أفالون فارما
Avalon Pharma

Q1 2026 Earnings Presentation

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Avalon Pharma is redefining growth in the Saudi pharmaceutical sector, rapidly climbing national rankings while achieving its highest-ever market share and emerging as one of the fastest-growing companies in the Kingdom.

Key Financial & Operational Highlights

Commercial momentum and disciplined execution drive growth, supported by stable margins and balanced segment performance

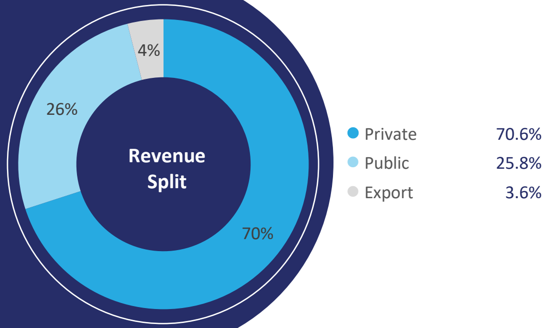
Q1 2026 Financial Highlights

SAR 130 MN
Revenue
(+34% Y-o-Y)

SAR 81 MN
Gross Profit
(+34% Y-o-Y)
62% GPM

SAR 36 MN
EBITDA
(+34% Y-o-Y)
28% Margin

SAR 27 MN
Net Profit
(+39% Y-o-Y)
21% NPM



Revenue driven by:
- Strong Public and Private segment performance
- Customer base expansion and increased penetration across key therapeutic categories

Gross Profit supported by:
- Strong revenue performance
- Favorable product mix
- Sustained pricing discipline

EBITDA growth achieved alongside:
- Continued operational scale-up
- Ongoing investment in commercial capabilities

Net Profit buoyed by:
- Improved margins
- The Company's ability to scale while maintaining profitability

Q1 2026 Operational Highlights

82%
Capacity Utilization
(vs. 67% in Q1 2025)

3.2%
Market Share*
(vs. 3.0% as of Q1 2025)

02
New Products Launched
(vs. 01 in Q1 2025)

93
Molecules in Pipeline
(vs. 97 in Q1 2025)

205 MN
Annual Production Capacity

** Market shares from total Saudi Arabia Private Market based on comparable 12-month periods ended March 2026 and March 2025 (Source: IQVIA)*

Diversified Product Portfolio & Market Presence*

Broad and diversified portfolio across key therapeutic areas, supported by scale, brand strength, and established market positions

Therapeutic Area	Market Share
Dermatology	13.0%
Respiratory	14.2%
Cardiovascular	0.1%
Gastrointestinal	2.4%
Musculoskeletal	2.3%
Central Nervous	3.6%
Genitourinary	1.1%

300+ SKUs

80+ Pharmaceutical Brands

Wide Coverage Across Rx & OTC Products

ALPHA PLUS | avalon care | AVOGAIN | ez CLEAN | ez CARE | AvalonActiv | LYRGABA | AVOQUIN | Avialis | BRONCAST montelukast 10 mg

** Market shares calculated using the 12-month period ended March 2026 (Source: IQVIA)*

Brand Performance vs. Market Growth*

Core brands consistently outperform underlying market growth across key segments

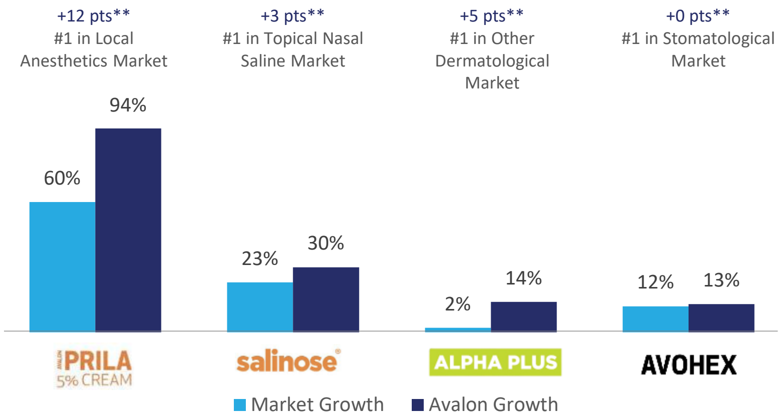
Q1 2026 Key Figures

 # 1
Market Rank In
8 product categories

 # 1
Rank Across
46 markets

Leading Positions
Across Core
Therapeutic Segments

Brand vs. Underlying Market Growth by Brand*



*MAT Mar 2026 LC Value Growth % (Source: IQVIA)

**MAT Mar 2025 MS vs. MAT Mar 2026 MS (Source: IQVIA)

Market Leadership Across Key Segments (KSA)

Market	Product	Market Size (SAR)	Avalon Share
Gynecological Antibacterial	Avocin	5 MN	94%
Stomatological	Avohex Mouthwash	63 MN	79%
Topical Nasal Saline	Salinose	363 MN	75%
Hair Loss	Avogain	231 MN	73%
Local Topical Anasthetics	Prila	137 MN	69%
Other Dermatological	Alpha Plus	57 MN	52%
Topical Herbal Analgesics	Avalon Activ	100 MN	24%
Nasal Cortic w/o Anti-Inflammatory	Avocom	205 MN	18%

