

# Avalon Pharma

## Earnings Release

H1 2025

Middle East Pharmaceuticals Industries Company, Avalon Pharma, posted a Total Net Income figure of ₪ 44.2m, for the first half of 2025, marking a 42% increase compared to the same period of 2024.

### Key Highlights

**Total Revenue** amounted to ₪ 215m, up from ₪ 177m the previous year, a 22% increase YoY.

**Gross Profit** increased 23%, reaching ₪ 134 m, up from ₪ 109m in the same period of 2024.

**Net Income** hit ₪ 44.2m, a 42% increase from the ₪ 31.2m achieved in the first half of 2024.

**Total Shareholders' Equity** amounted to ₪ 385m, an increase of 14% from the ₪ 337m on the same period of 2024

**Earnings per Share** increased from ₪ 1.56 in H1 2024 to ₪ 2.21 in H1 2025.

Riyadh, 10th August 2025 – The first half of 2025 showcased a period of robust growth and strategic success for the company, driven by healthy market dynamics. Revenue surged by 22% to **ﷲ** 215.0 million, and gross profit increased by 23%, reflecting strong demand across all key segments, including significant contributions from the public, private, and export sectors. This impressive top-line performance, coupled with effective cost management, led to the demonstration of positive growth, where income growth substantially outpaced the increase in operating expenses.

This strong financial outcome underscores that the company's strategic execution is firmly on track, effectively capitalizing on market opportunities and enhancing operational efficiency. Operating profit for the period climbed by 37%, and net profit increased by 42%, highlighting the company's ability to translate revenue growth into enhanced profitability. With these solid results, the forward outlook remains positive, as the company is well-positioned for continued success.

Commenting on Avalon's 1st half performance in 2025, Mr Mohamed Maher Al Ghannam, the Managing Director and Chief Executive Officer stated, "It is a great privilege to continue to lead the Company on its forward-looking path. We have capitalised on the strong demand across our key segments to post very promising first half results, posting significant gains in both our top and bottom-line figures."

In conclusion, Mr. Al Ghannam stated, ***"We are confident in our strategic vision, that the Company will continue to go from strength to strength, and to continue capitalising on the strong demand across our offerings, from the public sector, to the private sector and also exports. We continue to focus heavily on cost optimisation during our expansionary efforts to maintain our healthy and sustainable growth to maximise shareholder returns, whilst actively contributing to the realisation of Saudi Arabia's Vision 2030."***

## Income Statement Summary

	H1 2025	H1 2024	YoY	Q2 2025	Q2 2024	QoQ
Revenue	215,016,901	176,951,548	22%	117,655,794	101,131,848	16%
Cost of revenue	-81,117,540	-68,372,118	19%	-44,023,828	-37,849,068	16%
<b>Gross profit</b>	<b>133,899,361</b>	<b>108,579,430</b>	<b>23%</b>	<b>73,631,966</b>	<b>63,282,780</b>	<b>16%</b>
Selling and distribution expenses	-53,751,343	-45,506,802	18%	-30,373,900	-25,821,645	18%
General and administrative expenses	-29,304,902	-26,248,704	12%	-14,813,230	-12,955,869	14%
Other income /(expenses)	-280,369	33,020	-	-184,757	17,478	-
<b>Operating profit</b>	<b>50,562,747</b>	<b>36,856,944</b>	<b>37%</b>	<b>28,260,079</b>	<b>24,522,744</b>	<b>15%</b>
Finance costs	-2,572,327	-2,432,334	6%	-1,207,861	-1,091,897	11%
<b>Profit before zakat</b>	<b>47,990,420</b>	<b>34,424,610</b>	<b>39%</b>	<b>27,052,218</b>	<b>23,430,847</b>	<b>15%</b>
Zakat expense	- 3,781,201	-3,250,000	16%	-2,241,280	-1,625,000	38%
<b>Profit for the year</b>	<b>44,209,219</b>	<b>31,174,610</b>	<b>42%</b>	<b>24,810,938</b>	<b>21,805,847</b>	<b>14%</b>

The company delivered outstanding financial results for the first half of 2025, with revenue increasing by 22% to ₪ 215.0 million compared to the same period in 2024. This growth trajectory was consistent in the second quarter of 2025, which saw a 16% increase in revenue year-on-year. Gross profit achieved a healthy 23% increase, reaching 133.9 million, reflecting effective management of direct costs relative to sales.

