Avalon Pharma

Earnings Presentation

H1 2025

H1 25 HIGHLIGHTS

REVENUE

H1 25 | +22% YoY

⃁ Mn | **215**

Driven by the growth in all key distribution channels and successful execution of strategy

EBITDA

H1 25 | +38% YoY

⃁ Mn | **60**

Improved operating leverage and cost discipline resulting in a 28% EBITDA margin. We are dedicated to optimize efficiencies as reflected in the EBITDA growth higher than growth rate in the top-line

NET PROFIT

H1 25 | +42% YoY

⃁ Mn | **44**

Revenue growth and operational efficiencies, coupled by decline in Opex to Revenue ratio resulted into a NPM of 20.6% and EPS of SAR 2.21

MARKET RANKING

Rank | **#1**

As per IQVIA, we rank # 1 in defined KSA Private Market based on MAT June 2025, from being # 3 at the end of 2024

PIPELINE OVERVIEW

H1 25 | **95**

- 74 Under development
- 18 Under SFDA review
- 3 Ready for SFDA suvbmission
- 7 Launched
- 4 Registered but not yet launched

OPERATIONAL CAPACITY

H1 25 | +17% YoY

Units Mn | **190**

Several process improvement implementation and automation resulted into an increased annual operational capacity

STRATEGIC PARTNERSHIP

- Signed a 7-year agreement with Adalvo Limited.
- Partnership agreement with United Pharmacy.
- Strategic distribution agreement with Oriental Beauty.

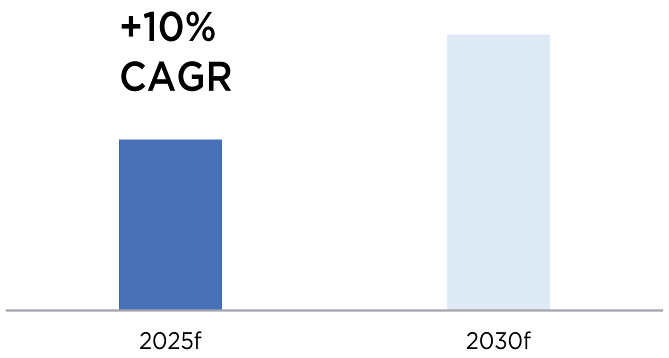
STRATEGY

STRATEGY

New Strategy launched to achieve our ambitions (ACE 2030)

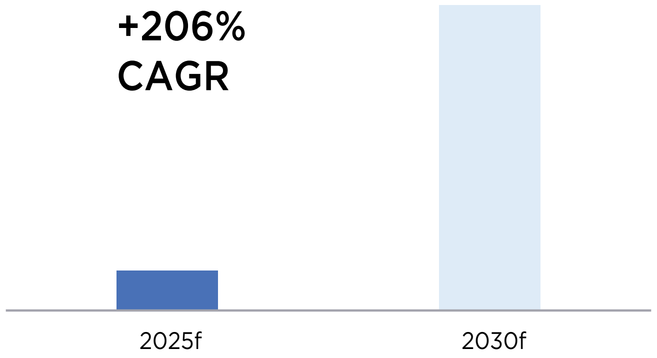
ACCELERATE

- Expand and strengthen product portfolio
- Strategic partnerships with key distributors and pharmacies
- Manufacturing optimization to defend market leadership



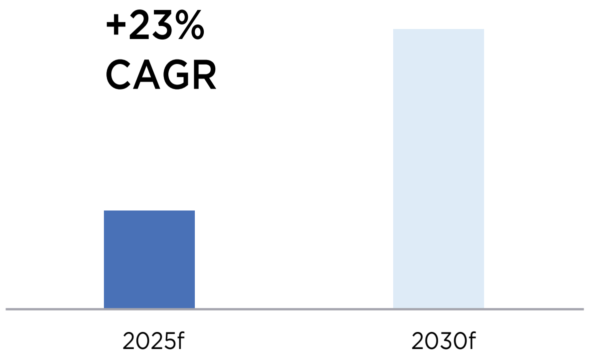
CATALYSE

- Introducing groundbreaking pharmaceutical molecules
- Developing specialized products.