Scaled Manufacturing Platform

Diversified manufacturing platform with scalable capacity and strong utilization across key production lines

Production Line	Q1 2026 Capacity (MN Units)	Q1 2026 Production (MN Units)	Q1 2026 Utilization (%)
Antiseptics	3.8	3.3	87.5%
Creams	11.3	8.6	76.8%
Pharma Liquids	4.5	3.2	71.4%
Solid Orals	31.8	26.9	84.7%
Total	51.3	42.0	82.0%

(a) The Company's new Solid Line in Avalon 2 is pending approval of the site variation process, expected in 2026, which will add c. 272 million units of capacity

(b) The commissioning of a new Pharma Line facility in Avalon 2 is currently underway. Once approved, expected in 2026, the facility will add c. 16 million units of capacity

Q1 2026 Key Figures

205 MN UNITS
Annual Production Capacity

82%
Capacity Utilization

93
Molecules in Pipeline

0
SFDA Product Recalls

Leveraging synergies from a specialized manufacturing platform

Avalon 1
Pharmaceutical tablets, capsules, nasal sprays, creams, lotions, topical solutions, and cosmetic products

Avalon 2
Advanced R&D and analytical capabilities + advanced solid & liquid lines

Avalon 3
Largest sanitizer producer in KSA + oral and hair care

Avalon 4
Entry into injectables, ophthalmology, and oncology

Core Strategic Pillars

Clear strategic priorities supporting portfolio growth, expansion into specialty segments, and an increased international footprint

Accelerate

Strengthening growth in core therapeutic segments

- Expand and optimize existing portfolio
- Enhance market penetration across key channels
- Extend lifecycle of established brands

Catalyze

Expanding into specialized and higher-value segments

- Entry into oncology, ophthalmology, and injectables
- Focus on innovation-driven and higher-margin products
- Development of differentiated formulas

Expand

Broadening geographic reach and market access beyond KSA

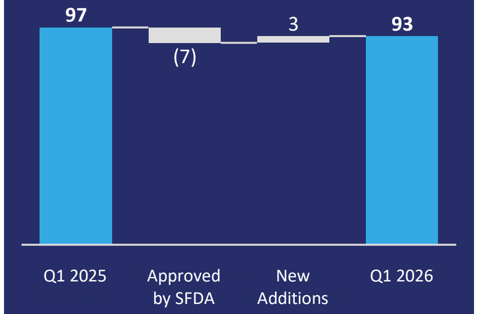
- Increase export footprint regionally
- Strengthen presence in high-growth international markets
- Leverage partnerships to scale distribution

Clear Development Pipeline

93 Molecules in pipeline

12+ Distinct therapeutic areas covered

Pipeline Development



Q1 2026 Strategy Update

Continued execution of ACE strategy advancing core growth, product innovation, and international expansion

Accelerate

Rising capacity utilization drives stronger manufacturing efficiencies

- Capacity utilization increased to 82% in Q1 2026, from 67% a year earlier
- Higher utilization reflects growing demand and ongoing optimization of manufacturing efficiency
- Increased capital expenditures to support production flexibility and support growth initiatives

Catalyze

Deepening pipeline and partnerships accelerating product innovation and localization

- 93 molecules in pipeline & 2 new products launched
- 77% of molecules under development, 1% ready for submission and 22% under SFDA review
- 5 new strategic agreements signed with international pharmaceuticals
- Exploring collaboration with local institutions for enhancing in-house research & development capabilities

Expand

International footprint expanding with Egypt entry

- Export segment growth temporarily rephased, reflecting the Company's decision to optimize market prioritization and operational efficiency amid regional dynamics
- Solid progress made toward entering the Egyptian market, with operations anticipated to commence in Q3 2026
- Total international markets expected to grow to 17 following Egyptian operations

Avalon 4 Development Progress

On-track execution supporting entry into strategic therapeutic segments and significant capacity expansion

Key Project Highlights

Timeline 1

Facility launch targeted by Q4 2027, with phased validation and ramp-up

Capacity 2

18 million units of total production capacity, strengthening Avalon's production footprint

Strategic Role 3

Enabling entry into strategic therapeutic segments, including oncology, injectables, and ophthalmology

Localization 4

Strengthening localization capabilities and supporting long-term portfolio expansion

Construction & Development Progress

- Excavation completed in Admin, Sterile, and Utilities buildings; foundation works underway
- Oncology facility excavation nearing completion at 79%
- Civil works progressing on track, with key tenders and infrastructure development underway

Design & Equipment Progress

- Long-lead equipment procurement progressing, with supplier evaluations underway
- Engagement with 18 global suppliers across sterile and oncology systems
- Detailed engineering design nearing finalization in collaboration with GLATT

Expansion Into Specialized & Higher-Value Therapeutic Segments

Focused expansion into specialty therapeutic segments to drive portfolio diversification and long-term growth