A notable aspect of this period's performance is the demonstration of positive growth. While operating expenses, including S&D expenses increased by 18% and G&A expenses increased by 12%, the rate of revenue growth comfortably outpaced these increases. This favourable dynamic resulted in a 37% increase in operating profit, reaching ₪ 50.6 million for the first half of the year. As a result, net profit for the period grew by 42% to 44.2 million, indicating an improved overall financial outcome driven by efficient leverage.

## Balance Sheet Summary

	30-Jun 2025	31-Dec 2024	
<b>Assets</b>			
Property, plant and equipment	128,270,187	120,764,715	6%
Intangible assets	53,577,697	50,592,367	6%
<b>Total non-current assets</b>	<b>181,847,884</b>	<b>171,357,082</b>	<b>6%</b>
Trade receivables	235,837,067	217,484,690	8%
Inventories	98,082,838	93,595,532	5%
Prepayments and other current assets	21,074,101	21,698,020	-3%
Cash and cash equivalents	24,268,485	22,645,719	7%
<b>Total current assets</b>	<b>379,262,491</b>	<b>355,423,961</b>	<b>7%</b>
<b>Total assets</b>	<b>561,110,375</b>	<b>526,781,043</b>	<b>7%</b>
<b>Equity</b>			
Share capital	200,000,000	200,000,000	0%
General reserve	-	25,253,411	
Other comprehensive loss	(13,996,798)	(11,751,592)	19%
Retained earnings	199,170,206	154,707,576	29%
<b>Total equity</b>	<b>385,173,408</b>	<b>368,209,395</b>	<b>5%</b>
<b>Liabilities</b>			
Loans and borrowings	14,079,301	-	-
Employee benefits	28,036,061	24,536,489	14%
<b>Total non-current liabilities</b>	<b>42,115,362</b>	<b>24,536,489</b>	<b>72%</b>
Short-term loans	46,730,139	62,308,124	-25%
Loans and borrowings – current portion	-	3,168,968	
Trade payables	52,358,517	27,349,169	91%
Accruals and other current liabilities	29,764,656	34,116,138	-13%
Zakat payable	4,968,293	7,092,760	-30%
<b>Total current liabilities</b>	<b>133,821,605</b>	<b>134,035,159</b>	<b>0%</b>
<b>Total liabilities</b>	<b>175,936,967</b>	<b>158,571,648</b>	<b>11%</b>
<b>Total equity and liabilities</b>	<b>561,110,375</b>	<b>526,781,043</b>	<b>7%</b>

The financial position strengthened in the first half of 2025, with total assets increasing by 7% to  $\text{SAR}$  561.1 million as of June 30, 2025, compared to 526.8 million at December 31, 2024. This growth was consistent across both non-current and current assets, which each rose by 6% and 7% respectively. Key drivers for the asset expansion included an 8% increase in trade receivables, a 6% rise in property, plant and equipment, and a 7% increase in cash and cash equivalents.

The increase in assets was primarily funded by a 5% growth in total equity, reaching  $\text{SAR}$  385.2 million, largely attributable to a significant 29% increase in retained earnings. The increase in the retained earnings was attributable to the transfer of general reserve, in addition to the profit generated during the period but partially offset by the dividends paid to the company's shareholders.

Total liabilities also grew by 11% to  $\text{SAR}$  175.9 million. Notably, non-current liabilities saw a substantial 72% surge due to new loans from Saudi Investment Development Fund (SIDF), while current liabilities remained stable, as a 91% increase in trade payables was offset by decreases in short-term loans and Zakat payable.

## Key Ratios

	H1 2025	H1 2024	YoY Change
Current Ratio	2.83	2.59	+0.24
ROA (TTM)	16.6%	17.1%	-0.5ppt
ROE (TTM)	24.1%	23.6%	+0.5ppt
Bank Debt to Equity	15.8%	8.9%	+6.9ppt

## 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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