:*

ASH delivered robust year-on-year growth in 1Q23, achieving 26% increase in revenue, amounting to EGP 130mn. As the third-largest contributor to the Group's consolidated revenue, accounting for 17% of the total, ASH has maintained its positive trajectory from the previous year, solidifying its position among top contributors alongside CHC and CSH. Management's strategic focus on profitability has yielded positive results for ASH. By prioritizing operational efficiencies and optimizing case mixes, the hospital has witnessed improvements in both gross profit and EBITDA margins, with a one percentage point increase in 1Q23 compared to 1Q22. This trend is expected to continue throughout the year, further enhancing the hospital's financial performance. ASH's commitment to enhancing patient care is evident through recent advancements in its Centers of Excellence. consequently, the hospital has experienced double-digit growth in surgical procedures, demonstrating its ability to meet the evolving demands of complex case mixes. It is also worth mentioning that ASH's adjacent polyclinic setup has been playing a key role in increasing ASH's flow of outpatients and their referrals throughout the hospital. With a dedicated pursuit of continuous improvement, ASH is poised to continue to deliver reliable healthcare services while driving sustainable growth.

*Nile Badrawi Hospital:*

Building on NBH's strategic upgrading that took place throughout 2022 that aimed to enhance the hospital's capacity and further complete its one stop approach to healthcare delivery, the hospital recorded growth in its top line of 27% with revenue amounting to EGP 112mn. As a result, NBH has contributed 14% to the Group's consolidated revenues, fueled by an 8% growth in its cases served compared to the same period in 2022. The successful inauguration of NBH's revamped outpatient department in late 2022 has driven double-digit growth in outpatient volumes in 1Q23 compared to 1Q22. This achievement reflects the hospital's ability to attract a broader patient base that it previously did. Management is optimistic about NBH's latest developments, which have unlocked significant revenue-generating potential. These advancements are expected to contribute to a marked improvement in the hospital's financial performance going forward. The focus for the remainder of the year will be on optimizing operations to expand profitability margins. Additionally, there will be strong commercial emphasis on attracting complex Nephrology and Oncology patients to NBH's Centers of Excellence, aiming for sustainable long-term growth for the hospital.

**NBH's Quarterly Revenue Progression – in EGP Mn**

| EGP mn | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---|---|---|---|---|---|
| **Total Revenues** | 88 | 89 | 96 | 105 | **112** |
| ***Y-o-y Growth*** | *-11%* | *-3%* | *6%* | *12%* | ***+27%*** |

*Al Katib Hospital:*

Since its transformation into a multispecialty Surgical Center of Excellence, AKH has been steadily progressing through its ramp-up. The hospital has shown impressive growth, with a monthly Compound Annual Growth Rate of 17% from January 2022 to March 2023, resulting in 1Q23 revenue of EGP 25mn. As AKH continues to ramp up throughout 2023, management expects it to surpass its pandemic performance by virtue of sustainable core business growth. To support this growth, AKH has been expanding its surgical service offerings, including the recent inauguration of a 360-degree Breast Center of Excellence. Acting as an efficient surgical hub, AKH attracts increasing volumes of patients and has achieved profitability on gross profit, EBITDA, and net profit levels, showcasing its operational efficiency in high-quality surgical care. AKH's focus on delivering surgical care in an efficient manner positions it as an attractive choice for patients and commercial payors alike, reflecting strong sustainable growth potential.

*CHG's Polyclinics & Bedaya:*

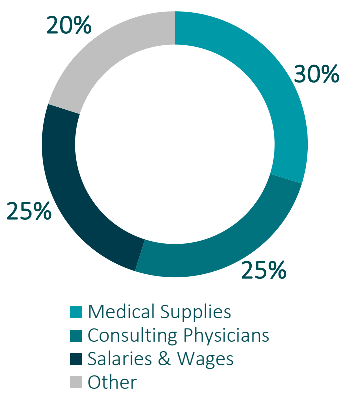
The Group's polyclinics are vital in extending healthcare services to underserved suburban areas of Cairo. They experienced strong growth, serving over 20% more outpatients in 1Q23 compared to 2022, resulting in a 31% increase in revenue. Operational improvements in 2023 led to expansions in gross profit, EBITDA, and net profit margins by 11%, 5%, and 14% respectively. Accounting for 3% of the Group's revenues, the polyclinics will optimize efficiencies to support the growth of October and Sky Hospitals. That said, Bedaya, the fertility solutions venture, also achieved impressive 23% revenue growth in 1Q23, contributing 2% to CHG's consolidated revenues, benefitting from integration within CHG's framework as well as the recovery of medical tourism.