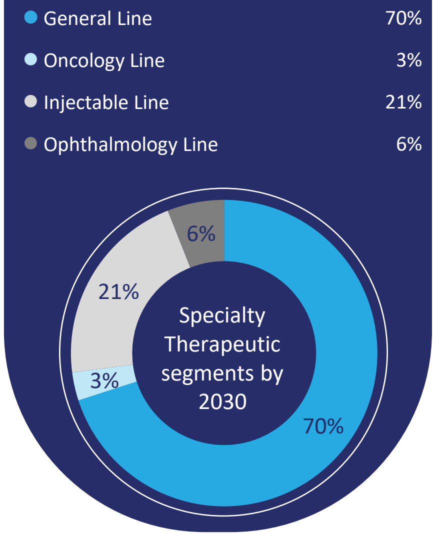
Expansion into Specialty Therapeutic Segments by 2030

General
33 Molecules

Oncology
7 Molecules
SAR **7.5** BN
Market Size

Ophthalmic Preparations
8 Molecules
SAR **1.3** BN
Market Size

Injectables
11 Molecules
SAR **8.2** BN
Market Size



Strategic Enablers

Inbound Logistics 1
Implementing supply chain resilience and partnering with global API manufacturers

Outbound Logistics 2
Optimized domestic distribution network, visibility systems, and regional regulatory corridors

Marketing & Sales 3
Specialized field force, partnerships, development of PSPs

Operations 4
Licensing and supply partnerships, packaging lines upgrade and validation of sterility and protocols

Services 5
Upgrading pharmacovigilance and safety monitoring, RWE generation

Business Development & Strategic Partnerships

Expanding global partnerships to accelerate entry into specialty therapeutic segments, including Oncology, Biosimilars, and Metabolic Disorders

Execution Model

Fast-to-Market (1)

Leveraging regulatory expertise and supply chain synergies

Differentiated Portfolio (2)

Targeting biosimilars and complex molecules

Multi-Country Deals (3)

Expanding throughout Saudi Arabia, the GCC, and emerging markets

Strategic Agreements Signed During Q1 2026

Strategic Focus

- High-value categories, including Oncology, Immunology, and Metabolic Disorders
- Targeting blockbuster molecules with patents expiring 2026-2030

Flagship Products Secured

	Oral Oncology Molecules
KEYTRUDA	Largest blockbuster oncology biosimilar *Proposed biosimilar to Keytruda*
wegovy	GLP-1 with weight loss indication *Generic version of Wegovy*

