

Earnings Release

Jamjoom Pharma reports SAR 305 million net profit in 9M 2024, up 23% YoY

9M 2024 Financial Highlights:

- Revenue growth of 18.7% YoY to SAR 1,058.8 million
- Gross profit of SAR 662.0 million, with gross margin of 62.5%
- EBITDA¹ growth of 25.8% YoY to SAR 365.1 million, with EBITDA margin expanding by 1.9 ppts YoY to 34.5%
- Net profit increased 23.0% YoY to SAR 304.9 million
- Free cash flow² conversion remained at a healthy 87.2%, with a net cash position of SAR 119.0 million as at 30 September 2024

Jeddah, 27 October 2024 – Jamjoom Pharma reported another impressive quarter of financial results, continuing strong growth and solid profitability across the first nine months of 2024. Revenue increased by 18.7% year-on-year (YoY), reaching SAR 1,058.8 million, while gross profit stood at SAR 662.0 million, reflecting a gross margin of 62.5%, gross profit went up 13.2% from the same period in 2023. EBITDA rose by 25.8% YoY to SAR 365.1 million, with the EBITDA margin expanding by 1.9 percentage points to 34.5%. Net profit increased by 23.0% YoY, totaling SAR 304.9 million, with a margin of 28.8%. The company also maintained a strong free cash flow conversion rate of 87.2%, concluding the period with a net cash position of SAR 119.0 million as of September 30, 2024.

Dr. Tarek Hosni, Chief Executive Officer of Jamjoom Pharma, commented on 9M 2024 performance:

"I am pleased to report a consistently strong performance for the first 9 months of 2024. Revenue grew at 18.7% through excellent performance in our key TAs³ and markets. On a quarterly basis we maintain positive momentum as we record yet another quarter with double-digit revenue growth over last year. Regionally, we continue to drive robust performance across key markets – Gulf, Iraq, Egypt and North Africa. Our strong operating leverage has driven substantial profitability, with the EBITDA margin improving to 34.5% and a net profit margin of 28.8%.

The continuous drive of operational efficiencies across our manufacturing facilities enabled us to produce a total of 129.7 million units so far this year, across our three facilities. The ramp-up of our ophthalmology production at the Jeddah Sterile Facility would enable us to firmly address the supply constraints we faced on the Ophthalmology products over the last 9 months, ensuring a more reliable and efficient supply chain moving forward.

I am proud of these accomplishments as our strategic execution continues to drive positive results, strengthening our leadership in Saudi Arabia and expanding our footprint in high-potential regional markets. This success is a reflection of the talent, dedication, and innovative spirit of our team. With their ongoing contributions, I am confident in our trajectory to becoming the leading organization in the MEA region, delivering innovative healthcare solutions and value to our stakeholders".

¹ EBITDA = Earnings before interest, tax, depreciation & amortization

² Free cash flow conversion = Free cash flow/EBITDA. Free cash flow is calculated as (EBITDA – CAPEX)

³ TA = Therapeutic Area

Performance Highlights

Income Statement Summary

SAR (mn)	9M 2024	9M 2023	YOY Δ%	3Q 2024	3Q 2023	YOY Δ%
Revenue	1,058.8	891.9	19%	327.6	292.6	12%
Gross profit	662.0	584.9	13%	194.4	187.2	4%
Operating profit (EBIT)	326.5	271.1	20%	95.7	84.7	13%
Net profit for the period	304.9	247.9	23%	95.0	77.2	23%
EBITDA	365.1	290.3	26%	111.8	91.2	23%
FCF	318.4	253.3	26%	101.4	73.3	38%
EPS	4.4	3.5	23%	1.4	1.1	23%