## COGS

In 1Q23, the Group incurred a total cost of goods sold amounting to EGP 513mn, representing 24% year-on-year increase. COGS/Sales ratio was also maintained in line with historical levels at 66%, compared to 65% in 1Q22. Medical supplies continued to account for the lion's share of costs, accounting for 30% of the COGS for the period.

Despite the challenges posed by inflationary pressures and supply chain disruptions, CHG remained proactive in securing competitive rates and building up ample stocks of key supplies on a Group level. The Group's seasoned and well-integrated supply management and procurement teams played crucial roles in delivering medical supplies across the Group at 20% of revenues for 1Q23, compared to 19% in 1Q22. Furthermore, management's multi-pronged efficiency strategy proved successful in controlling Consulting Physician fees and Staff Costs, which both read 17% of the Group's top line in 1Q23 compared to 16% and 18% in 1Q22. Management's effective cost management and operational optimization measures continue to protect the Group's profitability margins. The Group's ability to maintain cost discipline while coping with extreme external challenges highlights its resilience and commitment to sustainable growth.

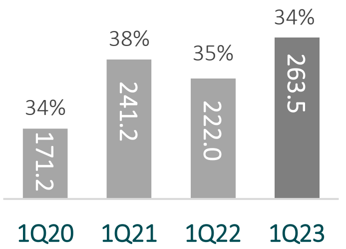
COGS Breakdown (1Q23)

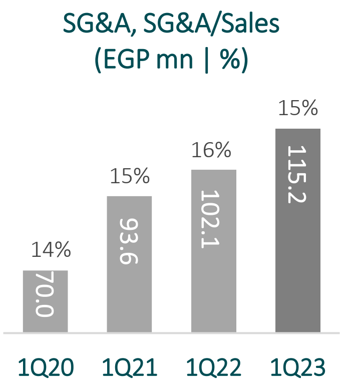


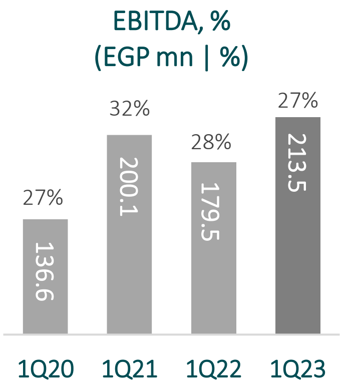

## Gross Profit

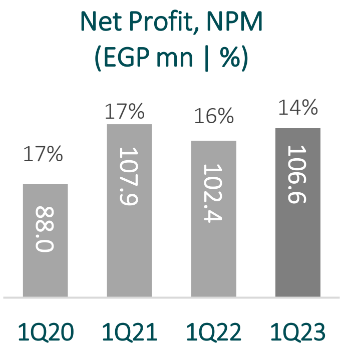
In 1Q23, the Group surpassed pre-pandemic levels with a consolidated gross profit of EGP 264mn and a solid margin of 34%, exceeding pre pandemic levels. The Group's newly implemented strategic pricing strategy, coupled with ongoing revenue cycle management initiatives that aim to consistently reduce rejection rates, have played key roles in the quarter's performance on a gross profit level. By implementing a structured and blended price increase, while pricing billable consumables in real time as their prices fluctuate as we progress throughout 2023, management ensured no comprise on flow of the Group's credit and cash patients. That also allowed for the Group to completely offset the loss of high-margin Covid-related business by expanding the Group's overall margins on the back of sustainable core business growth. Additionally, through effective efficiency and cost avoidance strategies, such as group wide demand and procurement planning, stockpiling on key supplies at preferred prices, and controlling staff replacements while rolling out

Consolidated Gross Profit, GPM (EGP mn | %)






management's shared services initiative, management successfully shielded this margin expansion from compression pressures as well as positioned it for further potential growth in the near term. CHG continues to demonstrate its resilience and proactive approach, surpassing pre-pandemic levels and reaffirming its strong financial viability.