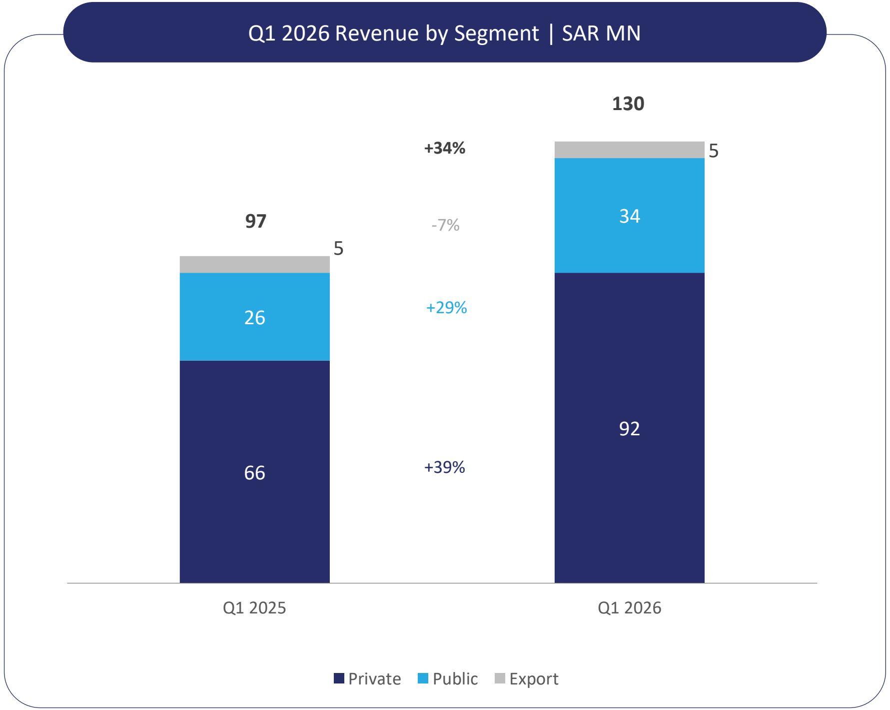
Key International Partners

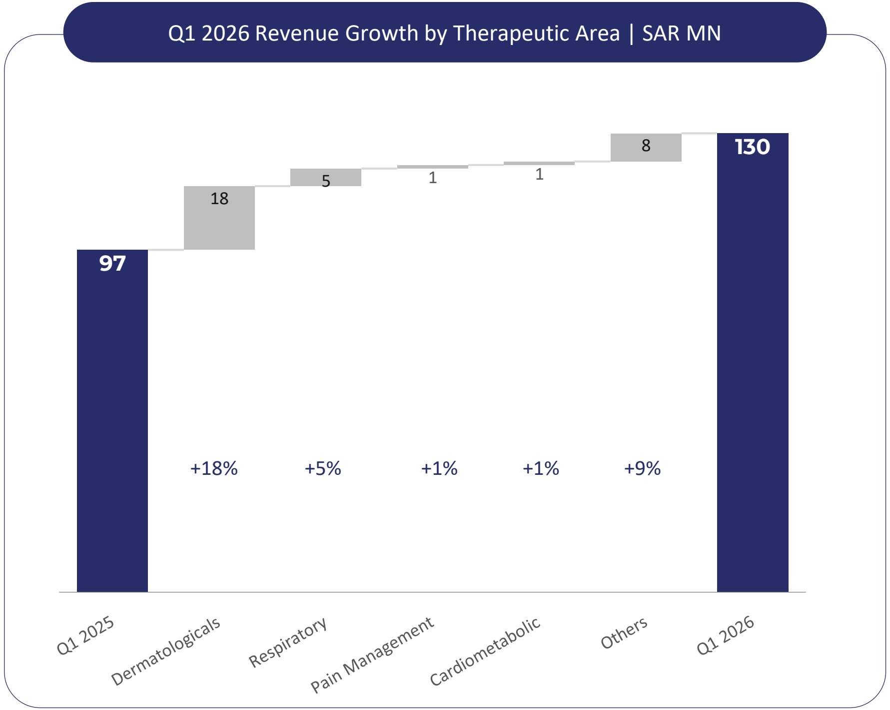
ADALVO always on target
百奥泰 BIO-THERA
Dr.Reddy's
Shilpa
LUPIN PHARMACEUTICALS, INC.

Q1 2026
Financial Review

Revenue Breakdown

Double-digit growth driven by strong Private segment performance and continued expansion in Public tenders

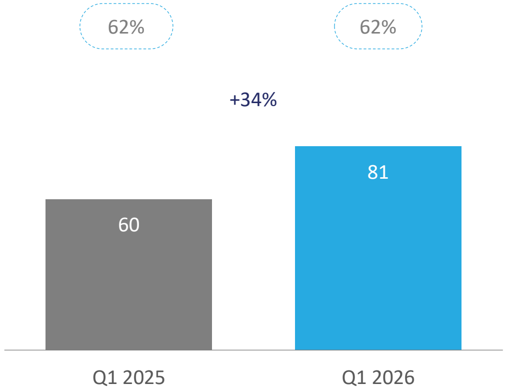




Profitability Analysis

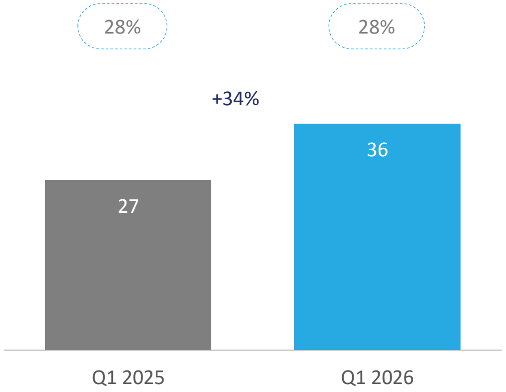
Revenue growth translating into stronger profitability across all levels, supported by operational scale-up and efficient execution

Gross Profit, GPM | SAR MN, %



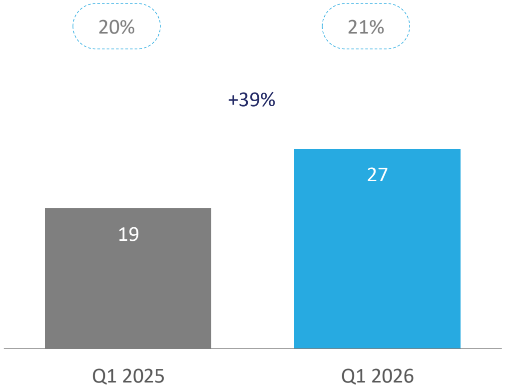
- *Gross profit increased 33.8% y-o-y to SAR 80.6 million in Q1 2026*
- *Supported by strong revenue growth across Private and Public segments and continued commercial momentum*

EBITDA, Margin | SAR MN, %



- *EBITDA grew by 33.8% y-o-y to SAR 35.9 million in Q1 2026*
- *EBITDA margin remained stable at 27.6% despite increased investment in commercial and growth initiatives*

