

Avalon Pharma

Earnings Release

Q1 2025

Middle East Pharmaceuticals Industries Company, Avalon Pharma, posted a Total Net Income figure of ﷲ 19.4m, for the first quarter of 2025, marking a 107% increase from the same quarter of 2024.

Key Highlights

Total Revenue amounted to ﷲ 97.4m, up from ﷲ 75.8m the previous year, a 28% increase.

Gross Income increased 33%, reaching SR 60.3m, up from ﷲ 45.3m in the same period of 2024.

Net Income hit ﷲ 19.4m, a 107% increase from the ﷲ 9.4m achieved in Q1 2024.

Total Shareholders' Equity amounted to ﷲ 387.6m, an increase of 23% from the ﷲ 315.5m posted in the same quarter of 2024.

Earnings per Share increased from ﷲ 0.47 in Q1 2024 to ﷲ 0.97 this quarter.

Riyadh, 12th May 2025 – The key drivers of the business reflect a significant increase in the figures on a year-on-year basis, with revenue increasing 28% compared to the same quarter of 2024, hitting ﷲ 97.4m. This increase was driven by robust sales performance in both the private and public sectors, which contributed ﷲ 12m and ﷲ 14m, respectively. This was also complimented by a large increase in the number of new customer accounts opened post Q1 2024, along with the launch of several products in that same time period, but partially offset by the Company's sales phasing strategy, which has been carefully aligned with the movements of the international markets in which it operates. This year-on-year increase in revenue meant Gross Income increased 33%, reaching ﷲ 60.3m, and Net Income growing even more at 107% year-on-year to reach ﷲ 19.4m in the 1st quarter of 2025. This was as a result of improvements in sales along with improved gross margins. As a result, Earnings per Share more than doubled year-on-year to ﷲ 0.97.

Commenting on Avalon's 1st Quarter performance in 2025, Mr Mohamed Maher Al Ghannam, the Managing Director and Chief Executive Officer stated, "We continued to focus on our key offerings to further enhance our position. We forecasted a slowdown at the start of the year comparing to Q4 of 2024 due to our business dynamics and internal decisions based on the seasonality of our products and phasing of the sales during the year, but the significant improvement in figures compared to the same period last-year is testament of the robust execution of our strategy in driving brand equity and consumption, and we are starting to reap the benefits of new products and accounts brought in last year." In conclusion,

Mr Al Ghannam stated, "We continue to focus on our core principles, to deliver outstanding science backed medications to our patients and healthcare professionals, and value to our esteemed shareholders. We

kicked off the year by launching our ACE Strategy, which is now underway

as we look towards the future and how we will sustainably grow Avalon and maintain our market leading presence, and we will continue actively supporting the Kingdom in the realisation of its Vision 2030, all the while maximising value to our customers and return to our shareholders."

Income Statement Summary

	For the three-month period ended 31 March (Unaudited)		YOY
	2025	2024	
Revenue	97,361,107	75,819,700	28%
Cost of revenue	(37,093,712)	(30,523,050)	22%
Gross profit	60,267,395	45,296,650	33%
Selling and distribution expenses	(23,377,443)	(19,685,157)	19%
General and administrative expenses	(14,491,672)	(13,292,835)	9%
(Impairment)/reversal loss on trade receivable	-	31,756	-
Other income /(expenses)	(95,612)	(16,214)	490%
Operating profit	22,302,668	12,334,200	81%
Finance costs	(1,364,466)	(1,340,437)	2%
Profit before zakat	20,938,202	10,993,763	90%
Zakat expense	(1,539,921)	(1,625,001)	- 5%
Profit for the year	19,398,281	9,368,762	107%
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit or loss:			
Equity investment at FVOCI – net change in fair value	-	(270,772)	-
Other comprehensive income/ (loss) for the year	-	(270,772)	-
Total comprehensive income for the year	19,398,281	9,097,990	113%
Basic and diluted earnings per share	0.97	0.47	107%

Gross Profit increased by 33%, reaching ₪ 60.3m in the first quarter of 2025 compared to ₪ 45.3m in Q1 2024, driven by a 28% increase in revenue to ₪ 97.4m, offset by a 22% increase in cost of revenue, which amounted to ₪ 37.1m.

