

Avalon Pharma Earnings Release

Financial Year 2025

Middle East Pharmaceutical Industries Company, Avalon Pharma, posted a Net Profit figure of ₪ 97.0m, for 2025, marking a 21% increase from 2024.

Key Highlights

Total Revenue reached ₪ 460.5m, up from ₪ 394.0m in the previous year, a 17% increase

Net Profit increased 21%, reaching ₪ 97.0m, up from ₪ 79.8m in 2024

Total Shareholders' Equity amounted to ₪ 416.2m, an increase of 13% from the ₪ 368.2m posted in 2024

Earnings per Share increased by 22% from ₪ 3.99 in 2024 to ₪ 4.85 in 2025

Riyadh, 04 March 2026 – Over the course of 2025, Avalon Pharma achieved a remarkable 17% Year-on-Year growth, ending the year with a Total Revenue figure of $\text{SAR } 460.5\text{m}$, up from the $\text{SAR } 394.0\text{m}$ posted in the previous year. This increase was driven by strong private sector partnerships, which grew by 16% from the previous year to hit $\text{SAR } 310.0\text{m}$ (67% of total sales) as a result of the Company's strategic agreements with major pharmacy chains and hospitals. Revenue from institutional sales which grew 23% to reach $\text{SAR } 93\text{m}$ (20% of total sales) also contributed to the growth in the company's revenue. Furthermore, the expansion within the international market reflected a 14% growth YoY, with $\text{SAR } 57.0\text{m}$ (13% of total sales) in revenue in 2025.

As a result of the growth in revenue, Avalon has posted a 21% increase in Net Profit, reaching $\text{SAR } 97.0\text{ m}$ for 2025. The main contributing factors for this improved profitability were the strong revenue figures posted, along with the improvement in gross profit margin as a result of product mix diversification and realization of the economies of scale due to higher production capacity utilization. As a result of the positive figures, Total Shareholders' Equity increased 13% to reach $\text{SAR } 416.2\text{m}$.

Commenting on Avalon's 2025 performance,

Mr. Mohamed Maher Al Ghannam, the Managing Director and Chief Executive Officer stated, "In line with our strategic goals, we delivered significant top and bottom-line growth, thanks to the dedication and hard work of all our employees. **This performance reinforces the Company's strategic focus on innovation, targeted market expansion, and production efficiency, ensuring that Avalon Pharma is well-positioned for sustained future growth.** Our mission is consistent, i.e. to continue innovating and producing market-leading products, whilst continually investing in our talent development, the latest technology and facilities, to remain at the forefront of the industry. Finally, the launch of our ACE strategy will continue to guide the Company's activities forward, as we continue our quest to support the Kingdom in achieving its goals of Vision 2030. And we look forward to continuing our customer-centric mission, to deliver maximum value to our esteemed customers, and maximize shareholders' returns."

Income Statement Summary

	FY 2025	FY 2024	YoY
Revenue	460,484,823	394,000,567	17%
Cost of revenue	(173,646,558)	(150,638,245)	15%
Gross profit	286,838,265	243,362,322	18%
Selling and distribution expenses	(113,756,605)	(96,190,493)	18%
General and administrative expenses	(63,239,495)	(53,756,520)	18%
Impairment loss on trade receivables	(1,465,747)	(3,537,108)	-59%
Other income, net	36,331	1,155,467	-97%
Operating profit	108,412,749	91,033,668	19%
Finance costs	(4,673,004)	(4,684,744)	0%
Profit before zakat	103,739,745	86,348,924	20%
Zakat expense	(6,730,280)	(6,500,004)	4%
Profit for the year	97,009,465	79,848,920	21%
Other comprehensive (loss)			
Items that will not be reclassified to profit or loss:			
Equity investment at FVOCI – net change in fair value	-	(555,320)	-100%
Re-measurements of defined benefit liability	(1,974,850)	(2,483,728)	-20%
Other comprehensive loss for the year	(1,974,850)	(3,039,048)	-35%
Total comprehensive income for the year	95,034,615	76,809,872	24%
Basic and diluted earnings per share	4.85	3.99	21%

Gross Profit increased by 18%, reaching ₪ 286.8m in 2025 compared to ₪ 243.4m in 2024, driven by a 17% increase in revenue to ₪ 460.5m, coupled with only a 15% increase in cost of revenue, which amounted to ₪ 173.6m.