Net Profit, NPM | SAR MN, %

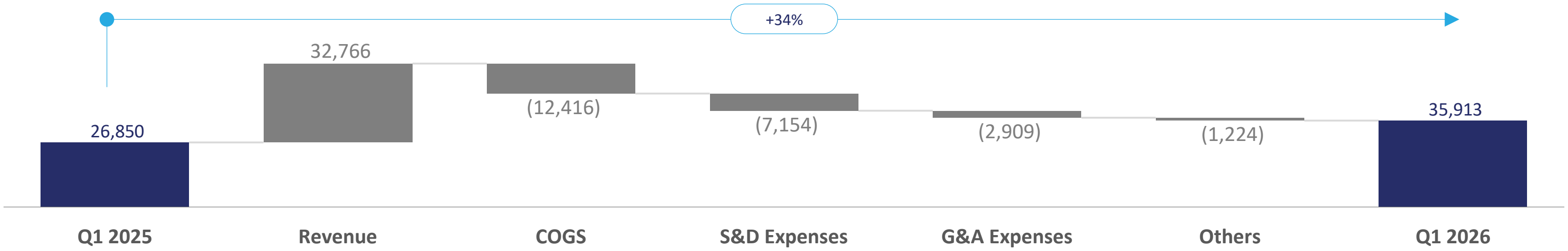


- *Net profit rose 38.7% y-o-y to SAR 26.9 million during Q1 2026*
- *Net profit margin improved to 20.7% from 19.9% in Q1 2025, supported by higher EBITDA profitability and disciplined cost management*

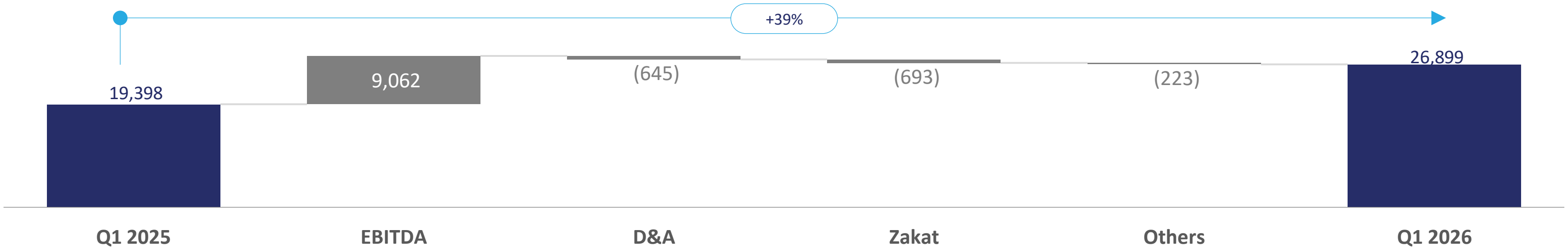
Profitability Key Drivers

EBITDA and net profit growth driven by strong revenue expansion, with stable margins supported by disciplined cost management

EBITDA Year-on-Year Movement | SAR '000



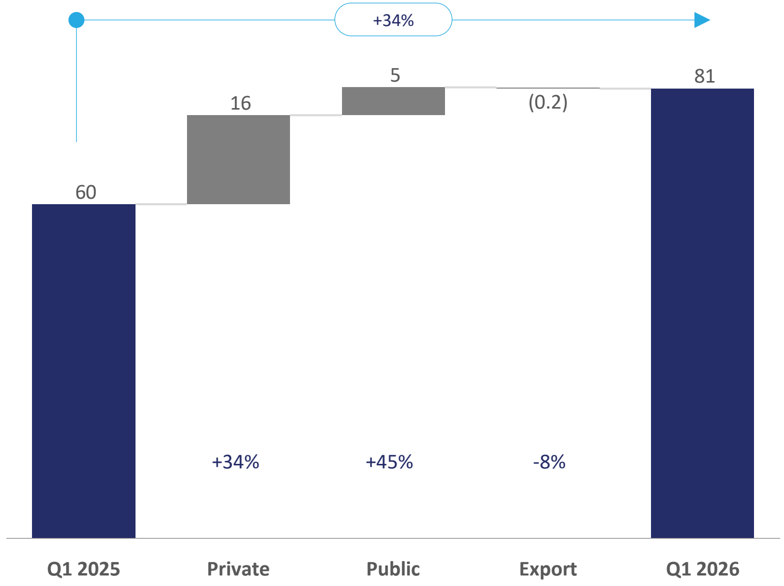
Net Profit Year-on-Year Movement | SAR '000



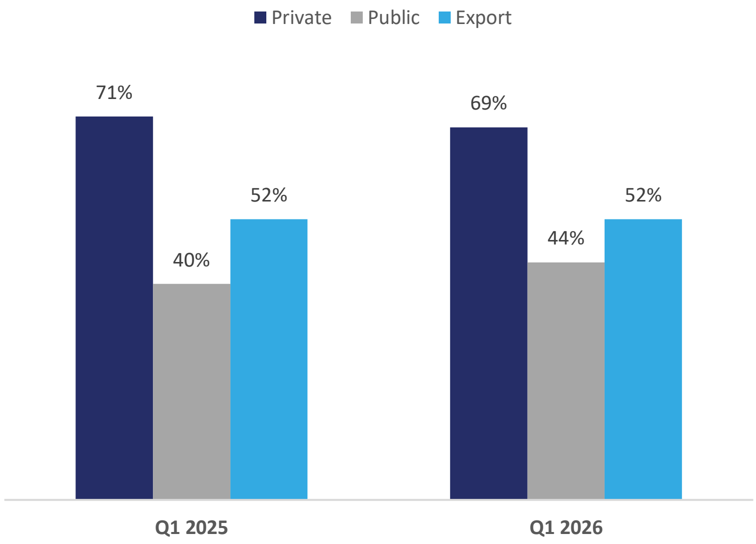
Segmental Gross Profitability

Improved gross profit driven by strong Private and Public segment performance, while the Export segment reflected a temporary rephasing of growth as part of a disciplined approach to market expansion

