أڤالون فارما
Avalon Pharma

# Earnings Release

## Q1 2026

# AVALON PHARMA REPORTS STRONG REVENUE GROWTH OF 34% TO SAR 130 MILLION AND NET PROFIT GROWTH OF 39% TO SAR 27 MILLION

**Riyadh, Saudi Arabia, 06 May 2026** – Middle East Pharmaceutical Industries Company ("**Avalon Pharma**" or "**the Company**"), one of the leading pharmaceutical companies in the Kingdom of Saudi Arabia, today announced its financial results for the first quarter ("Q1 2026") ended 31 March 2026. Avalon Pharma reported a strong start to 2026, with revenue increasing by 33.7% year-on-year (y-o-y) to SAR 130.1 million in Q1 2026. Growth was driven by strong performance across the Company's core segments, with the Private segment increasing by 38.7% y-o-y and the Public segment growing by 28.6% y-o-y, while the Export segment contributed 3.6% of total revenue, reflecting a temporary rephasing of export activity as part of a disciplined approach to market expansion. The Company recorded net profit of SAR 26.9 million during the three-month period, a 38.7% y-o-y increase, with net profit margin improving to 20.7%, compared to 19.9% in the prior-year period.

During the period, the Company continued to advance its strategic priorities, maintaining a robust product pipeline of 93 molecules, alongside the launch of two (2) new products. Avalon Pharma also entered into five (5) new agreements with international pharmaceutical partners across strategic therapeutic areas, while continuing to progress its manufacturing expansion initiatives. These developments position the Company to support future growth and strengthen its presence in specialized and higher-value segments.

## Q1 2026 HIGHLIGHTS

| Revenue | EBITDA | Net Profit | Utilization |
|---|---|---|---|
| SAR 130 MN | SAR 36 MN | SAR 27 MN | 82% |
| +34% Y-o-Y | +34% Y-o-Y | +39% Y-o-Y | +15pp Y-o-Y |

## SUMMARY FINANCIAL HIGHLIGHTS

| SAR mn | Q1-2026 | Q1-2025 | YoY Change |
|---|---|---|---|
| **Revenue** | 130.1 | 97.4 | +33.7% |
| **Gross Profit** | 80.6 | 60.3 | +33.8% |
| **Gross Profit Margin (%)** | *62.0%* | *61.9%* | *+0.1 pp* |
| **Operating Profit** | 30.7 | 22.3 | +37.7% |
| **Operating Profit Margin (%)** | *23.6%* | *22.9%* | *+0.7 pp* |
| **Net Profit** | 26.9 | 19.4 | +38.7% |
| **Net Profit Margin (%)** | *20.7%* | *19.9%* | *+0.7 pp* |
| **EBITDA** | 35.9 | 26.9 | +33.8% |
| **EBITDA Margin (%)** | *27.6%* | *27.6%* | *0.0 pp* |

## KEY FINANCIAL & OPERATIONAL HIGHLIGHTS

- **Robust revenue growth:** The Company delivered solid revenue growth, driven by strong performance across the Private and Public segments, supported by customer base expansion and increased penetration across key therapeutic categories.
- **Strong Private segment momentum:** The Private segment saw notable growth, supported by higher sales to key customers, onboarding of new customers, and targeted trade activation initiatives.
- **Public segment expansion:** The Public segment recorded a solid increase, underpinned by higher National Unified Procurement Company (NUPCO) tender awards.
- **Stable EBITDA margins with continued investment:** The Company delivered EBITDA growth while maintaining stable margins, as it continued to invest in commercial capabilities and growth initiatives.
- **Sustained bottom-line growth:** The Company reported solid net profit growth, with improved margins, highlighting its ability to scale while maintaining profitability.
- **Well-established product pipeline:** The development pipeline comprised 93 molecules, compared to 97 molecules one year prior, reflecting the approval of seven (7) molecules by the SFDA, alongside the addition of three (3) new molecules to the pipeline. Avalon Pharma's pipeline continues to support visibility on future product launches as molecules advance through development and regulatory pathways.
- **Strategic partnerships in high-value segments:** The Company entered into five (5) key agreements with international partners, strengthening its presence in strategic therapeutic segments and creating enhanced manufacturing localization opportunities.
- **Improved manufacturing utilization:** The Company reached higher capacity utilization, supporting increased production volumes and positioning Avalon Pharma to meet growing demand.
- **Operational Resilience:** Avalon Pharma is actively managing market and geopolitical headwinds through disciplined cost control, secure supply, and strong execution to protect margins and sustain growth.