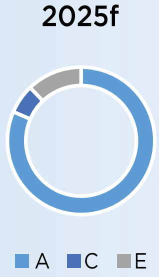


EXPAND

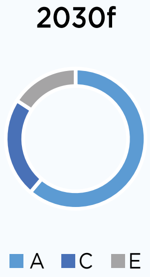
- In new regions
- Partnerships
- Manufacturing



ACE Strategy is geared to diversify revenue and forecast 18% growth



18% CAGR



VALUE PROPOSITION

KEY COMPETENCIES

SUSTAINABLE OPERATION

We achieve sustainable operation by crafting a resilient strategy that prioritizes longer-term, transformative solutions.

COMMERCIAL EXCELLENCE

Our emphasis on commercial excellence centers around demand generation and ensuring customer satisfaction.

INNOVATIVE TALENTS

We strive to cultivate the right business model by harnessing the potential of internal and external talents, fostering continuous development of capabilities and skills.

STRATEGIC PARTNERSHIP

Our commitment to being the preferred strategic partner is affirmed by our agile approach, offering diverse collaboration models that align with the needs of our partners and the broader community.

GEOGRAPHICAL EXPANSION

We aim to expand strategically in the right markets, utilizing the appropriate business model and portfolio.

WHERE WE OPERATE

+300 Registered SKUS in KSA

+600 Staff

+20 Export Countries

POWER BRANDS
RANKING & MARKET SHARE*

Strong Performance

31.57% MAT June YoY growth with 3.11% market share, ranking 9th in Saudi Arabia's private pharmaceutical market

ALPHA PLUS
Ranking| 1st
TA | Acne/Depigmentation
MS | 50%

AVOGAIN
Ranking| 1st
TA | Hair Care
MS | 75.42%

salinose®
Ranking| 1st
TA | Nasal Preparations (Allergy/Decongestant Saline)
MS | 74.97%

AVALON PRILA 5% CREAM
Ranking| 1st
TA | Aesthetic Medicine
MS | 61.58%

AvalonActiv®
Ranking| 1st
TA | Topical Analgesics/Anti inflammatories
MS | 26.76%

AVALON AVOHEX MOUTH WASH
Ranking| 1st
TA | Antiseptic Mouthwashes/Lozenges
MS | 76.17%

*IQVIA data, MAT June 2025 LC Value

Growth Potential

Consistent 4-year CAGR of 24.04% indicates strong foundation for continued expansion

AVOCOM-M CREAM
Ranking| 2nd
TA | Topical Corticosteroids/ Anti-inflammatory
MS | 36.6%

AVOCOM AQUEOUS NASAL SPRAY
Ranking| 2nd
TA | Nasal Preparations (Allergy/Decongestant/Saline)
MS | 17.22%

BRONCAST
Ranking| 2nd
TA | Bronchodilators Corticosteroids (Asthma/ COPD)
MS | 14.49%

AVALON AVOBAN OINTMENT
Ranking| 2nd
TA | : Topical Anti-infectives
MS | 17.86%

co-pan® Kids
Ranking| 3rd
TA | Cough/Mucolytics
MS | 8.31%

AVOMEB OINTMENT
Ranking| 3rd
TA | Wound Healing
MS | 16.05%

OPERATIONAL CAPABILITY

Specialised Manufacturing Facilities

- Avalon Pharma 1: Focused on producing pharmaceutical tablets, capsules, nasal sprays, creams, lotions, topical solutions, and cosmetic products.
- Avalon Pharma 2: Equipped with an advanced R&D centre and analytical development laboratory.
- Avalon Pharma 3: The largest producer of sanitisers in Saudi Arabia.
- Avalon Pharma 4 (2026): A future facility designed to manufacture injectables, oncology, and opthalmological products expanding Avalon's capabilities into specialised healthcare solutions.

+300 SKUS
AVALON PHARMA EXCELS IN PRODUCING

74
MOLECULES UNDER DEVELOPMENT

+190MN
ANNUAL OPERATIONAL CAPACITY

Production Line	Annual Operational Capacity (in million pcs)	Units Produced in H1 2025 (in million pcs)	Utilization % in H1 2025
Creams (AV1 + AV2)	45	15	67%
Solid Orals (AV1) [a]	115	42.3	74%
Pharma Liquids (AV1) [b]	15	6.3	84%
Antiseptics (AV3)	15	6	80%

(a) The commissioning of new facility (Solid Line) in Avalon 2 is still pending approval of the site variation process for 2 leading products which is expected to be completed by Q4 of 2025. Once approved, an additional capacity of 272m pieces will be available.

(b). The commissioning of new facility (Pharma Line) in Avalon 2 is also ongoing, thereafter SFDA approval and site variation process shall be initiated, which is expected to be finalized by Q4 of 2026. Once approved, an additional capacity of 16.32m pieces will be available.