Operating profit amounted to ₪ 108.4m, up from ₪ 91.0m in 2024, primarily driven by the higher gross profit. The upside in the gross profit was reduced by an increase of 18% in selling and distribution expenses to ₪ 113.8m, likewise general and administrative expenses have increased by 18%, which hit ₪ 63.2m, partially offset by the decrease in impairment loss on trade receivable from ₪ 3.5m in 2024 to ₪ 1.5m in 2025.

Net income reached ₪ 97.0m, an increase of 21% on 2024's figure of ₪ 79.8m, due to an improved operating profit partially offset by a 4% increase in Zakat expenses which hit ₪ 6.7m. Overall, this meant an increase in Earnings per Share to ₪ 4.85, up from ₪ 3.99 in 2024.

Balance Sheet Summary

	FY 2025	FY 2024	YoY
Assets			
Non-current assets			
Property, plant and equipment	123,365,389	120,764,715	2%
Intangible assets	62,362,549	50,592,367	23%
Right-of-use asset	552,423	-	-
Total non-current assets	186,280,361	171,357,082	9%
Current assets			
Inventories	103,525,950	93,595,532	11%
Trade receivables	256,838,441	217,484,690	18%
Prepayments and other current assets	18,515,178	21,698,020	-15%
Cash, cash equivalents and cash in transit	34,370,454	22,645,719	52%
Total current assets	413,250,023	355,423,961	16%
Total assets	599,530,384	526,781,043	14%
EQUITY AND LIABILITIES			
Equity			
Share capital	200,000,000	200,000,000	0%
General reserve	-	25,253,411	-100%
Other comprehensive loss	(13,726,442)	(11,751,592)	17%
Retained earnings	229,970,452	154,707,576	49%
Total equity	416,244,010	368,209,395	13%
Liabilities			
Non-current liabilities			
Loans and borrowings	21,409,723	-	-
Employee benefits	29,688,661	24,536,489	21%
Lease liabilities - noncurrent portion	164,681	-	-
Total non-current liabilities	51,263,065	24,536,489	109%

Balance Sheet Summary

	FY 2025	FY 2024	YoY
Current liabilities			
Short-term loans	37,389,182	60,088,833	-38%
Loans and borrowings - current portion	4,573,527	3,168,968	44%
Trade payables	44,021,213	27,349,169	61%
Accruals and other current liabilities	38,040,008	36,335,429	5%
Lease liabilities - current portion	306,570	-	-
Zakat payable	7,692,809	7,092,760	8%
Total current liabilities	132,023,309	134,035,159	-2%
Total liabilities	183,286,374	158,571,648	16%
Total equity and liabilities	599,530,384	526,781,043	14%

At the end of 2025, total assets reached ₪ 599.5m, an increase of 14% from the ₪ 526.8m in 2024, driven mainly by significant increase in Cash, cash equivalents and cash in transit (52%), investments in Intangible assets (23%) and Trade Receivables (18%). Total Equity and Liabilities increased by 14%, reaching ₪ 599.5m in 2025 from ₪ 526.8m in the previous year. This was driven primarily by Total Equity, which increased 13%, hitting ₪ 416.2m, up from ₪ 368.2m in 2024 as a result of a 49% YoY increase in retained earnings, which reached ₪ 230.0m, up from ₪ 154.7m in 2024 and is driven by the net profit generated for the year amounting to ₪ 97.0m and the transfer of general reserve of ₪ 25.3m to the retained earnings during the year, partially offset by the cash dividends declared and paid during the year amounting to ₪ 47.0m. Total Non-Current Liabilities increased by 109%, driven by the ₪ 21.4m non-current portion of the loan mainly from SIDF and a 21% increase YoY in employee benefits. Total Current Liabilities decreased 2% driven by the settlement of Short-term loans by 38% which were ₪ 60.1m in 2024 down to ₪ 37.4m at the end of 2025, offset by a 61% increase in Trade payable, which amounted to ₪ 44.0m, increase in the current-portion of loans and borrowings by 44%, an 5% increase in Accruals and other Current Liabilities, and 8% increase in Zakat Payable.

Key Ratios

	FY 2025	FY 2024
Current Ratio (x)	3.13	2.65
Return on Assets (%)	16%	15%
Return on Equity (%)	23%	22%
Debt to Equity (%)	15%	17%

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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