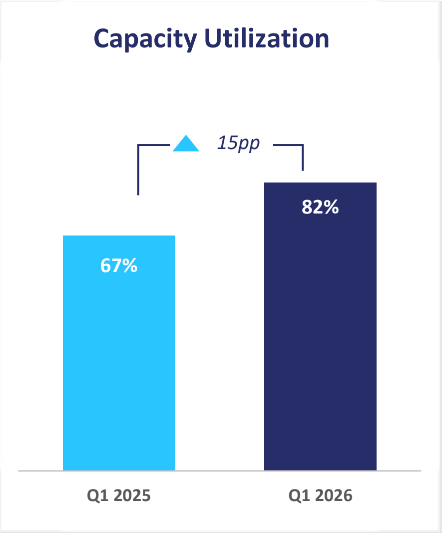
**Commenting on the results, Mohamed Maher Al Ghannam, Managing Director and Chief Executive Officer, said:** "We kicked off 2026 with a strong set of results, delivering solid growth across both revenue and profitability while continuing to advance our strategic priorities. This performance reflects the strength of our commercial platform, supported by solid momentum in the Private segment and continued expansion in Public tenders, as well as the resilience of our operations, and our ability to execute consistently across different channels."

"During the quarter, we made meaningful progress in strengthening the foundations of our long-term growth. We continued to advance our product pipeline, introduce new products to the market, and enter into key partnerships across strategic therapeutic areas, particularly in specialized segments. At the same time, we progressed key investments in our manufacturing platform, which will play an important role in enabling our expansion into more complex product categories."

**He concluded,** "Looking ahead, we remain focused on the disciplined execution of our ACE strategy, centered on portfolio expansion, product development, and international market expansion, further strengthening our overall market position. While we continue to monitor evolving geopolitical developments, we are well positioned to navigate potential headwinds through well-defined mitigation plans and proactive supply chain management. We remain confident in our ability to build on this momentum, supported by a growing pipeline, enhanced capabilities, and a clear strategic direction aligned with the Kingdom of Saudi Arabia's healthcare and localization agendas."

## OPERATIONAL REVIEW & STRATEGIC UPDATES

Avalon Pharma's operational progress during the period reflects the continued execution of its ACE (Accelerate, Catalyze, Expand) strategy, focused on accelerating growth in core segments, expanding into higher-value therapeutic areas, and broadening its geographic footprint.

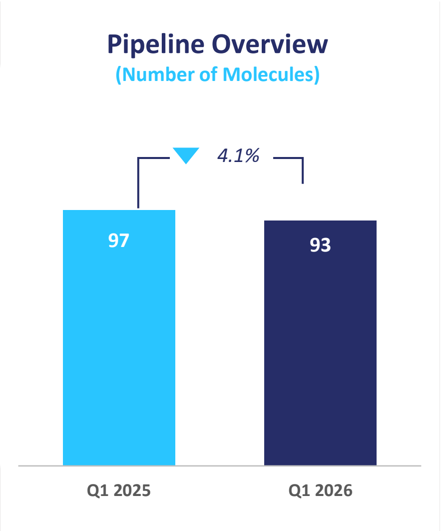



### Accelerate: Manufacturing & Capacity Utilization

Avalon Pharma continued to scale its manufacturing operations during the period, with capacity utilization reaching 82%, compared to 67% in the prior-year period.

The increase in utilization rate reflects higher production volumes to meet growing demand across key product categories, alongside ongoing efforts to optimize manufacturing efficiency.

This increased utilization positions the Company well to support continued growth, while maintaining operational flexibility as it expands its production capabilities through ongoing capital investments.




