

# Earnings Release

## Jamjoom Pharma reports 81.7% net profit growth to SAR 170.7 million in 1H 2023

### 1H 2023 Financial Results Highlights:

- Revenue growth of 24.5% YoY to SAR 600.3 million
- Gross profit of SAR 397.7 million, with gross margins slightly increasing to 66.2%
- EBITDA margin expanded to 33.2% with EBITDA increasing by SAR 51.1 million
- Net profit grew by 81.7% to SAR 170.7 million, with net margin expanding to 28.4% from 19.5% in 1H 2022
- Free cash flow conversion of 90.4%, with a cash balance of SAR 170.3 million at 30<sup>th</sup> June 2023

**Jeddah, 10 August 2023** – Jamjoom Pharma reported a strong set of results with 81.7% YoY growth in net income to SAR 170.7 million for 1H 2023, spurred by revenue growth of 24.5% to SAR 600.3 million and stable gross margin. Operating profit rose by 38.1% year-on-year to SAR 186.5 million on improved efficiencies in sales and distribution. EBITDA of SAR 199.1 million for 1H 2023 was 34.5% above 1H 2022 results, while EBITDA margins improved from 30.7% to 33.2% in the period. The resulting free cash flow of SAR 180.0 million was 103.6% above the same period in 2022, while FCF conversion improved by 30.7 percentage points to 90.4% following conclusion of the capex cycle for the two upcoming facilities.

### **Dr. Tarek Hosni, Chief Executive Officer of Jamjoom Pharma, said:**

“Jamjoom Pharma’s performance in the first half of 2023 is marked by several milestones, we have not only grown our revenues, but also demonstrated our ability of delivering sustainable shareholder value through implementation of our strategy to the very core. Our commitment to research and development remains unwavering as we launched 7 new brands over this period including the launch of 2 innovative entrants in the “Anti-Diabetic” sector. More importantly, as part of our strategy to diversify our portfolio, we have increased the contribution of our other therapeutic areas to our top-line whilst maintaining our industry-leading margin profile. This was proven through our sales and portfolio growth in the Consumer Health segment over the past 3-4 years. A major contributor to this success has been our handpicked leadership and people, who have been driving our strategy through a combination of expertise, hard work, and full accountability.

By the end of the second quarter, we are completing all formalities in relation to our expanded manufacturing capabilities to support future growth and this, combined with a recently completed acquisition by our joint venture in Algeria, demonstrates that we are well positioned to accelerate growth both within and outside of Saudi Arabia, as well as across our therapeutic areas.



Looking ahead, we remain committed to maintaining this momentum, driving forward with focus on our vision, mission, and strategy to improve the wellbeing of communities we operate in by offering high quality affordable healthcare solutions. With determination and a shared sense of purpose, I am confident that we will continue to create a meaningful difference in the world of healthcare whilst generating positive returns for our stakeholders. Lastly, we feel that the excellent growth achieved to-date has allowed us to make an informed upgrade to our previously issued 2023 revenue growth guidance to 17-19% and 2023 EBITDA margin guidance to c.31%."

## Performance Highlights

### Income Statement

SAR (Mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
<b>Revenue</b>	<b>600.3</b>	<b>482.1</b>	<b>24.5%</b>	<b>298.4</b>	<b>238.3</b>	<b>25.2%</b>
<b>Gross profit</b>	<b>397.7</b>	<b>317.4</b>	<b>25.3%</b>	<b>198.1</b>	<b>153.1</b>	<b>29.4%</b>
<b>Operating profit</b>	<b>186.5</b>	<b>135.0</b>	<b>38.1%</b>	<b>92.6</b>	<b>57.6</b>	<b>60.8%</b>
<b>Net profit</b>	<b>170.7</b>	<b>94.0</b>	<b>81.7%</b>	<b>86.3</b>	<b>50.4</b>	<b>71.1%</b>
EBITDA	199.1	148.0	34.5%	98.7	64.6	52.8%
<b>FCF (EIBTDA – Capex)</b>	<b>180.0</b>	<b>88.4</b>	<b>103.6%</b>	<b>92.2</b>	<b>48.9</b>	<b>88.5%</b>
EPS	<b>2.44</b>	<b>1.34</b>	<b>82.1%</b>	<b>1.23</b>	<b>0.72</b>	<b>70.8%</b>

Revenue for 1H 2023 improved by 24.5% year-on-year to SAR 600.3 million on the back of successful implementation of our strategy, greater demand for our products and a full 2Q 2023 impact of the price increases obtained in 1Q 2023. As a result of this revenue growth, we remain the 3<sup>rd</sup> largest pharmaceutical manufacturer in the KSA private market. Cost of sales increased in line with revenue, resulting in a gross profit of SAR 397.7 million for 1H 2023, a 25.3% improvement year-on-year, as well as a stable gross margin of 66.2%. Selling and distribution expenses of SAR 154.9 million increased by only 10.7% resulting from the absence of distributor commission that was removed from the contract of our distributor in the latter part of last year. As a result, an operating profit of SAR 186.5 million was recorded for the half, registering year-on-year growth of 38.1% and improving operating margins to 31.1%.

Finance costs declined by 95.2% year-on-year in 1H 2023 (From SAR 33.5 million in 1H 2022 to SAR 1.6 million in 1H 2023), due to absence of the one-off, non-cash EGP devaluation impact from H1 2022 after conversion of the Company's loan to its Egyptian subsidiary to an equity instrument in 4Q 2022. This contributed to an improvement in net profit after zakat and income tax for 1H 2023 of 81.7% year-on-year to SAR 170.7 million. Net income for 2Q 2023 similarly improved by 71.1% year-on-year to SAR 86.3 million on flat selling and distribution expenses.