Operating profit amounted to ₪ 22.3m, up from ₪ 12.3m in the same quarter of 2024, an increase of 81%, driven by higher gross profit, offset by an increase of 19% in selling and distribution expenses to ₪ 23.4m, a 9% increase in general and administrative which amounted to ₪ 14.5m.

Profit before zakat increased by 90%, reaching ₪ 20.9m from ₪ 11m in the same quarter of 2024, mainly attributed to the higher operating profit, partially offset by the 2% increase in the financing costs to ₪ 1.4m.

Net income reached ₪ 19.4m, an increase of 107% on Q1 2024's figure of ₪ 9.4m, due to the 90% increase in profit before zakat, and 5% reduction in zakat expenses to ₪ 1.5m from the ₪ 1.6m in Q1 2024. All of this meant an increase in Earnings per Share to ₪ 0.97 in Q1 2025, up from ₪ 0.47 in Q1 2024.

Balance Sheet Summary

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	QoQ
Assets			
Non-current assets			
Property, plant and equipment	122,622,309	120,764,715	2%
Intangible assets	51,988,087	50,592,367	3%
Total non-current assets	174,610,396	171,357,082	2%
Current assets			
Inventories	94,645,620	93,595,532	1%
Trade receivables	222,893,219	217,484,690	2%
Prepayments and other current assets	22,316,661	21,698,020	3%
Cash and cash equivalents	33,868,617	22,645,719	50%
Total current assets	373,724,117	355,423,961	5%
Total assets	548,334,513	526,781,043	4%
EQUITY AND LIABILITIES			
Equity			
Share capital	200,000,000	200,000,000	0%
General reserve	25,253,411	25,253,411	0%
Other comprehensive loss	(11,751,592)	(11,751,592)	0%
Retained earnings	174,105,857	154,707,576	13%
Total equity	387,607,676	368,209,395	5%
Liabilities			
Non-current liabilities			
Loans and borrowings	-	-	-
Employee benefits	24,974,393	24,536,489	2%
Total non-current liabilities	24,974,393	24,536,489	2%

Balance Sheet Summary

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	QoQ
Current liabilities			
Short-term loans	60,861,383	62,308,124	-2%
Loans and borrowings	1,584,484	3,168,968	-50%
Trade payables	38,096,091	27,349,169	39%
Accruals and other current liabilities	26,577,805	34,116,138	-22%
Zakat payable	8,632,681	7,092,760	22%
Total current liabilities	135,752,444	134,035,159	11%
Total liabilities	160,726,837	158,571,648	1%
Total equity and liabilities	548,334,513	526,781,043	4%

At the end of Q1 2025, total assets reached ₪ 548.3m, an increase of 4% from the ₪ 526.8m from the end of Q4 of 2024, driven mainly by a significant increase in Cash and Cash equivalents of 50%, which amounted to ₪ 33.9m, up from ₪ 22.6m.

Total Equity and Liabilities reached ₪ 548.3m in Q1 2025 from ₪ 526.8m the previous quarter. This was driven primarily by an increase in Trade Payables of 39%, which amounted to ₪ 38.1m, up from ₪ 27.3m the previous quarter, coupled with a 22% increase in Zakat payable, which hit ₪ 8.6m, up from ₪ 7.1m the previous quarter. This was offset by a 22% reduction in accruals and other liabilities, which dropped to ₪ 26.6m from the ₪ 34.1m witnessed at the end of 2024, partially offset by a 50% reduction in current portion of loans and borrowings, down from ₪ 3.2m in Q4 2024 to ₪ 1.6m in Q1 2025.

Key Ratios

	Q1 2025	Q1 2024	QoQ CHANGE
Current Ratio	2.75	2.44	+0.31
Return on Assets	4%	2%	+2ppt
Return on Equity	5%	3%	+2ppt
Debt to Equity	41%	44%	-3ppt

Additional Information

Auditors Opinion

Unmodified

Avalon's financial statements, earnings release, investor presentation, along with further relevant material are openly available on the IR website.

<https://www.avalonpharmaceutical.com/investors>

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