Gross Profit Growth by Segment | SAR MN

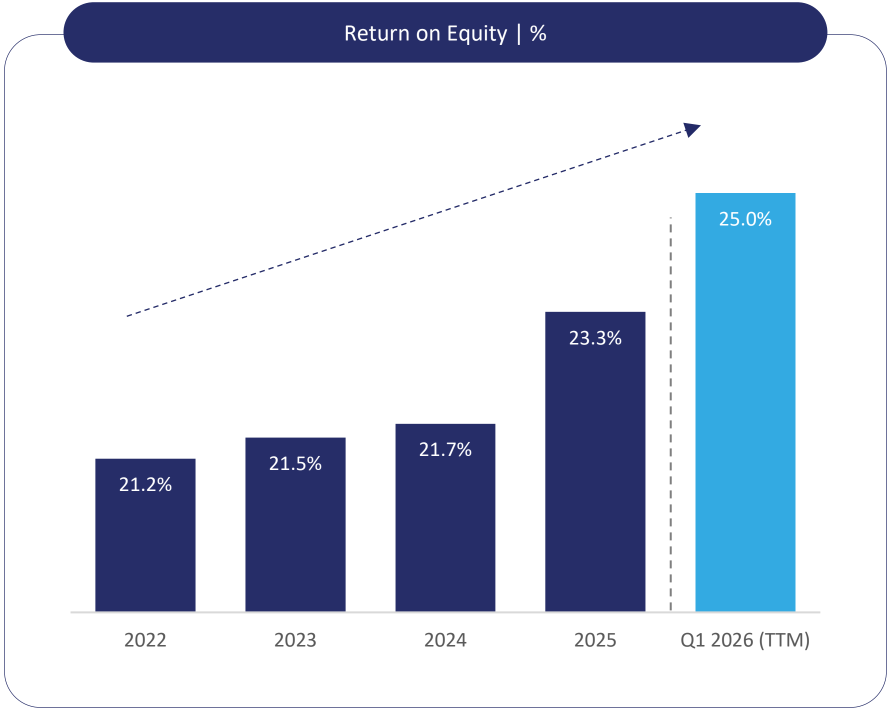


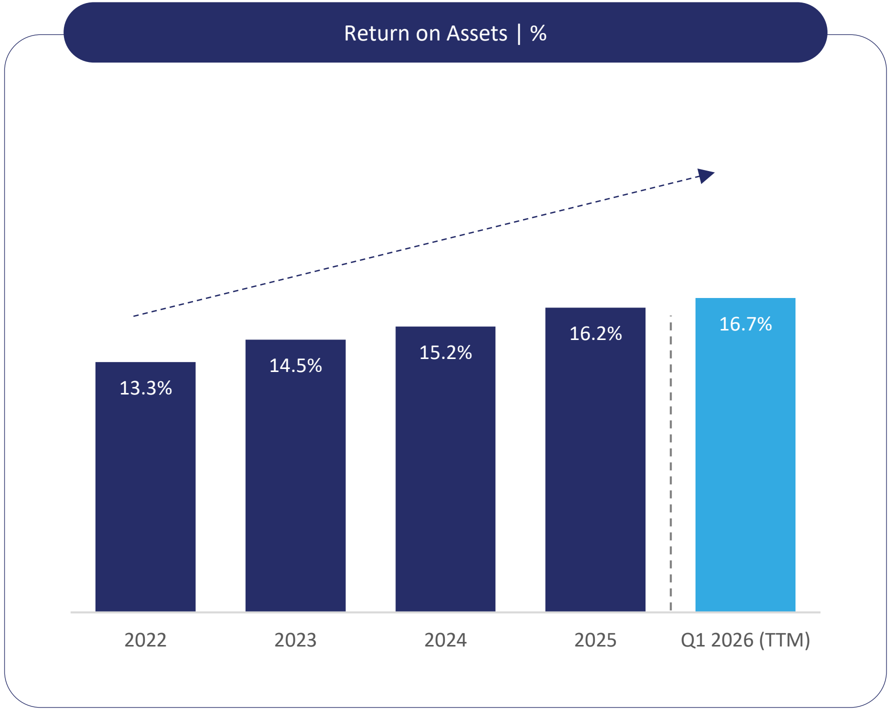
Gross Profit Margin by Segment | %



Return Profile

Sustained improvement in returns driven by operational scale-up and disciplined capital deployment