With the completion of the investment cycles for the upcoming Egypt main facility and Jeddah sterile facility, capital expenditures in 1H 2023 of SAR 19.1 million were 68.0% below spending in 1H 2022.

### Balance Sheet

SAR (Mn)	Jun-23	Dec-22	Δ%	Jun-22	Δ%
<b>Total non-current assets</b>	<b>700.3</b>	<b>719.7</b>	<b>-2.7%</b>	<b>749.9</b>	<b>-6.6%</b>
<b>Total current assets</b>	<b>920.8</b>	<b>688.1</b>	<b>33.8%</b>	<b>757.7</b>	<b>21.5%</b>
<b>Total assets</b>	<b>1,621.1</b>	<b>1,407.8</b>	<b>15.2%</b>	<b>1507.5</b>	<b>7.5%</b>
<b>Total equity</b>	<b>1,354.9</b>	<b>1,216.3</b>	<b>11.4%</b>	<b>1,262.0</b>	<b>7.4%</b>
<b>Total non-current liabilities</b>	<b>70.1</b>	<b>64.6</b>	<b>8.5%</b>	<b>65.1</b>	<b>7.7%</b>
<b>Total current liabilities</b>	<b>196.1</b>	<b>127.0</b>	<b>54.4%</b>	<b>180.5</b>	<b>8.6%</b>

Total liabilities	266.2	191.6	38.9%	245.6	8.4%
Total equity and liabilities	1,621.1	1,407.8	15.2%	1507.5	7.5%

Total assets on 30 June 2023 amounted to SAR 1,621.1 million, an increase of 15.2% from 31 December 2022. Inventories were higher by 25.5% at SAR 165.4 million, and despite growth in production and sales, efficient management of inventory levels led to a decline in days inventory outstanding (DIO) to 150 (from 161 in 1H 2022). Trade receivables also expanded by 48.6% to SAR 523.6 million, mainly due to increased sales, resulting in days sales outstanding (DSO) of 154 (lower than the 165 days from 1H 2022). These levels show a modest improvement from 2Q 2022, principally due to enhanced collection efforts in 2023, and are broadly in line with industry-wide dynamics. Nevertheless, this remains an area of focus for management. Cash balance on 30 June 2023 was SAR 170.3 million, or 20.6% higher than at the end of 2022 resulting from higher profits and declining investing activities. Current assets grew by 33.8% to SAR 920.8 million, while non-current assets contracted by 2.7% during the 6-month period.

Total liabilities of SAR 266.2 million were 38.9% above the levels of 31 December 2022, driven by an expansion in current liabilities of 54.5% to SAR 196.1 million stemming from expanded trade payables and other liabilities, which reached SAR 179.6 million, or 64.8% above the previous year-end. Trade payables of SAR 44.6 million reflect a decline in days payable outstanding (DPO) to 43 days (from the 1H 2022 balance of 56 days) following timely settlement to manage payment terms with suppliers.

## Segmental Information

Revenue, SAR (Mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
<b>Major Products</b>						
Pharmaceutical Products	515.7	410.7	25.6%	256.1	207.6	23.4%
Consumer Health Products	84.6	71.4	18.5%	42.3	30.7	37.8%
<b>Total</b>	<b>600.3</b>	<b>482.1</b>	<b>24.5%</b>	<b>298.4</b>	<b>238.3</b>	<b>25.2%</b>
<b>Primary geographical markets</b>						
KSA	411.8	324.2	27.0%	207.7	156.4	32.8%
Gulf	75.2	51.1	47.2%	38.0	26.4	43.9%
Iraq	45.4	44.4	2.3%	23.9	23.4	2.1%
Egypt	23.7	31.5	-24.8%	11.9	18.1	-34.3%
North Africa and other export markets	44.3	30.9	43.4%	16.9	14.0	20.7%
<b>Total</b>	<b>600.3</b>	<b>482.1</b>	<b>24.5%</b>	<b>298.4</b>	<b>238.3</b>	<b>25.2%</b>

Pharmaceutical products accounted for 85.9% of total revenues in 1H 2023 and grew by 25.6% from the previous year, while the consumer health products segment experienced 37.6% expansion in 2Q 2023 YoY. Geographic segmentation shows KSA revenues increasing by 27.0% to SAR 411.8 million in 1H 2023 and accounting for 68.6% of total revenues for the period. Gulf markets contributed 12.5% to total revenues and recorded YoY growth of 47.1% in the first half. The top 5 brands during 1H 2023 contributed 29.1% to the top line whilst new brand launches added SAR 9.9 million to revenue. Meanwhile, Price increases obtained on several products in the first half of the year increased revenue by SAR 25.6 million (a 4.3% contribution).

## Outlook and Guidance

Jamjoom Pharma is a leading MEA pharmaceutical manufacturer operating in a large and expanding market. Jamjoom Pharma's management team remains confident in the near-term outlook for the company and

following achievement of strong growth in the first half of 2023, are upgrading their revenue growth and EBITDA margin guidance, set at the time of its IPO, as detailed below:

Item	Guidance for FY23	Actual (1H-23)
Revenue growth (Revised)	17-19% (old: 15-17%)	24.5%
EBITDA margin (Revised)	c.31% (old: c.30%)	33.2%
CAPEX	4-6%	3.2%

Long-term the Company intends to continue to expand within the MEA region and aims to enter selected additional markets in the coming years, in line with its vision to become a leading MEA organization by 2026 by consistently providing affordable, high-quality healthcare solutions.

## Additional Information

The 1H 2023 financial statements, earnings release, earnings presentation, investor presentation and financial data supplement will be made available on the website of Jamjoom Pharma at:

[investors.jamjoompharma.com](http://investors.jamjoompharma.com)

For more information, please contact the company at:

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