### Catalyze: Pipeline & Product Development

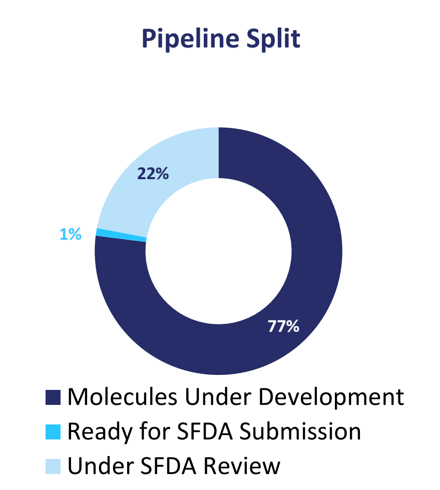
As of Q1 2026, Avalon Pharma's development pipeline comprised 93 molecules, compared to 97 molecules in the prior-year period, reflecting the approval of seven (7) molecules by the SFDA and the addition of three (3) new molecules to the pipeine, while maintaining a solid base to support future portfolio expansion and long-term growth.

The pipeline remains weighted toward active development, with 77% of molecules under development, while 1% are ready for SFDA submission and 22% are currently under SFDA review, providing continued visibility on future product introductions as molecules progress through development and regulatory pathways.

During the quarter, the Company launched two (2) new products, Capitan and Sitavia-Met, compared to one (1) product launch in Q1 2025, supporting portfolio diversification and contributing to continued growth across key therapeutic areas.

### Catalyze: Strategic Partnerships

During the quarter, Avalon Pharma entered into five (5) new agreements with leading international pharmaceutical companies, with an aim to expand its portfolio across strategic therapeutic areas.




These agreements focus primarily on oncology products, including biosimilars and generics, and cover key markets across Saudi Arabia, the GCC, and the broader MENA region, strengthening the Company's regional footprint and deepening its presence in specialized treatment segments.

The partnerships are structured under license and supply models, under which Avalon Pharma undertakes secondary packaging while retaining rights for production localization. This approach supports the Company's long-term objective of expanding local manufacturing capabilities and building a presence in higher-value segments.

In parallel, Avalon Pharma is actively exploring collaboration opportunities with leading Saudi scientific and academic institutions to further enhance its research and development capabilities. These initiatives are aimed at strengthening in-house expertise, supporting innovation, and advancing the Company's long-term goal of building a more integrated and localized pharmaceutical platform.

### Expand: International Footprint

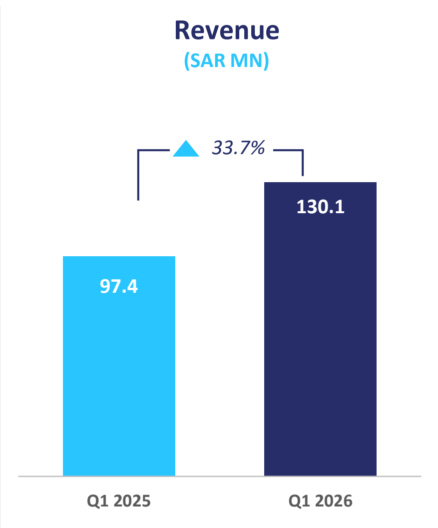
Avalon Pharma maintained progress on its geographic expansion strategy during the quarter, while adopting a more measured approach to export activity. Export growth was temporarily rephased amid regional uncertainty, as the Company optimized market prioritization, while maintaining continuity of supply and supporting its long-term growth objectives.

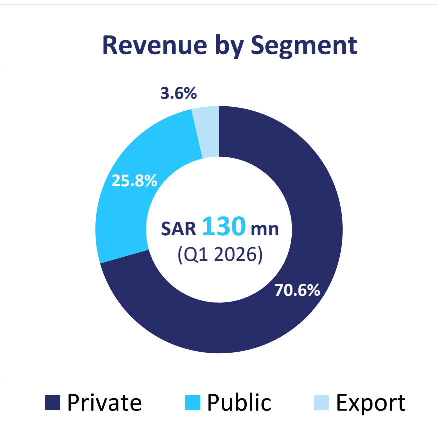
At the same time, Avalon Pharma made solid progress toward entering the Egyptian market, which is expected to represent its 17th international market of operation. The Egyptian market offers a compelling growth opportunity, supported by its scale, depth of healthcare infrastructure, and strategic positioning as a regional hub for pharmaceutical distibution, in line with Avalon Pharma's export expansion strategy of targeting high-potential markets with significant growth potential.