PIPELINE OVERVIEW

Therapeutical Area	Under Development	Ready for SFDA Submission	Under SFDA Review	Total
Oncology	19			19
Dermatologicals	10		3	13
Cardiovascular System	8	1	3	12
Injectables	11			11
Nervous System	8		3	11
Ophthalmology	8	1		9
Metabolic Diseases	5		3	8
Respiratory System	1		3	4
G.U. System & Sex Hormones	1	1	1	3
Consumer Health	2			2
Systemic Anti-Infectives	1		1	2
Musculo-Skeletal System			1	1
Total	**74**	**3**	**18**	**95**
%	78%	3%	19%	

7 Launched

4 Registered but not yet launched

SUSTAINABILITY JOURNEY

- Certified under ISO 14001 for Environmental Management Systems
- Adherence to Good Manufacturing Practices (GMP) for safe and effective production.
- Transition from diesel generators to Saudi electric power, reducing environmental impact.
- Implementation of water and energy conservation strategies, alongside safe disposal and recycling of medical products. Additionally, measures are in place to monitor and reduce emissions, ensuring compliance with environmental regulations and sustainability goals.

Avalon Site Go Green LRP

	2025	2026	2027	2028	2029	2030
Using Renewable Energy	Phase 1			Phase 2	Phase 3	Phase 4
Utilities Source Monitoring Program		Phase 1	Phase 2	Phase 3	Phase 4	
HVAC System Power Saving	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
WTP Reject Water Reuse for Domestic		Site 2		Site 1		
LED Lighting System Upgrade	Phase 1		Phase 2		Phase 3	
Power Saving Upgrades				Phase 1		Phase 2

Site Monitoring Program

Annual Monitoring System By Authorized Safety Consultant for Sites Emissions & Environmental Impact

11%
OF FEMALE EMPLOYEES

35%
OF SAUDI EMPLOYEES

FINANCIALS

KEY FINANCIAL HIGHLIGHTS

Revenue:	215 M	+22% YoY
Gross Profit:	134 M	+23% YoY
EBITDA:	60 M	+38% YoY
Net Income:	44 M	+42% YoY

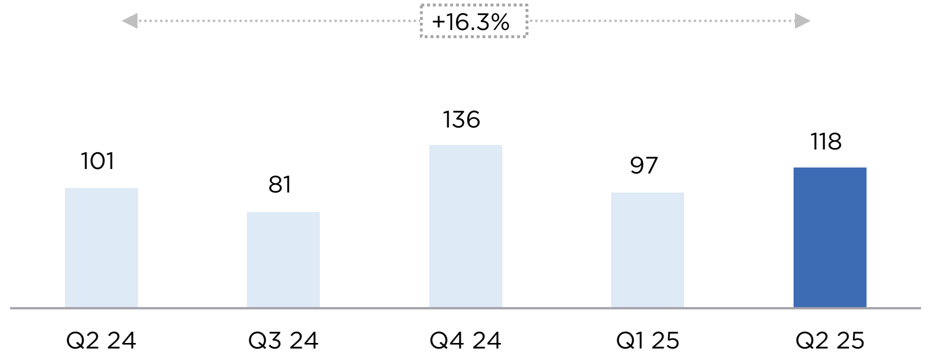
Gross Profit Margin:	62.3 %	+0.9ppt YoY
EBITDA Margin:	28%	+3.3 ppt YoY
Net Profit Margin:	20.6%	+2.9ppt YoY
ROE (TTM):	24.1%	+0.5ppt YoY

EPS (TTM):	4.46	+67 bps YoY
Current Ratio:	2.83x	+0.24x
D/E Ratio:	15.8%	+6.8ppt YoY
Working Capital:	282M	+34%YoY

