

# Avalon Pharma

## Earnings Release

Financial Year 24

Middle East Pharmaceuticals Company, Avalon Pharma, posted a Net Profit figure of  $\text{ﷲ}79.8\text{m}$ , for 2024, marking a 21.3% increase from 2023.

### Key Highlights

Total Revenue reached  $\text{ﷲ}394\text{m}$ , up from  $\text{ﷲ}338.4\text{m}$  the previous year, a 16.4% increase

Net Profit increased 21.3%, reaching  $\text{ﷲ}79.8\text{m}$ , up from  $\text{ﷲ}65.8\text{m}$

Total Shareholders Equity amounted to  $\text{ﷲ}368.2\text{m}$ , an increase of 20.2% from the  $\text{ﷲ}306.4\text{m}$  posted in 2023

Earnings per Share increased from  $\text{ﷲ}3.29$  in 2023 to  $\text{ﷲ}3.99$

Riyadh, 20th March 2025 – Over the course of 2024, Avalon Pharma achieved a remarkable 16.4% Year-on-Year growth, ending the year with a Total Revenue figure of **ﷲ 394**, up from the **ﷲ 338.4** posted the previous year. This increase was driven by strong private sector partnerships which grew 9.4% from the previous year to hit **ﷲ 268m** (68% of total sales) as a result of the Company's strategic agreements with major pharmacy chains and hospitals. The increase in revenue can also be attributed to an increase in institutional sales which amounted to 19% of total sales (**ﷲ 75m**) and grew 35.4% YoY, and robust expansion within the international market which showed a 34.4% growth YoY, ending 2024 with **ﷲ 50m** (13% of total sales). As a result of the increase in revenue, Avalon also posted a 21.3% increase in Net Profit, which amounted to **ﷲ 9.8m** for 2024. The main attributing factors for this increase were the strong revenue figures posted, along with the improvement in gross profit margin as a result of product mix diversification and taking advantage of economies of scale due to higher productions activities. As a result of the positive figures, Total Shareholders Equity increased 20.2% to reach **ﷲ 368.2m**.

Commenting on Avalon's 2024 performance, Mr Mohamed Maher Al Ghannam, the Managing Director and Chief Executive Officer stated, "After a milestone year, which kicked off with the listing of Avalon on the Saudi Exchange, we continued on our upwards trajectory, which culminated in our positive growth figures. We have leveraged our long-standing presence in the Kingdom to expand our footprint, not just in Saudi, but the wider region as we posted strong growth figures in both Kuwait and the UAE. In line with our strategic goals, we delivered significant top and bottom-line growth, thanks to the dedication and hard work of all of our employees." In conclusion, Mr Al Ghannam stated, ***"We are very proud of our roots, to be where we are today 26 years after starting with just a few employees. Our aim is to continue innovating, and producing market leading products, whilst continually investing in the latest technology, and facilities, to remain at the forefront of the industry. The launch of our new ACE strategy will help guide the Company's activities forward, as we continue on our quest to support the Kingdom in achieving its goals of Vision 2030. And we look forward to continuing on our customer-centric mission, to deliver maximum value to our esteemed customers, and return to our shareholders."***

## Income Statement Summary

	FY 2024	FY 2023	YoY
Revenue	394,000,567	338,439,704	16%
Cost of revenue	(150,638,245)	(134,415,658)	12%
<b>Gross profit</b>	<b>243,362,322</b>	<b>204,024,046</b>	<b>19%</b>
Selling and distribution expenses	(96,190,493)	(80,621,578)	19%
General and administrative expenses	(53,756,520)	(46,227,113)	16%
(Impairment)/reversal loss on trade receivable	(3,537,108)	1,505,907	-335%
Other income /(expenses)	1,155,467	(431,599)	-368%
<b>Operating profit</b>	<b>91,033,668</b>	<b>78,249,663</b>	<b>16%</b>
Finance costs	(4,684,744)	(6,811,431)	-31%
<b>Profit before zakat</b>	<b>86,348,924</b>	<b>71,438,232</b>	<b>21%</b>
Zakat expense	(6,500,004)	(5,610,883)	16%
<b>Profit for the year</b>	<b>79,848,920</b>	<b>65,827,349</b>	<b>21%</b>
<b>Other comprehensive income/ (loss)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Equity investment at FVOCI – net change in fair value	(555,320)	(2,276,216)	-76%
Re-measurements of defined benefit liability	(2,483,728)	(1,425,243)	74%
<b>Other comprehensive income/ (loss) for the year</b>	<b>(3,039,048)</b>	<b>(3,701,459)</b>	<b>-18%</b>
<b>Total comprehensive income for the year</b>	<b>76,809,872</b>	<b>62,125,890</b>	<b>24%</b>
Basic and diluted earnings per share	3.99	3.29	21%

**Gross Profit** increased 19%, reaching ₪ 243.4m in 2024 compared to ₪204.0m in 2023, driven by a 16% increase in revenue to ₪394m, coupled with a 12% increase in cost of revenue, which amounted to ₪ 150.6m.