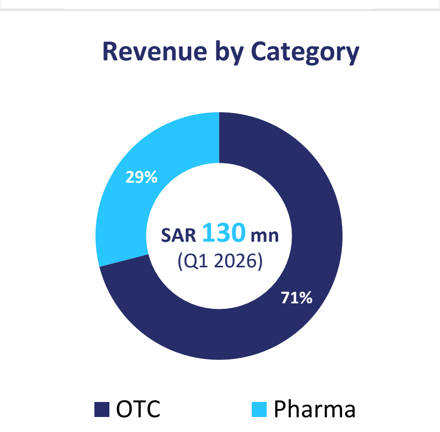
Initial operations are anticipated to commence in Q3 2026, supporting the Company's objective of increasing the contribution of exports to consolidated revenue over the medium term.

## FINANCIAL REVIEW

The financial results for Q1 2026 demonstrate continued operational and commercial progress across Avalon Pharma's core segments, with strong growth in revenue and profitability supported by effective execution, favorable product mix, and disciplined cost control.




### Revenues

Avalon Pharma recorded consolidated revenue of SAR 130.1 million in Q1 2026, a 33.7% y-o-y increase compared to SAR 97.4 million in Q1 2025. Growth was driven by strong performance across the Company's Private and Public segments, reflecting continued commercial execution, expansion of the customer base, and increased penetration across key therapeutic categories.

From a segmental perspective, the Private segment recorded revenue of SAR 91.9 million, increasing by 38.7% y-o-y, and accounting for 70.6% of total revenue. Growth was driven by higher sales to key customers, particularly major pharmacy chains and newly onboarded accounts, supported by targeted trade activation initiatives and enhanced customer engagement. Performance was further supported by strong momentum across specialized segments such as Specialized Care, Dermatology, and Health & Wellness, in addition to new product launches, an expanding customer base, and favorable shift in product mix. Pharmaceutical products contributed approximately 29.0% of total revenue, compared to 71.0% for Over-the-Counter (OTC) products, reflecting a gradual evolution toward higher-value offerings.

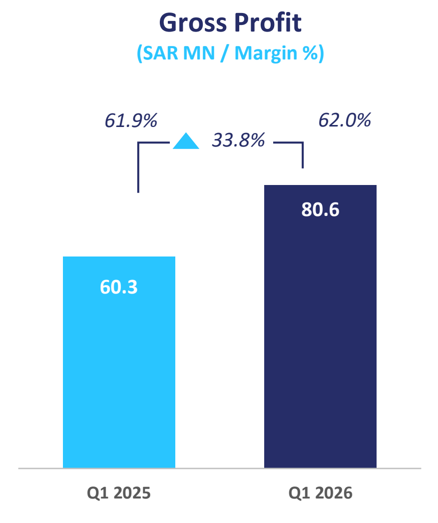
The Public segment recorded revenue of SAR 33.6 million, rising 28.6% y-o-y and contributing 25.8% of total revenue. Performance was primarily underpinned by higher tender awards, particularly through NUPCO.

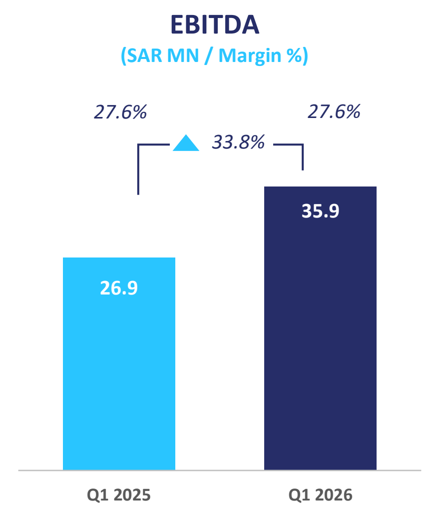
The Export segment recorded revenue of SAR 4.6 million, comprising 3.6% of total revenue, with a slight decline of 6.5% y-o-y. The moderation reflects the Company's strategic decision to rephase export growth during the period, optimizing market prioritization and operational efficiency amid evolving regional dynamics.