Revenue Mix by Geographies

SAR (mn)	9M 2024	9M 2023	YOY Δ%	3Q 2024	3Q 2023	YOY Δ%
KSA	699.0	596.5	+17%	220.0	185.8	+18%
Gulf	134.7	113.0	+19%	43.9	37.8	+16%
Iraq	90.0	76.8	+17%	24.7	31.5	-22%
North Africa & other export countries	73.5	60.6	+21%	19.7	16.3	+21%
Egypt	61.6	44.9	+37%	19.3	21.2	-9%
Revenue	1,058.8	891.9	+19%	327.6	292.6	+12%

Revenue Mix by Therapeutic Areas

SAR (mn)	9M 2024	9M 2023	YOY Δ%	3Q 2024	3Q 2023	YOY Δ%
Ophthalmology	276.3	229.2	+21%	78.7	74.3	+6%
Dermatology	206.6	173.9	+19%	66.1	63.7	+4%
General Medicine	174.4	148.4	+18%	53.7	43.5	+24%
Consumer Health	142.7	125.5	+14%	45.2	41.1	+10%
GIT	99.4	84.5	+18%	40.6	31.0	+31%
CVD	55.3	38.7	+43%	18.3	10.1	+81%
CNS	24.7	28.8	-14%	4.4	7.2	-38%
Anti-Diabetic	15.3	7.3	+110%	4.0	2.7	+50%
Pain & Inflammation	64.1	55.6	+15%	16.4	19.0	-14%
Revenue	1,058.8	891.9	+19%	327.6	292.6	+12%

Revenue Trends

In the first nine months of 2024, revenue grew by 18.7% YoY, reaching SAR 1,058.8 million. This increase was driven by growth in sales volumes across all geographical segments and therapeutic areas, attributable to targeted strategic initiatives, supported by introduction of new brands, in addition to price increases which contributed SAR 19.7 million across all markets.

In the Saudi market, revenues increased by 17.2% YoY reaching SAR 699.0 million, supported by growth across all key TAs, attributable to improved market engagement facilitated by enhanced marketing strategies. The Gulf region has also experienced notable growth, with revenue rising from SAR 113.0 million in the first nine months of 2023 to SAR 134.7 million in the same period of 2024, a 19.2% increase driven by portfolio optimization using market intelligence, stringent planning and expanded distribution networks. Iraq saw a notable revenue increase of 17.1%, growing from SAR 76.8 million in 9M 2023 to SAR 90.0 million in 9M 2024, driven by improved economic conditions and targeted marketing initiatives.

Egypt market saw substantial growth, with revenue rising from SAR 44.9 million in the first nine months of 2023 to SAR 61.6 million in the same period of 2024, representing a notable increase of 37.3%. This growth is attributed to an effective sales strategy supported by the ongoing ramp-up of the new facility, which reached 46.8% capacity utilization, with over 60.8% self-sufficient production as at the end of 9M 2024, this growth is largely attributed to localized manufacturing efforts, enhancing market competitiveness and responsiveness. Additionally, other markets demonstrated promising results, achieving 21.2% growth, driven by strong performances in Morocco, North Africa, and Francophone countries, recording growth rates by 29.4%, 15.2%, and 36.7% YoY respectively, the growth in these markets can be largely attributed to the dedicated sales efforts by understanding market demands, driven sales, and expanding our market presence which underscores successful market expansion efforts.

Jamjoom Pharma's revenue growth across TAs was robust, with significant contributions from Cardiovascular, Ophthalmology, Dermatology, and Gastrointestinal segments during the first nine months of 2024. Cardiovascular segment alone has increased by 42.8% YoY. Whilst, our flagship TAs Ophthalmology and Dermatology recorded growth rates of 20.6% and 18.8%, respectively, together accounting for 45.6% of total revenue for the period. Additionally, the Anti-Diabetic segment, launched in early 2023, demonstrated impressive performance, launching 2 new brands, with revenue rising from SAR 7.3 million in 9M 2023 to SAR 15.3 million in 9M 2024, reflecting a substantial growth of 109.6%.