**G&A Expenses**

The General and Administrative (G&A) expenses of the company comprise of non-medical staff costs, senior management costs, commercial expenses, and group-level professional consulting fees. In 1Q23, G&A expenses amounted to EGP 115, reflecting a 13% increase in absolute figures compared to 1Q22. However, the SG&A to sales ratio reflected a 1% improvement reading 15% during the period compared to 16% in 1Q23 on the back of management's robust cost-cutting and avoidance strategies. It also came on the back of the Group's efficient operational processes implementations, which enabled all facilities to enhance their G&A ratio to revenue despite turbulent macroeconomic conditions. These measures have been instrumental in offsetting the cost pressures arising from inflationary trends preserving CHG's financial strength and resilience.

**EBITDA**

CHG's adjusted EBITDA for 1Q23 stood at EGP 213mn, reflecting growth of 19% compared to the same period in the previous year. The associated margin was 27%, which is one percentage point lower than in 1Q22 considering the period's high base effect. However, management's efficiency agenda continues to shield the Group's profitability margins and highlighting its financial resilience. Management's focus on cost control and optimization, coupled with the power of the Group's integrated platform, has enabled the Group to weather the storm of the ongoing economic uncertainties.

**Net Profit**

CHG's consolidated net profit for the first quarter of 2023 amounted to EGP 107mn, representing growth of 4% compared to the same period in 2022. The associated margin was 14%, which is two percentage points less than in 1Q22. Notably, the Group's Income Statement saw a substantial 137% increase in interest expenses due to ongoing interest rate hikes and the Group's recent capital structure optimization efforts incurring debt to support the Group's expansionary plans. Simultaneously, there was a 43% decrease in interest income resulting from the company's previous treasury buyback program as well as investments in the Group's current facilities during the period, which depleted a sizeable portion of its cash and cash equivalents. However, by normalizing net income to exclude the impact of interest on both periods' income statements, CHG's normalized net income stood at EGP 113mn, representing strong 25% growth compared to the same period in 2022, with a stable associated margin of 14% compared to 1Q22.

**CAPEX**

The Group's investment in its infrastructure and feeder network has been a priority, with a particular focus on its centers of excellence operating model. As such, the total CAPEX outlays in 1Q23 amounted to EGP 130mn. It is noteworthy that this figure includes down payments for CAPEX purchases that are yet to be delivered, demonstrating the Group's proactive approach in anticipating potential price shocks for timely delivery of expansionary plans hedging against unforeseen circumstances.

–Ends–

# ABOUT CLEOPATRA HOSPITALS GROUP S.A.E.

The Group is the largest private hospital group in Egypt by number of hospital beds and number of operating hospitals. The company holds majority stakes and operates seven leading hospitals in the Greater Cairo Area: Cleopatra Hospital, Cairo Specialized Hospital, Nile Badrawi Hospital, Al Sherouk Hospital, Queens Hospital, El Katib Hospital, Sky Hospital, and Cleopatra October Hospital offering a full array of general, emergency healthcare services and rehabilitation services. The Group also operates two polyclinics located in strategic neighbourhoods of East and West Cairo and holds a majority stake in Bedaya for Medical Services, Egypt's leading IVF and Fertility Centre.