**Operating profit** amounted to ₪ 91.0m, up from ₪ 78.2m in 2023, an increase of 16%, primarily driven by an increase of 19% in selling and distribution expenses to ₪ 96.2m, a 16% increase in general and administrative which hit ₪ 53.8m, an impairment loss on trade receivable of ₪ 3.5m, but partially offset by a positive other income figure of ₪ 1.2m.

**Net income** reached ₪ 79.8, an increase of 21% on 2023's figure of ₪ 65.8m, due to a 31% decrease in financing costs which amounted to ₪ 4.7m, partially offset by a 16% increase in Zakat expenses which hit ₪ 6.5m. Overall, this meant an increase in Earnings per Share to SAR3.99, up from SAR3.29 in 2023.

## Balance Sheet Summary

	FY 2024	FY 2023	YoY
Assets			
<b>Non-current assets</b>			
Property, plant and equipment	120,764,715	119,078,176	1%
Intangible assets	50,592,367	46,850,981	8%
Equity investments	-	1,324,434	-
<b>Total non-current assets</b>	<b>171,357,082</b>	<b>167,253,591</b>	<b>2%</b>
<b>Current assets</b>			
Inventories	93,595,532	87,170,361	7%
Trade receivables	217,484,690	163,366,236	33%
Prepayments and other current assets	21,698,020	12,364,337	75%
Due from related parties	-	7,482,902	-
Cash and cash equivalents	22,645,719	15,107,194	50%
<b>Total current assets</b>	<b>355,423,961</b>	<b>285,491,030</b>	<b>24%</b>
<b>Total assets</b>	<b>526,781,043</b>	<b>452,744,621</b>	<b>16%</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	200,000,000	200,000,000	0%
Statutory reserve	25,253,411	25,253,411	0%
Other comprehensive loss	(11,751,592)	(26,667,791)	-56%
Retained earnings	154,707,576	107,813,903	43%
<b>Total equity</b>	<b>368,209,395</b>	<b>306,399,523</b>	<b>20%</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	-	3,168,968	-
Employee benefits	24,536,489	22,095,084	11%
<b>Total non-current liabilities</b>	<b>24,536,489</b>	<b>25,264,052</b>	<b>-3%</b>

## Balance Sheet Summary

	FY 2024	FY 2023	YoY
<b>Current liabilities</b>			
Short-term loans	62,308,124	52,496,991	19%
Loans and borrowings	3,168,968	6,337,936	-50%
Trade payables	27,349,169	28,041,528	-2%
Accruals and other current liabilities	34,116,138	28,779,243	19%
Zakat payable	7,092,760	5,425,348	31%
<b>Total current liabilities</b>	<b>134,035,159</b>	<b>121,081,046</b>	<b>11%</b>
<b>Total liabilities</b>	<b>158,571,648</b>	<b>146,345,098</b>	<b>8%</b>
<b>Total equity and liabilities</b>	<b>526,781,043</b>	<b>452,744,621</b>	<b>16%</b>

At the end of 2024, total assets reached ₪ 526.8m, an increase of 16% from the ₪ 452.7m from 2023, driven mainly by significant increases in Prepayments and other current assets (75%), Cash and Cash Equivalents (50%), and Trade Receivables (33%).

Total Equity and Liabilities increased 16%, reaching ₪ 526.8m in 2024 from ₪ 452.7m the previous year. This was driven primarily by Total Equity, which increased 20%, hitting ₪ 368.2m, up from ₪ 306.4m in 2023 as a result of a 56% reduction in other comprehensive loss to ₪ 11.8m, complimented by a 43% YoY increase in retained earnings, which reached ₪ 154.7m, up from ₪ 107.8m in 2023. Total Non-Current Liabilities decreased 3%, driven by an 11% increase YoY in employee benefits, but partially offset by having no non-current portion of long-term loans and borrowings. Total Current Liabilities increased 11% driven by a 31% increase in Zakat payable, which amounted to ₪ 7.1m, a 19% increase in Accruals and other Current Liabilities, a 19% increase in Short-Term Loans, which were ₪ 62.3m, and a 2% drop in trade payables.

## Key Ratios

	FY 2024	FY 2023
Current Ratio	2.65	2.36
Return on Assets	15%	15%
Return on Equity	22%	22%
Debt to Equity	0.43	0.48

## 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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