In the first nine months of 2024, Jamjoom Pharma successfully expanded its product portfolio by introducing 9 new brands, including two launched in the third quarter of 2024, one in Dermatology and one in Anti-Diabetic segment. These additions have generated SAR 14.9 million in revenue during this period, representing 1.4% of the company's total revenue.

Cost Trends and Margins

In the first nine months of 2024, the cost of revenue rose by 29.3% YoY, as we ramped up production to meet rising sales volumes, the number of units produced (in all JP facilities) increased by 22.7% YoY. Concurrently, the primary driver of our cost increase was a 30.1% rise in raw material expenses. Salaries and employee-related costs also grew by 28.1% YoY, reflecting the hiring of additional employees to accommodate the business expansion and sales growth, also the implementation of extra working shifts to support production. Additionally, depreciation and amortization expenses saw a significant increase of 56.1% YoY, attributable to the capitalization

of the two new facilities in Egypt and Jeddah. Other operational costs rose by 15.1% YoY, driven by routine expenses associated with production activities.

Gross profit margin decreased by 3.1 percentage points YoY in 9M 2024, resulting in a margin of 62.5%, primarily due to the increase of production costs and the changes in product and geographic mix. Our total production of units during this period amounted to 129.7 million across our three facilities. Notably, the main facility in Jeddah produced 109.0 million units, reflecting a 3.1% increase YoY.

Production cost effects were more than offset by efficiency gains in operating expenses. Our selling and distribution expenses rose modestly by 9.4% YoY to reach SAR 250.4 million in 9M 2024. This efficiency is a product of our effective sales strategy supported by increased operational efficiencies, cost optimization across salesforce and promotional activities, brand recognition, and market leadership in addition to growing economies of scale. General and administration expenses decreased by 2.5% YoY in 9M 2024, totaling SAR 49.2 million. This efficiency results from various cost control measures at the corporate level to reduce inefficient expenditure coupled with absence of the Egypt pre-operating expenses that are now recorded as part of our cost of sales following the launch of the facility in 2023. Additionally, research and development expenses declined by 4.9% YoY to SAR 24.7 million, this reduction is mainly driven by a strategic shift in our R&D focus, driven by identifying and capitalizing on growth opportunities in high-quality product launches, also, cost of exhibit batches and supplies & consumables have decreased significantly.

EBITDA margin grew by 1.9 ppts YoY reaching 34.5% in 9M, with total EBITDA amounting to SAR 365.1 million. Finance costs for the period totaled SAR 19.4 million, a significant increase as compared to the prior period, attributable to the negative foreign exchange impact due to the devaluation of the Egyptian pound. However, robust operating profit performance, a share of profit from the Algeria joint venture, net other income, and finance income, somewhat offset this impact. As a result, net profit grew by 23.0% YoY, reaching SAR 304.9 million in 9M 2024.

Quarterly performance

In the 3Q 2024, the company recorded revenue of SAR 327.6 million, representing an 11.9% increase from SAR 292.6 million in 3Q 2023, primarily driven by volumetric growth and new product launches. The cost of revenue for this period totaled SAR 133.2 million, reflecting a 26.4% increase compared to the same quarter in the previous year. This rise is attributable to depreciation charges associated with the capitalization of the two new facilities and shifts in product and geographic mix. Gross profit for the 3Q 2024 amounted to SAR 194.4 million, marking a 3.8% increase from SAR 187.2 million in 3Q 2023, indicating overall profitability improvements. However, the gross profit margin for 3Q 2024 decreased to approximately 59.3%, from 64.0% in the prior year's quarter.

Operating expenses showed varied performance in 3Q 2024. Selling and distribution expenses amounted to SAR 68.0 million, reflecting a decrease of 8.1% from SAR 74.0 million in 3Q 2023. In contrast, general and administrative expenses rose to SAR 18.1 million, representing 5.5% of revenue, which is an increase of 15.0% compared to the previous year, primarily driven by higher employee-related costs. Research and development expenses for 3Q 2024 were SAR 9.2 million, accounting for 2.8% of revenue compared to 2.9% a year earlier, as R&D expenditure continues to prioritize high-quality projects.