## Shareholder Information

EGX: CLHO.CA
Listed: June 2016
Shares Outstanding: 1,445 million

## For further information, please contact:

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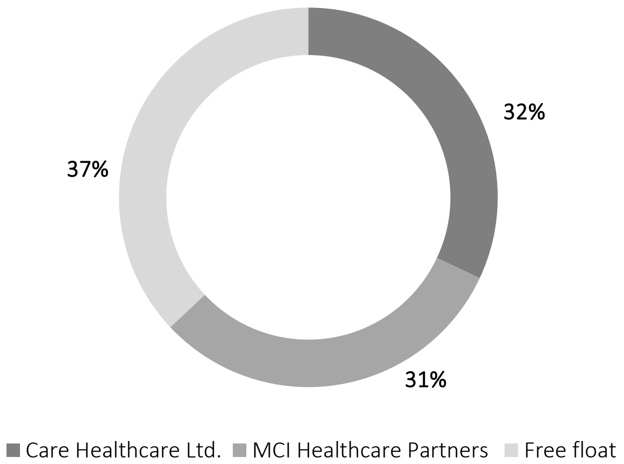
## Shareholder Structure

(as of June 2023)




## Forward-Looking Statements

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

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

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

# Consolidated Statement of Income

| All figures in EGP mn | 1Q23 | 1Q22 | *% change* |
|---|---|---|---|
| Revenues | 776.9 | 636.9 | *22%* |
| Cost of sales | (513.3) | (415.0) | *24%* |
| **Gross profit** | **263.5** | **222.0** | *19%* |
| *Gross Profit Margin* | *34%* | *35%* | |
| General & administrative expenses | (115.2) | (102.1) | *13%* |
| Cost of acquisition activities | (0.5) | (0.8) | *-35%* |
| Provisions | (3.3) | (4.4) | *-26%* |
| Other income | 0.7 | 1.9 | *-60%* |
| **EBIT** | **145.2** | **116.5** | *25%* |
| *EBIT Margin* | *19%* | *18%* | |
| Interest income | 11.7 | 20.7 | *-43%* |
| Interest expense | (17.4) | (7.3) | *137%* |
| **Profit before tax** | **139.5** | **129.8** | *7%* |
| *PBT Margin* | *18%* | *20%* | |
| Income tax | (30.7) | (27.3) | *12%* |
| Deferred tax | (2.2) | (0.1) | *0%* |
| **Net profit after tax** | **106.6** | **102.4** | *4%* |
| *Net Profit Margin* | *14%* | *16%* | |
| | | | |
| Distributed as follows: | | | |
| Shareholders of the company | 94.6 | 96.0 | *-1%* |
| Minority rights | 12.0 | 6.4 | *86%* |
| **Profit for the period** | **106.6** | **102.4** | *4%* |

# Consolidated Statement of Comprehensive Income

| All figures in EGP mn | 1Q23 | 1Q22 | *% change* |
|---|---|---|---|
| Net Profit | 106.6 | 102.4 | *4%* |
| Other comprehensive income | 0.0 | 0.0 | |
| **Total comprehensive income for the year** | **106.6** | **102.4** | *4%* |
| | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the company | 94.6 | 96.0 | *-1%* |
| Non-controlling interest | 12.0 | 6.4 | *86%* |
| **Total comprehensive income for the year** | **106.6** | **102.4** | *4%* |