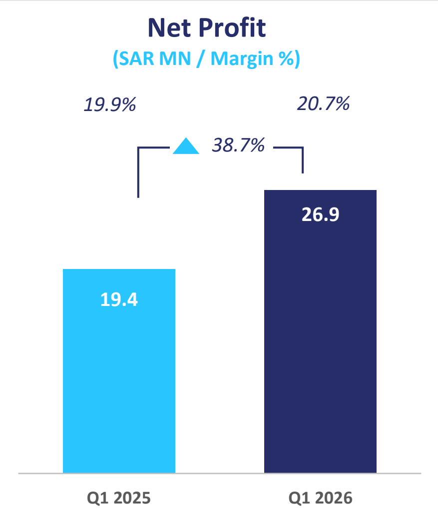
### Gross Profit

Gross profit increased by 33.8% y-o-y to SAR 80.6 million in Q1 2026, compared to SAR 60.3 million in Q1 2025. Increased gross profitability came on the back of strong revenue growth across both the Private and Public segments, reflecting continued commercial momentum and effective execution across key channels.

Gross profit margin improved to 62.0%, compared to 61.9% in the prior-year period, reflecting a favorable product mix and the Company's ability to sustain pricing discipline while scaling its operations.




## EBITDA

EBITDA increased by 33.8% y-o-y to SAR 35.9 million in Q1 2026, driven by improved gross profitability and continued operational scale-up across the business.

EBITDA margin remained broadly stable y-o-y at 27.6%, highlighting the Company's ability to sustain profitability while continuing to invest in its commercial platform and growth initiatives.

Operating expenses increased during the period, reflecting enhanced trade activation initiatives, marketing and promotional activities, and expanded customer engagement efforts aimed at strengthening market positioning and increasing market share.

Despite these investments, the revenue-to-operating expense ratio improved compared to Q1 2025, demonstrating disciplined cost management alongside continued top-line expansion.

## Net Profit

Net Profit stood at SAR 26.9 million during Q1 2026, posting a 38.7% y-o-y increase compared to SAR 19.4 million in Q1 2025. The increase was driven primarily by higher EBITDA profitability, alongside disciplined cost control measures, with the net profit margin improving to 20.7% from 19.9% in the prior-year period.

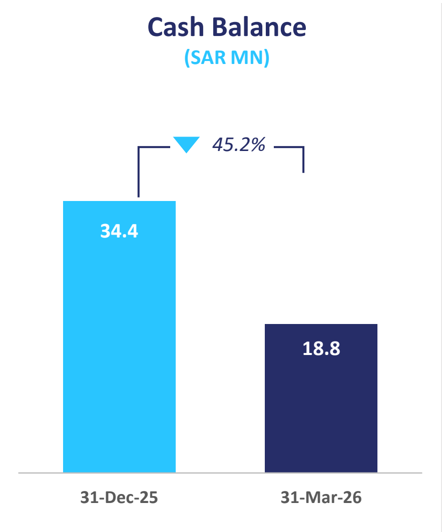
Earnings per share increased to SAR 1.34 in Q1 2026, compared to SAR 0.97 in the comparable quarter of last year, reflecting the Company's strong earnings growth during the period.