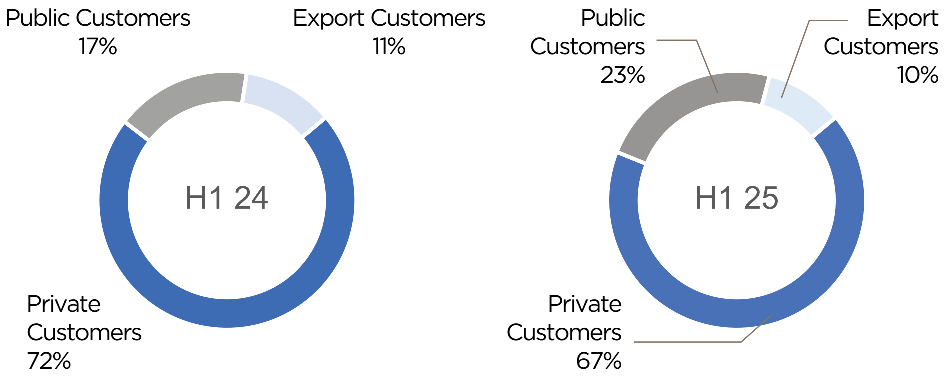
REVENUE ANALYSIS

	H1 2025	H1 2024	YoY	Q2 2025	Q2 2024	YoY
Revenue	215,017	176,952	22%	117,656	101,132	16%
Cost of revenue	(81,118)	(68,372)	19%	(44,024)	(37,849)	16%
Gross profit	**133,899**	**108,579**	**23%**	**73,632**	**63,283**	**16%**
Selling and distribution expenses	(53,751)	(45,507)	18%	(30,374)	(25,822)	18%
General and administrative expenses	(29,305)	(26,249)	12%	(14,813)	(12,956)	14%
Other income /(expenses)	(280)	33	-	(185)	17	-
Operating profit	**50,563**	**36,857**	**37%**	**28,260**	**24,523**	**15%**
EBITDA	**60,141**	**43,657**	**38%**	**33,290**	**28,020**	**19%**
Finance costs	(2,572)	(2,432)	6%	(1,208)	(1,092)	11%
Profit before zakat	**47,990**	**34,425**	**39%**	**27,052**	**23,431**	**15%**
Zakat expenses	(3,781)	(3,250)	16%	(2,241)	(1,625)	38%
Profit for the year	**44,209**	**31,175**	**42%**	**24,811**	**21,806**	**14%**

Revenue Trends (⃁ Mn)