# Consolidated Statement of Financial Position

| All figures in EGP mn | 31 December 2022 | 31 March 2023 |
|---|---|---|
| ***Non-current assets*** | | |
| Fixed assets | 1,567.3 | 1,647.7 |
| Intangible assets | 423.4 | 422.9 |
| Right of use | 149.2 | 168.6 |
| Payment under investment | 4.2 | 4.2 |
| Investment in associates | 3.8 | 3.8 |
| **Total non-current assets** | **2,147.9** | **2,247.3** |
| ***Current assets*** | | |
| Inventory | 108.0 | 121.0 |
| Accounts receivables | 505.4 | 569.8 |
| Other receivables and debit balances | 172.8 | 209.2 |
| Due from related parties | 3.2 | 0.7 |
| Treasury bills | 98.9 | 58.5 |
| Cash | 247.2 | 332.9 |
| **Total current assets** | **1,135.5** | **1,292.0** |
| **Total assets** | **3,283.4** | **3,539.3** |
| ***Equity*** | | |
| Share capital | 800.0 | 800.0 |
| Treasury Shares | (766.0) | (766.0) |
| Reserves | 319.2 | 319.2 |
| Retained earnings | 1,517.4 | 1,612.0 |
| Long term incentive plan | 8.4 | 12.5 |
| **Equity attributable to the parent company** | **1,878.9** | **1,977.7** |
| Non-controlling interest | 148.4 | 160.4 |
| **Total equity** | **2,027.4** | **2,138.1** |
| ***Non-current liabilities*** | | |
| Non-current portion of borrowings | 88.0 | 144.0 |
| Creditors and other credit balances - non-current portion | - | - |
| Non-current portion of lease liability | 155.5 | 174.6 |
| Deferred tax liabilities | 89.4 | 91.7 |
| **Total non-current liabilities** | **332.9** | **410.3** |
| ***Current liabilities*** | | |
| Provisions | 25.3 | 11.9 |
| Creditors and other credit balances | 530.8 | 589.5 |
| Current Portion of Borrowings | 244.5 | 226.8 |
| Current portion of lease liability | 39.0 | 45.4 |
| Other Liabilities | 35.6 | 39.0 |
| Current income tax | 48.0 | 78.3 |
| **Total current liabilities** | **923.1** | **991.0** |
| **Total liabilities** | **1,256.0** | **1,401.3** |
| **Total liabilities & shareholders’ equity** | **3,283.4** | **3,539.3** |

# Consolidated Statement of Cash Flow

| All figures in EGP mn | 31 March 2022 | 31 March 2023 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit before tax | 129.8 | 139.5 |
| | | |
| Adjustments for: | | |
| Depreciation | 38.1 | 36.7 |
| Right of use depreciation | - | - |
| Amortization of intangible assets | 4.0 | 4.0 |
| Allowance for impairment of current assets | (10.0) | 9.6 |
| Provision | (0.7) | (13.4) |
| Capital gain/Loss | (0.4) | (0.0) |
| Credit / Debit Interest | (10.6) | 10.2 |
| Changes in current tax liability | - | (0.5) |
| Loss In Investments in subsidiaries | - | - |
| Share-based payments financial liabilities | 4.1 | 4.1 |
| **Operating profits before changes in assets and liabilities** | **154.3** | **190.2** |
| Changes in working capital: | | |
| Changes in Inventories | (6.2) | (13.1) |
| Change in trade receivables, debtors and other debit balances | (46.7) | (96.1) |
| Changes in Due from related parties | (0.3) | 2.5 |
| Change in trade and other payables | 15.9 | 60.4 |
| Employee Incentive Plan | - | - |
| Change in lease | (1.7) | 4.4 |
| **Net cash flows generated from operating activities** | **115.4** | **148.3** |
| **Cash flow from investment activities:** | | |
| Proceeds from sale of fixed assets | 0.8 | 0.2 |
| Fixed assets purchased | (21.7) | (19.0) |
| PUC purchased | (33.3) | (98.4) |
| Advance payment for purchase of fixed assets | 4.6 | (12.5) |
| Fixed assets Suppliers | - | - |
| Payments under investment | - | - |
| Credit Interest Collected | 14.2 | 7.4 |
| Paid for Investment Associates | (0.0) | - |
| **Net cash flows used in investing activities** | **(35.3)** | **(122.3)** |
| **Cash flow from financing activities:** | | |
| Treasury Shares | (150.0) | - |
| Dividends paid out | - | (0.0) |
| Cash Proceed from Overdraft | 31.8 | 171.6 |
| Cash Paid to Overdraft | (92.4) | (196.9) |
| Interest paid | (7.9) | (17.4) |
| Receipts from borrowings | - | 63.5 |
| **Net cash flow from financing activities** | **(218.5)** | **20.8** |
| **Net change in cash & cash equivalents during the year** | **(138.3)** | **46.9** |
| Cash and cash equivalents at the beginning of the year | 847.5 | 347.4 |
| Cash And Cash /equivalent In Acquired Subsidiaries at Beg. Of The Period | - | - |
| **Cash & cash equivalents at the end of the year** | **709.2** | **394.3** |