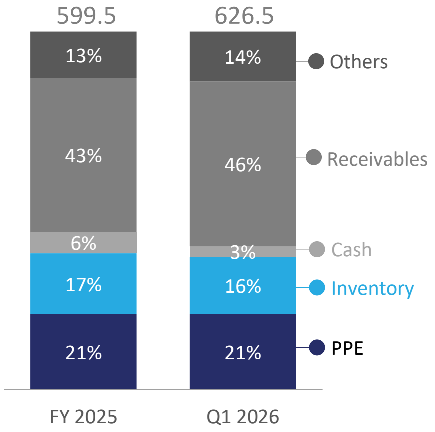




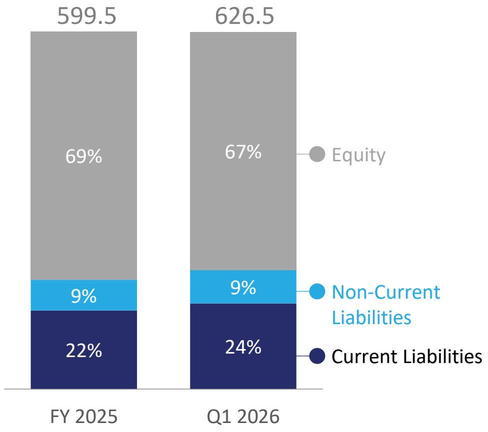
Balance Sheet Highlights

Strong balance sheet supported by a solid equity base, low leverage, and expanding returns

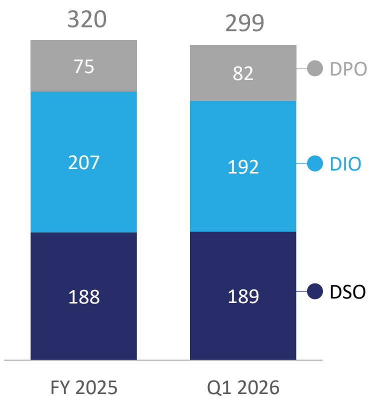
Assets | SAR MN



Liabilities & Equity | SAR MN



Cash Conversion Cycle | Days



Key Figures

Cash	D/E Ratio	Current Ratio	Working Capital
SAR 18.8 MN (-45% FY 2025)	19.9% (15.2% FY 2025)	2.85x (3.13x FY 2025)	SAR 342 MN (+8.2% FY 2025)

Financial Guidance

Financial Guidance

Outlook supported by sustained revenue growth and improving profitability across key metrics

Financial Indicator	FY 2024 Results	FY 2025 Guidance	FY 2025 Results	FY 2026E Guidance
Revenue Growth	16%	16-18%	17%	16-17%
EBITDA Margin	27%	28-30%	28%	28-30%
Net Profit Margin	20%	20-25%	21%	21-25%
Dividend (Semi Annual)	50%*	50%	50%**	50%

** Inclusive of the SAR 25 MN dividend payment distributed in May 2025 for the second half of 2024   ** Inclusive of the SAR 26.4 MN dividend payment distributed in March 2026 for the second half of 2025*

Geopolitical Risk
Materiality Matrix

Active monitoring and mitigation of geopolitical risks across supply chain, cost structure, and pipeline execution

Management Priorities

- *Ensure Supply Continuity*
- *Secure API Availability*
- *Maintain Cost Discipline*
- *Protect Pipeline Execution*
- *Optimize Production & SKU Prioritization*
- *Strengthen Talent Retention*

High Impact → High Probability

Supply Chain & Cost Risk

Supply Chain Disruption
Supply constraints across key raw and packaging materials may impact procurement timelines

Cost Escalation
Raw material and packaging costs increases (c. 30% on average), alongside higher freight costs, potentially placing pressure on margins

High Impact → High-Medium Probability

Commercial & Export Risk

Commercial Exposure
Limited pricing flexibility for regulated products may constrain margin pass-through

Export Demand & Pricing Pressure
Shipping route and logistics disruptions may impact export efficiency (exports represented only 12% of FY 2025 revenues)

Medium Impact → Low Probability

Demand & Macro Environment Risk

Disposable Income & Luxury Good Demand
Macroeconomic pressures may impact purchasing behavior across discretionary categories, affecting volume growth

Government & Institutional Demand
Changes in government spending dynamics may impact Public segment visibility, which represented 20% of FY 2025 revenues

Low Impact → Low Probability

Talent & Execution Risk

Specialized Workforce Dependency
Dependence on key R&D, regulatory, and quality personnel may impact operational execution and product development

Pipeline & Regulatory Delays
Development or regulatory approval delays may affect launch timelines and revenue growth