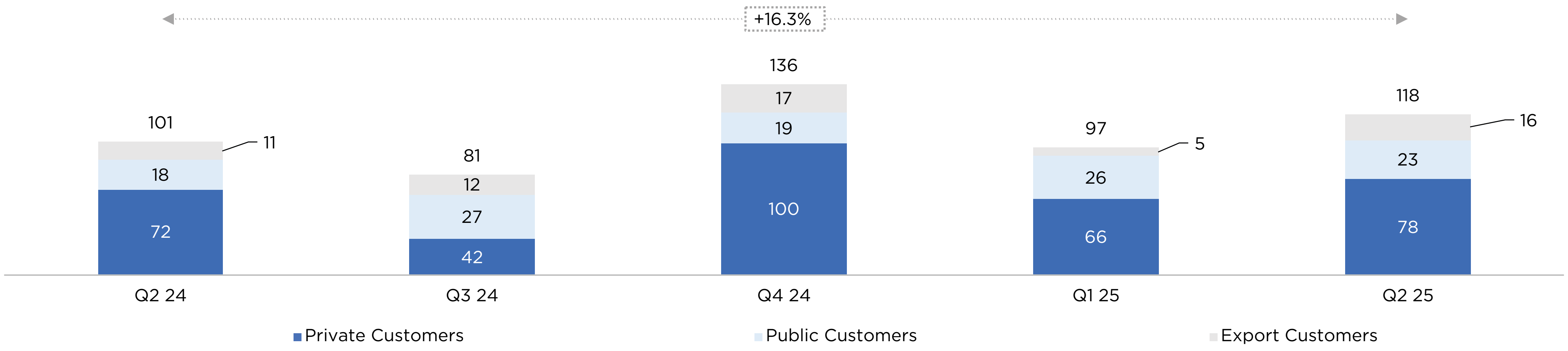


Total Revenue by Segment

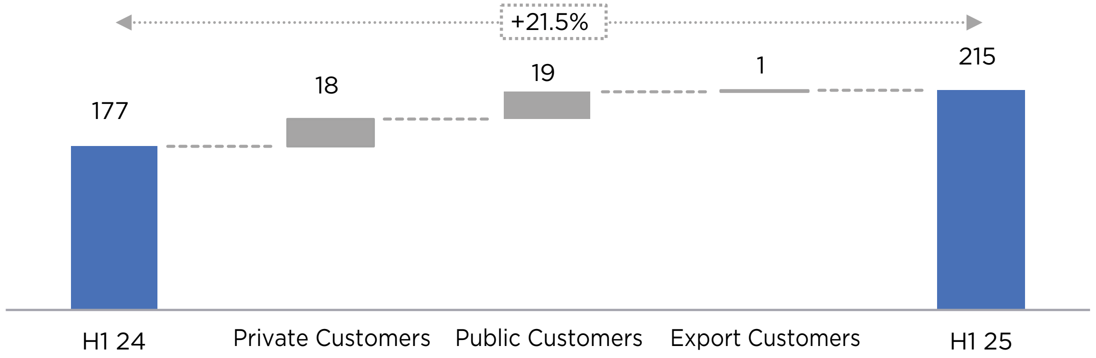


REVENUE BY SEGMENT

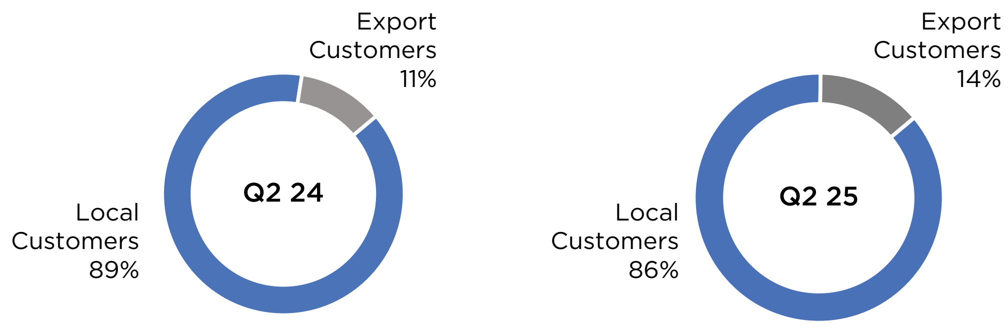
Total Revenue by Segment (⃁Mn)



Total Revenue by Segment (⃁Mn)



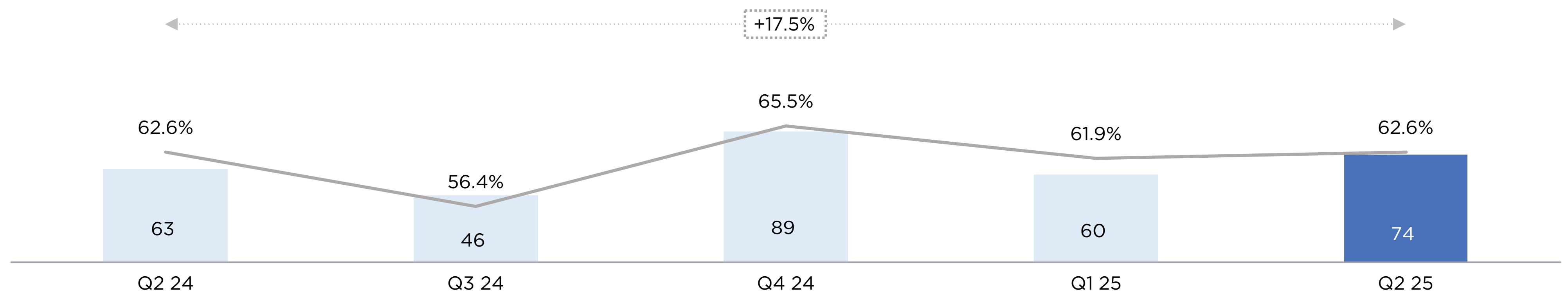
Revenue by Customer Type (⃁Mn)