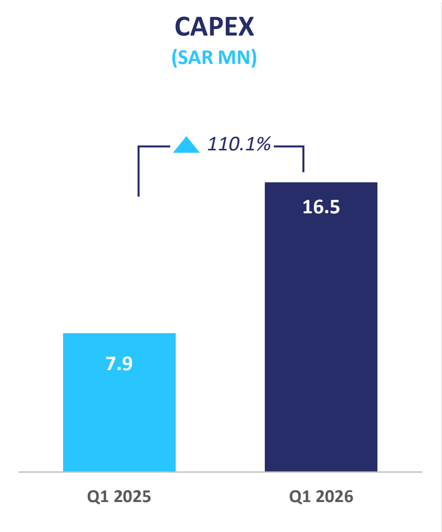
## CAPEX and Cash Balances

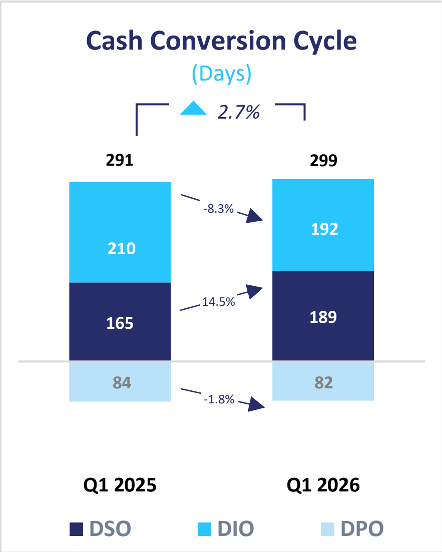
Cash balances stood at SAR 18.8 million as of 31 March 2026, compared to SAR 34.4 million at year-end 2025, reflecting a decrease mainly driven by increased capital expenditure during the quarter, in addition to dividend payments amounting to SAR 26.4 million.

Capital expenditure amounted to SAR 16.5 million during Q1 2026, compared to SAR 7.9 million in Q1 2025, as the Company continues to ramp up investments in its operational infrastructure and capacity expansion initiatives.

During the period, capital deployment was primarily directed toward the ongoing development of Avalon 4, the Company's newest manufacturing facility, with civil works commencing during the quarter. The facility is




expected to significantly expand production capacity, effectively tripling output, while facilitating Avalon Pharma's strategic entry into more complex therapeutic segments, namely oncology, ophthalmology, and injectables. It will also support the expansion of the Company's overall operations and logistics capabilities through improved production flow, increased warehousing and storage capacity, and more efficient inventory and distribution management.

## Cash Flow and Efficiency Metrics

Operating cash flow amounted to SAR 11.6 million in Q1 2026. Cash generation was supported by higher collections from customers but partially diluted by increased supplier payments and working capital requirements.

From a working capital perspective, days sales outstanding (DSO) stood at 189 days, while days inventory outstanding (DIO) and days payables outstanding (DPO) stood at 192 days and 82 days, respectively. This resulted in a cash conversion cycle of 299 days, reflecting the Company's working capital profile and the nature of its operating model, with continued focus on optimizing collections and inventory management while supporting ongoing growth.

In terms of returns, return on assets (TTM) and return on equity (TTM) stood at 16.7% and 25.0%, respectively, highlighting the Company's ability to generate strong returns while continuing to invest in its operational and strategic growth initiatives.

## RISK MITIGATION & OPERATIONAL RESILIENCE

Avalon Pharma is actively managing the impact of current market and geopolitical conditions through a disciplined mitigation framework, with management prioritizing safeguarding operations, protecting margins, and preserving growth momentum. This is supported by ensuring supply continuity via secured API availability, with coverage in place until the first half of 2026, alongside optimized production levels and strict cost discipline to manage ongoing cost pressures. At the same time, management is driving efforts to protect pipeline execution to sustain long-term growth visibility, while reinforcing talent retention to strengthen organizational resilience and ensure consistent execution across the business.

From an operational standpoint, the Company has taken targeted actions to secure API availability, optimize production planning, and mitigate potential supply chain and logistics disruptions. These measures are supported by disciplined cost management initiatives aimed at offsetting freight and manufacturing cost pressures, while maintaining stable utilization levels and supporting operational continuity across the network.

Commercially, the Company continues to adopt a balanced and disciplined approach focused on protecting profitability while sustaining market competitiveness and customer engagement. This includes ongoing portfolio optimization and disciplined management of commercial investments, while maintaining focus on product mix enhancement and execution efficiency. At the same time, the Company continues to strengthen sell-out execution, customer engagement, and demand generation initiatives to support sustainable growth amid evolving market conditions and changing purchasing behaviors.