As operations continue to ramp up, the JV⁴ in Algeria contributed SAR 7.1 million profit in 3Q 2024, bringing the total share of profit from the JV to SAR 10.8 million in 9M 2024.

⁴ Joint Venture

Net profit for 3Q 2024 was SAR 95.0 million, reflecting a 23.0% increase from SAR 77.2 million in 3Q 2023. The net profit margin expanded by 2.6 percentage points compared to the same quarter last year, reaching 29.0%.

CAPEX and Cash Flows

Working capital increased by 11.1% YoY in 9m 2024, reflecting the overall growth of the business. This upward trend in working capital indicates that we are successfully expanding our operations and sales. Cash conversion cycle expanded marginally to 282 days up from 271 days a year ago. Operating cash flow reached SAR 109.9 million in 9M 2024, 14.7% higher compared to the same period last year. This strong cash flow underscores the effectiveness of our core operations and our ability to generate liquidity.

Capital expenditure grew by 26.4% YoY to SAR 46.8 million in 9M 2024 amid the expansion of the OSD line and enhancing our packaging capacity at the Jeddah main facility. CAPEX accounted for 4.4% of 9M 2024 revenue, which is within the 4-6% mid-term guidance range.

The Company's net cash position remains healthy amounting to SAR 119.0 million as at 30th September 2024 despite paying a combined SAR 217 million in dividends across two payouts during the year.

Balance Sheet Summary

SAR (mn)	Sep 2024	Dec 2023	YTD Δ%	Sep 2023	YOY Δ%
Total Non-Current Assets	740.1	747.5	-1%	698.9	6%
Total Current Assets	1,117.3	906.7	23%	792.8	41%
Total Assets	1,857.5	1,654.2	12%	1,491.7	25%
Total Equity	1,444.6	1,404.3	3%	1,269.4	14%
Total Non-Current Liabilities	77.9	69.9	11%	67.8	15%
Total Current Liabilities	334.9	180.0	86%	154.6	117%
Total Liabilities	412.8	249.8	65%	222.5	86%

Non-current assets have decreased by 1.0% to reach SAR 740.1 million compared to FY 2023, due to the depreciation of PPE and devaluation impact of the EGP offsetting capital expenditure incurred. Current assets grew 23.2% during the 9M 2024 compared with FY 2023, this growth is mainly driven by an increase in receivables and slight increase in inventories, reflecting our increase in sales volume and our strategically maintaining high inventory levels to meet anticipated demand respectively.

Shareholders' equity increased by 2.9% from FY 2023, tracking net profit growth, offset by dividend payouts and foreign currency devaluation.

Current liabilities grew 86.1% from FY 2023, driven by higher trade payables and other current liabilities that reflected overall business growth.

Outlook and Guidance

Given the performance seen during 9M 2024, and as we approach the year end, we reiterate our financial guidance for the year.

	FY 2024 Guidance	9M 2024 Results
Revenue growth	15-18%	18.7%
EBITDA margin	31-32.5%	34.5%
CAPEX	4-6%	4.4%
Dividend (semi-annual)	50-60% payout ratio	1H 2024 dividend of SAR 112m (53% payout)

In the longer term the company retains its strategic focus on the MEA region and targets expansion into selected high-potential markets in the coming years, in line with its vision to become a leading MEA organization by 2026 through consistently providing affordable, high-quality healthcare solutions.

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Additional Information

The company will be hosting the 3Q 2024 earnings call on the 27th of October 2024 at 3pm KSA time to present and discuss the financial results with investors and analysts. Attendees can register for this call through the link provided in the relevant announcement on the Saudi Exchange or by reaching out to our IR department at the email provided below, who will assist you in registering.

The 3Q 2024 financial statements, earnings release, earnings presentation and financial data supplement will be made available on the website of Jamjoom Pharma at: investors.jamjoompharma.com

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