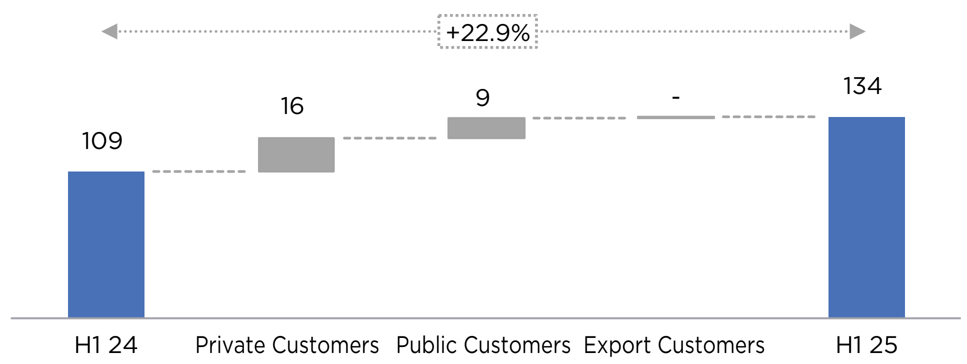
أفالون فارما Avalon Pharma

GROSS PROFIT

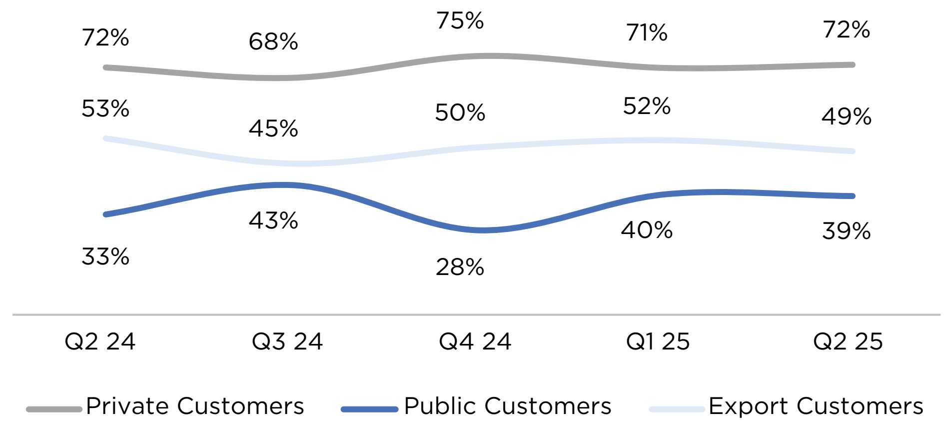
Gross Profit Trends & Margin



Gross Profit Drivers (⃁ Mn)



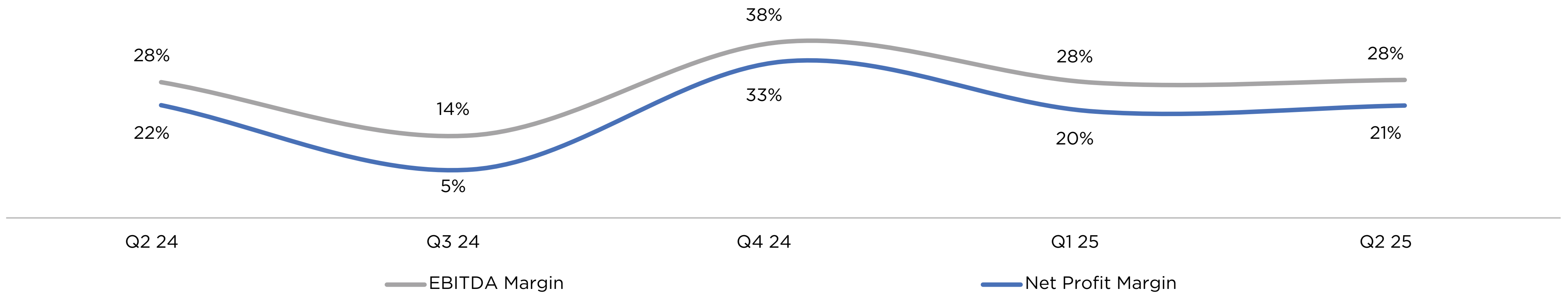
GP Margin by Segment (%)



أفالون فارما Avalon Pharma

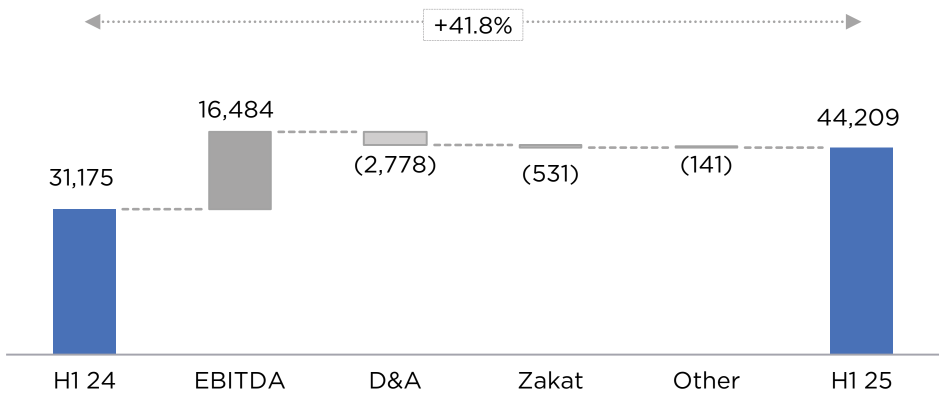
EBITDA & NET PROFIT

EBITDA & NP (%)



