

Avalon Pharma

Earnings Release

9M 2025

Middle East Pharmaceuticals Industries Company, Avalon Pharma, posted a Net Profit of ₪ 52.5m, for the first nine-months of 2025, marking a 50% increase compared to the same period of 2024.

Key Highlights

Total Revenue amounted to ₪ 323m, up from ₪ 258m in the previous year, a 25% increase.

Gross Profit increased by 27%, reaching ₪ 196m, up from ₪ 154m in the same period of 2024.

Net Profit hit ₪ 52.5m, a 50% increase from the ₪ 35.0m achieved in the same period of 2024.

Total Shareholders' Equity amounted to ₪ 371m, an increase of 14% from the ₪ 326m on the same period of 2024.

Earnings per Share increased from ₪ 1.75 for the first nine-months of 2024 to ₪ 2.62 in the current period.

Riyadh, 5th November 2025 – The first nine months of 2025 showcased a period of continued robust growth driven by strong strategy execution and market success for the company. This exceptional performance was underpinned by healthy market dynamics, a successful expansion of our product portfolio, and successful operational execution across our core segments. Key initiatives, including deeper market penetration in high-growth categories like Dermatology, Respiratory, Cardiometabolic & Pain Management, fuelled this momentum. As a result, Revenue surged by 25% to ~~SR~~ 323 million, and gross profit increased by 27%, demonstrating strong demand and an efficient cost management.

Commenting on the results, Mr. Mohamed Maher Alghannam, Managing Director & CEO of Avalon Pharma, stated:

“Our exceptional results for the first nine months of 2025, marked by a 50% surge in Net Income and 25% growth in Total Revenue, are a clear testament to the successful execution of our core strategic plan. This performance underscores our agility in meeting dynamic market demand and solidifies our leadership in the regional pharmaceutical sector. We remain fully committed to driving operational excellence and delivering sustainable value to our shareholders.”

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.

Income Statement Summary

	9M 2025	9M 2024	%	Q3 2025	Q3 2024	%
Revenue	322,967,278	258,012,834	25%	107,950,377	81,061,286	33%
Cost of revenue	(126,594,060)	(103,732,144)	22%	(45,476,520)	(35,360,027)	29%
Gross profit	196,373,218	154,280,690	27%	62,473,857	45,701,259	37%
Selling and distribution expenses	(85,786,674)	(66,684,260)	29%	(32,035,331)	(21,177,458)	51%
General and administrative expenses	(48,031,952)	(40,520,419)	19%	(18,727,050)	(14,271,715)	31%
(Impairment)/reversal loss on trade receivable	(845,963)	(3,537,108)	-76%	(845,963)	(3,568,864)	-76%
Other income /(expenses)	(132,584)	254,667		147,785	253,403	-42%
Operating profit	61,576,045	43,793,570	41%	11,013,298	6,936,625	59%
Finance costs	(3,767,044)	(3,876,762)	-3%	(1,194,717)	(1,444,428)	-17%
Profit before zakat	57,809,001	39,916,808	45%	9,818,581	5,492,197	79%
Zakat expense	(5,321,483)	(4,875,003)	9%	(1,540,282)	(1,625,002)	-5%
Profit for the period	52,487,518	35,041,805	50%	8,278,299	3,867,195	114%

The Company's top-line performance was outstanding, reporting Total Revenue of ₪ 323 million for the nine-months period, an increase of 25% compared to ₪ 258 million in the same period of 2024. The strong momentum was particularly evident in Q3 2025, with Revenue reaching ₪ 108.0 million, a significant 33% increase over the ₪ 81.1 million reported in Q3 2024.

The increase in volumes sold coupled with an efficient management of the cost of revenue led to a 27% increase in Gross Profit to ₪ 196 million, compared to ₪ 154 million in the same period of the previous year. This translated to an improved Gross Profit Margin, which rose by 1.0ppt from 59.8% to 60.8%.

Total Operating Expenses increased by 25% YoY to SAR 133.8 million (YTD 2024: ₪ 107.2 million). This increase reflects the Company's commitment to invest in expanding brand presence and strengthening its operational capability to support future growth. EBITDA margin increased by 2.4ppt YoY reaching 23.6%

The robust revenue growth and margin expansion translated into a significant in the bottom line profitability. Net Profit saw substantial growth, increasing by 50% and reaching ₪ 52.5 million for YTD 2025. The Net Profit Margin also improved by 2.7ppt reaching 16.3%. The strong Q3 performance demonstrated a 114% increase in Q3 Net Profit, reaching ₪ 8.3 million (Q3 2024: ₪ 3.8 million).

Balance Sheet Summary

	30 Sep 2025	31 Dec 2024	%
Assets			
Property, plant and equipment	125,492,721	120,764,715	4%
Intangible assets	59,569,462	50,592,367	18%
Total non-current assets	185,062,183	171,357,082	8%
Trade receivables	230,763,566	217,484,690	6%
Inventories	107,080,329	93,595,532	14%
Prepayments and other current assets	23,282,308	21,698,020	7%
Cash and cash equivalents	19,419,132	22,645,719	-14%
Total current assets	380,545,335	355,423,961	7%
Total assets	565,607,518	526,781,043	7%
Equity			
Share capital	200,000,000	200,000,000	0%
General reserve	-	25,253,411	-
Other comprehensive loss	(14,115,945)	(11,751,592)	20%
Retained earnings	185,448,505	154,707,576	20%
Total equity	371,332,560	368,209,395	1%
Liabilities			
Loans and borrowings	21,545,723	-	-
Employee benefits	28,994,745	24,536,489	18%
Total non-current liabilities	50,540,468	24,536,489	106%
Short-term loans	36,086,006	62,308,124	-42%
Loans and borrowings - current portion	4,764,702	3,168,968	50%
Trade and other payables	51,564,048	27,349,169	89%
Accruals and other current liabilities	44,812,579	34,116,138	31%
Zakat payable	6,507,155	7,092,760	-8%
Total current liabilities	143,734,490	134,035,159	7%
Total Liabilities	194,274,958	158,571,648	23%
Total Liabilities and Shareholders' Equity	565,607,518	526,781,043	7%

The Company's Total Assets demonstrated a healthy expansion, growing by 7% to $\text{£} 565.6$ million. This increase was primarily driven by the growth in the key non-current and current assets including an 18% growth in Intangible Assets, reflecting continued investment in new products formulation, and a 6% increase in Trade Receivables, which corresponds to the growth in commercial activity during the period.

The Total Liabilities grew by 23%, reaching $\text{£} 194.3$ million. The main contributor to this increase was the new loan from SIDF related to the Project refinancing, signalling strong confidence of financial institutions in the Company's strategic roadmap. The Current Liabilities saw a modest 7% growth, indicating an efficient short-term working capital management.

The increase in Equity by 1% is attributable to a 20% increase in Retained Earnings, directly reflecting the strong profit generation and financial performance achieved during the nine month period net of the dividends paid amounting to $\text{£} 47$ million during the period.

Key Ratios			
	9M 2025	9M 2024	YoY CHANGE
Current Ratio	2.65	2.14	+0.51
Return on Assets (TTM)	17.2%	15.9%	+1.3ppt
Return on Equity (TTM)	26.2%	24.7%	+1.5ppt
Debt to Equity	16.8%	22.6%	-5.8ppt

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>

Contact Information

Investor Relations

Tel. +966 920010564 +966 118365000

investors.relations@avalon.com.sa