Geopolitical Risk Mitigation Plan

Risk	Action
Supply Chain Disruption	*Diversified logistics routes and air freight options implemented to support API continuity and priority SKU availability.*
Cost Escalation	*API inventory secured through Q2 2026 alongside procurement, production, and logistics cost optimization initiatives, with APIs representing only 20-25% of direct production costs.*
Commercial Exposure	*Selective price optimization and prioritization of high-margin and strategic SKUs to protect profitability.*
Export Demand & Pricing Pressure	*Export growth strategically rephased to optimize market prioritization and operational efficiency while advancing Egypt market entry.*
Disposable Income & Luxury Good Demand	*Enhanced sell-out execution and demand generation initiatives across key categories.*
Government & Institutional Demand	*Optimization of commercial conditions while maintaining strong customer and strategic account relationships.*
Specialized Workforce Dependency	*Structured succession planning and local talent development across critical functions.*
Pipeline & Regulatory Delays	*Prioritization of strategic product launches with flexible pipeline sequencing based on market conditions.*

Our Investment Highlights

A differentiated and scalable pharmaceutical platform underpinned by strong market tailwinds, operational capabilities, and a clear growth strategy

- Strong Structural Growth Supported by Favorable Demographics and Vision 2030 Tailwinds
- Broad and Diversified Product Portfolio with Expansion into High-Value Therapeutic Segments
- Partnership-Driven Business Model Enabling Portfolio Expansion and Market Access
- Integrated Manufacturing Platform with Scalable Production Capacity
- Experienced Management Team Supported by Strong Governance and Board Oversight
- Proven Track Record of Revenue Growth and Profitability
- Clear and Targeted Growth Strategy Supported by a Robust Product Pipeline

Q&A

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Thank you

Appendix

Income Statement

SAR MN	Q1 2025	Q1 2026	% Change
Revenue	97.4	130.1	+33.7%
Cost of Revenue	37.1	49.5	+33.5%
Gross Profit	60.3	80.6	+33.8%
Gross Profit Margin	61.9%	62.0%	+0.1 pp
Selling & Distribution Expenses	23.4	30.5	+30.6%
General & Administrative Expenses	14.5	17.4	+20.1%
Impairment Loss on Trade Receivables	0.0	2.0	N/A
Other Income, Net	0.1	0.1	N/A
Operating Profit	22.3	30.7	+37.7%
Operating Profit Margin	22.9%	23.6%	+0.7 pp
Finance Costs	1.4	1.6	+16.4%
Profit before Zakat	20.9	29.1	+39.1%
Zakat Expense	1.5	2.2	+45.0%
Net Profit	19.4	26.9	+38.7%
Net Profit Margin	19.9%	20.7%	+0.8 pp

Revenue

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.

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.

Operating Profit

Operating profit increased by 37.7% y-o-y to SAR 30.7 million in Q1 2026, driven by improved gross profitability and continued operational scale-up across the business.

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. The increase was driven primarily by higher operating profitability, alongside disciplined cost control measures.

Balance Sheet

SAR MN	FY 2025	Q1 2026	% Change
Assets			
Total Non-Current Assets	186.3	197.6	+6.1%
Total Current Assets	413.3	428.9	+3.8%
Total Assets	599.5	626.5	+4.5%
Equity & Liabilities			
Total Equity	416.2	417.5	+0.3%
Total Non-Current Liabilities	51.3	58.7	+14.6%
Total Current Liabilities	132.0	150.3	+13.8%
Total Equity and Liabilities	599.5	626.5	+4.5%

Assets & Investment Activity

Total assets increased by 4.5% to SAR 626.5 million, reflecting continued investment in operational infrastructure and capacity expansion initiatives. Non-current assets rose by 6.1% to SAR 197.6 million, primarily driven by capital deployment toward Avalon 4, while current assets increased by 3.8% to SAR 428.9 million, supported by higher receivables in line with revenue growth.

Liquidity Position

Cash balances stood at SAR 18.8 million at period end, reflecting capital deployment during the quarter. The decrease was primarily driven by capital expenditure of SAR 16.5 million, alongside dividend payments of SAR 26.4 million.

Liabilities

Total liabilities increased by 14.0% to SAR 209.0 million, reflecting higher borrowings to support ongoing capital investments, alongside increased working capital requirements as the business continues to scale.

Cash Flow Statement

SAR MN	Q1 2025	Q1 2026	% Change
Cash from Operating Activities	**23.2**	**11.3**	***-51.3%***
Cash Used in Investing Activities	**(7.9)**	**(16.5)**	***-108.9%***
Cash Used in Financing Activities	**(4.1)**	**(8.0)**	***-100.0%***
Net Change in Cash	**11.2**	**(13.2)**	***n/a***
Cash and Cash Equivalent at Period End	**33.9**	**18.8**	***-44.5%***

Cash from Operating Activities

Operating cash flow amounted to SAR 11.3 million in Q1 2026, reflecting solid underlying cash generation from operations. Cash inflows were supported by higher collections, while increased supplier payments and working capital requirements moderated overall cash conversion during the period.

Cash Used in Investing Activities

Investing cash outflow increased to SAR 16.5 million, primarily driven by elevated capital expenditure as the Company continued to advance Avalon 4 and expand its operational capacity.

Cash Used in Financing Activities

Financing cash outflow amounted to SAR 8.0 million, reflecting dividend payments during the period, partially offset by increased borrowings to support capital investments and working capital requirements.