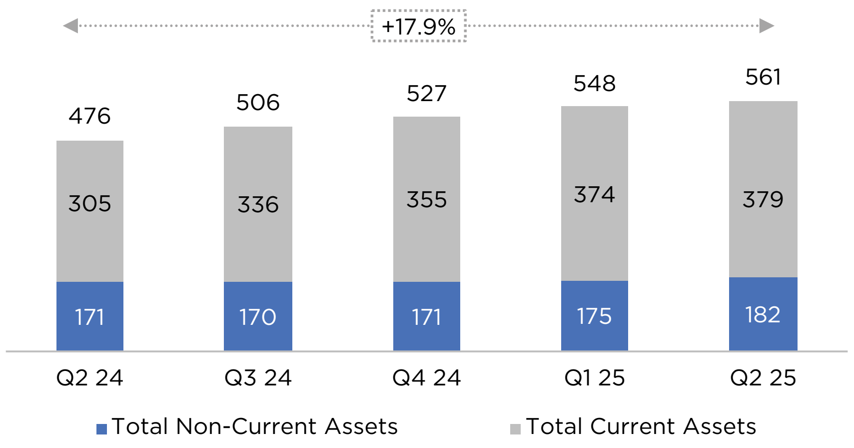
Movement in EBITDA (⃁ Mn)

Movement in Net Profit (⃁ Th)

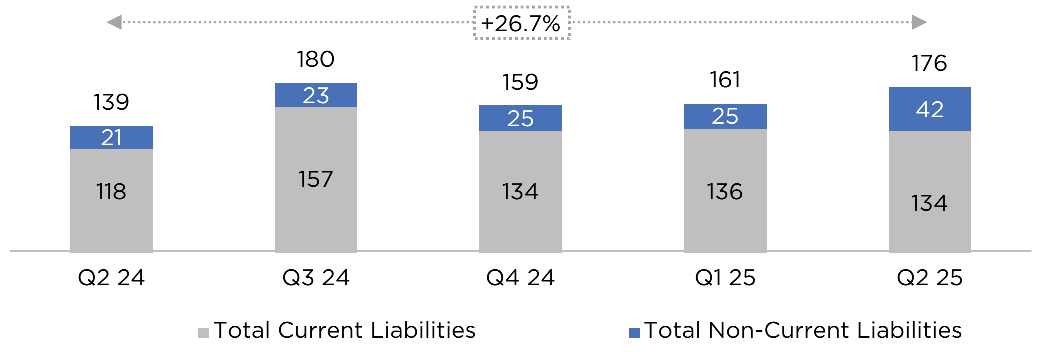


BALANCE SHEET & WORKING CAPITAL

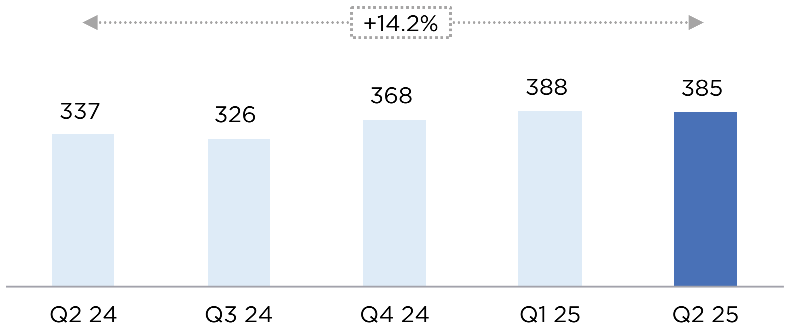
Total Assets Trends (⃁ Mn)



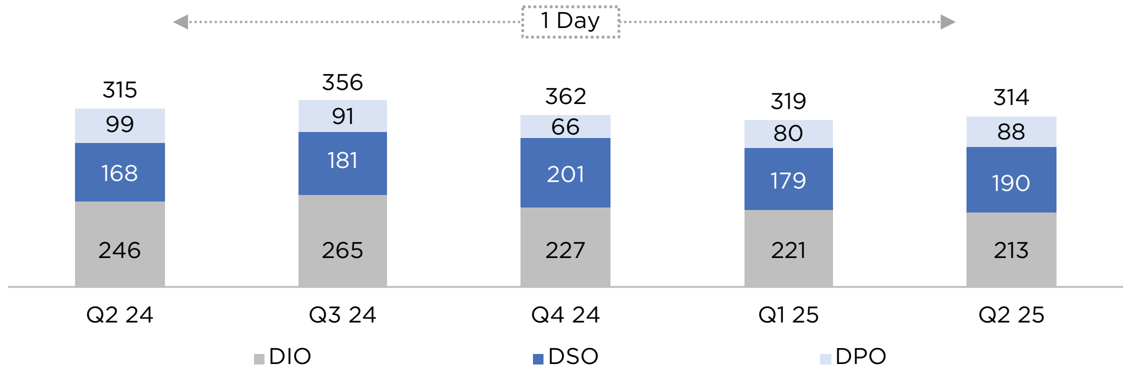
Total Liabilities Trends (⃁ Mn)