In parallel, the Company continues to strengthen its organizational resilience through structured succession planning for critical roles, expansion of internal talent pipelines, and ongoing talent development and retention initiatives across key functions. This is further supported by advancing Saudization initiatives in alignment with Vision 2030, alongside accelerating onboarding processes to enhance workforce readiness and long-term capability building. These efforts are designed to reduce dependency on specialized capabilities and support consistent execution across the business.

Overall, the Company maintains a proactive stance, supported by continuous monitoring of market dynamics, customer trends, and geopolitical developments, enabling timely and coordinated responses to emerging risks and supporting the effective execution of its strategic objectives.

**---ENDS---**

## EARNINGS CALL INVITATION

The Company will host a conference call for analysts and investors to discuss its financial results for the relevant period. The call will be attended by members of senior management, who will present the key highlights of the Company's performance and provide an overview of recent financial and operational developments, followed by a Q&A session. The call is intended exclusively for the investment community and will not be open to media participants.

Below are the call details and information for registration.

| Wednesday, 13 May 2026<br>3:00 PM (Riyadh, KSA) l 4:00 PM (Dubai, UAE) l 1:00 PM (London, UK) l 08:00 AM (New York, USA) | |
|---|---|
| **Speakers**<br>Mohamed Maher Al Ghannam \| MD & CEO<br>Moazam A. Shah \| Chief Financial Officer<br>Mohammed Metwally \| Chief Commercial Officer<br>Fayez Awadeh \| Chief Marketing Officer | **Host**<br>AlJazira Capital |
| Click here to register | **Meeting ID: 2378 820 9178**<br>**Passcode: abcd1234** |

## ABOUT AVALON PHARMA

Founded in 1998 and one of the leading pharmaceutical companies in the Kingdom of Saudi Arabia, Avalon Pharma is engaged in the development, manufacturing, and commercialization of health, beauty, and generic prescription products across domestic and international markets.

The Company operates across a geographically diversified footprint spanning 16 international markets, with Saudi Arabia as the core market, complemented by a strong presence across the wider GCC and MENA region, as well as select international markets in Africa and Asia. This expanding presence reflects Avalon's strategy to strengthen regional and international market penetration and enhance long-term revenue diversification.

Operationally, Avalon runs an integrated business model supported by advanced manufacturing capabilities and a broad portfolio of more than 80 brands. Its business is structured across three core segments: Public, Private, and Export, complemented by Retail and Hospitals as key sub-channels that further support market reach and customer diversification.

The Company's growth strategy is guided by its ACE framework, focused on accelerating growth, catalyzing portfolio expansion through new product development and launches, and expanding geographically. This strategy continues to support Avalon's long-term ambition in line with Saudi Arabia's Vision 2030, reinforcing its position as a regionally scaled pharmaceutical platform with increasing international exposure.

## DISCLAIMER

The Information included in this document has not been reviewed, verified, approved and/or licensed by the Central Bank of the Kingdom of Saudi Arabia ("KSA"), Capital Market Authority of KSA and/or any other relevant licensing or regulatory authority in KSA including any licensing authority established and operating in the territory of KSA. The Information does not constitute a recommendation regarding the purchase or sale of shares. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of the Company and the nature of the Offer Shares before taking any investment decision with respect thereto. If you do not understand the contents of the Information, you should consult an authorized financial adviser.

The Information contains forward-looking statements. These statements and any other statements that are not historical fact that are included in the Information are forward-looking statements. Forward-looking statements give the Company's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance, and business. These statements may include, without limitation, any statements preceded by, followed by, or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties, and other important factors beyond the Company's control that could cause the Company's actual results, performance, or achievements to be materially different from the expected results, performance, or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future and should not be construed as guarantees of future performance.

The information provided in these materials is intended for informational purposes only and should not be construed as professional advice. While every effort has been made to ensure the accuracy and completeness of the content, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability, or availability with respect to the information contained herein.

## IR Department
## Contact

Tel. +966 920020564 +966 118365000
Investors.relations@avalon.com.sa