Equity Trends (⃁ Mn)

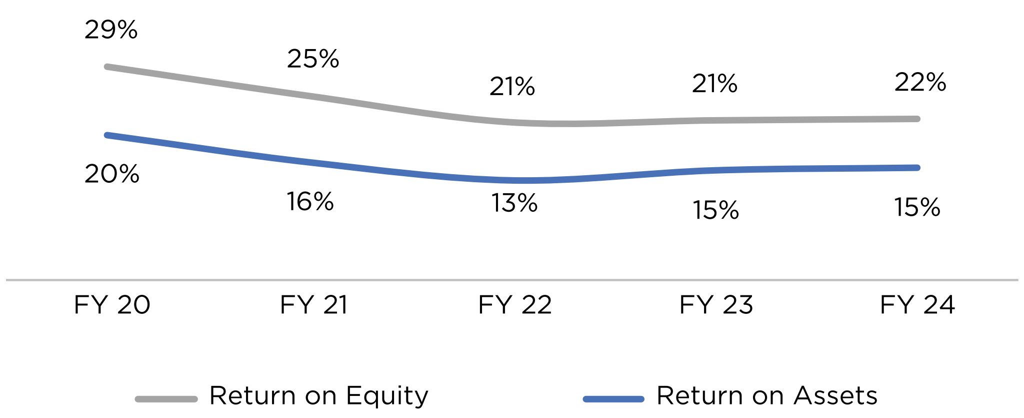


Cash Conversion Cycle Trends (Days)

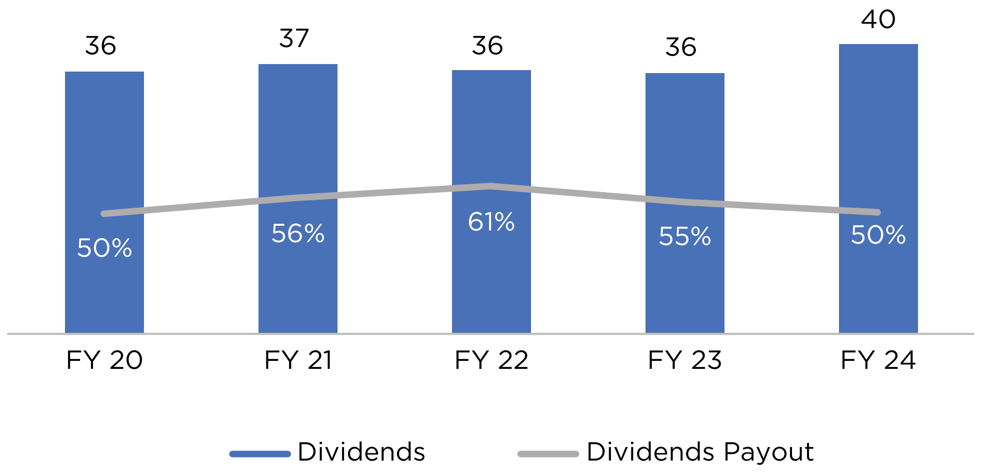


RETURNS & DIVIDENDS

ROE & ROA (%)



Dividends (⃁ Mn)



*On May 15th 2025, the company paid SAR 25,000,000 cash dividends for the second half of 2024 to the company's shareholders.

OUTLOOK AND GUIDANCE

Financial guidance: On track for 2025 targets

Economic Indicators	FY 2024 Actual Results	H1 25 Actual Results	FY 25 Guidance	FY 26-28 Guidance
Revenue Growth	16%	22%	16-18%	16-18% **(CAGR)**
EBITDA Margin	27%	28%	28-30%	28-30%
Net Profit Margin	20%	20.6%	20-25%	20-25%
Dividend (Semi Annual)	50%	SAR 1.25 Per Share (50% Payout)	50% Payout Ratio	50% Payout Ratio

Avalon Pharma