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Jamjoom Pharma

JP Earnings Call Transcript

Q1 2025

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Call Date	Wednesday, April 30, 2025
Time	3:00 PM – 4:00 PM (Riyadh, KSA)
Participants	Tarek Y Hosni – CEO Anwer Mohiuddin – CFO Muhammad Khan – Associate Director of Finance & Head of IR
Host	AlJazira Capital – AJC

Ibrahim Elaiwat, AJC:

Good afternoon Everyone, and on behalf of Aljazira Capital, it is my pleasure to welcome you all today to Jamjoom Pharma's earnings call for Q1 2025 results. With us today, I am pleased to welcome on the panel from Jamjoom Pharma: Chief Executive Officer Dr. Tarek Hosni, Chief Financial Officer Mr. Anwer Mohiuddin, and Associate Director of Finance and Head of Investor Relations Mr. Mohammed bin Khalid. The format of this call will begin with a presentation from management before opening up the floor to participants for a Q&A session. So, without further ado, I am yielding over the floor to the IR Director Mr. Mohammed bin Khalid. Mr. Mohammed, the floor is yours.

Muhammad Khan – Associate Director of Finance & Head of IR

Thank you, Ibrahim. Alsalam alaikom and good afternoon, everyone, and thank you for joining our Q1 2025 earnings call. My name is Muhammad Khan, and I'm pleased to welcome you all to today's session, which will run for approximately one hour. We will begin with a 20-minute presentation followed by a session dedicated to your questions. Joining you today are Dr. Tarek Hosni, the CEO, and Mr. Anwer Mohiuddin, the CFO. Without further delay, I'll now hand over to Dr. Tarek to take us through the slides. Over to you, Dr. Tarek.

Tarek Y Hosni – CEO

Thank you Muhammad. Alsalam alike good afternoon and good morning across markets and continents to our investors and analysts. I would like to start by really thanking from the bottom of my heart my 1,600 colleagues at Pharma who serve all our active markets and functions for a job amazingly done in Q1 2025. As you have witnessed with me just a couple of months ago, we were reviewing the full-year 2024 results for Jamjoom Pharma — an amazing year for us, one of the best years in Jamjoom Pharma's history. At all fronts, we ticked all the right boxes.

Quite honestly, after an amazing year like this, I thought we might have a little bit of a slowdown in the first quarter of 2025, which — if it occurred — I would have understood.

I would have been a little upset, but I would have understood.

But to my surprise, and thanks to the excellent execution and dedication of our colleagues across all functions and markets, they have once again delivered a superb job, as you will see in Q1.

Out of all the last thirteen quarters since Q1 2022 when Jamjoom Pharma embarked on its amazing growth journey, Q1 2025 stands out as the most impressive — at all levels: in terms of numbers, achievements, and execution. With this, I would like to thank my colleagues and start sharing with you some of these impressive results. First slide, Muhammad, please.

Some of you may have already seen this in our earnings press release:

An impressive 19% growth on the top-line revenue, reaching SAR 458 million.

Even more impressive is the net profit of SAR 157 million — a 53% year-on-year growth — something I'm truly proud of. EBITDA also grew 26% year-on-year. An EBITDA margin of 37.7%, unprecedented for us, and happening for the first time.

From a total number of brands point of view: Last year, I spoke to you about 134 products with a plan to launch 7–8 more during 2024. Today, I present you with 143 product brands — meaning we launched about 7 last year and 2 already this year in Q1. An amazing Free cash conversion was 88% when I presented it to you previously — and now it stands at 94%, with free cash flow at SAR 157 million and a 36% growth quarter-on-quarter and year-on-year. We have managed to transform our production also made tremendous improvements on the production and manufacturing side.

We started this year with a much healthier strategic stock, which enabled us to rationalize production units and further improve efficiency compared to last year because of this strategic stock that we enjoyed at the beginning of this year.

Next slide Mohammed.

Some of the highlights of the first quarter that I'm proud to share with you and we'll go market by market. In Saudi Arabia, the market grew impressively at 17%. Luckily for us, the market grew above forecast. We forecasted growth between 8% and 10%, but the market continued to surprise us — particularly in the retail sector — growing at 13%, and we ourselves achieved a 17% growth. Our team continued to excel in execution. We are working smarter, not harder — focusing on high-value, high-margin products, rather than just driving volume. This transformation journey is essential for driving profitable growth that consistently creates shareholder value we continue to excel in such area. In our export markets:

- Iraq grew by 17%.
- The Gulf markets grew by 16%.
- North Africa delivered 15% growth.
- Egypt, on a constant currency basis, grew by 11%.

Again, the smarter-not-harder strategy applies across all markets:

Focusing on strategic, high-margin products investing in driving cardiometabolic, and CNS portfolio even further and bringing new products that will enable us to even excel in every single therapeutic area that we operate in.

On the manufacturing front:

- Jeddah facility utilization is now 89%, no longer operating hand-to-mouth a year ago at >100% utilization at certain times and definitely enabling other facilities to ramp up such as the Egyptian facility as well as the new sterile facility.

- Egypt's new facility utilization is approaching 97%–98%, we rely on the local facility to satisfy all local market needs.

This is a place we wanted to reach, and I'm proud to report we are getting there in a very trusted manner. From a BD perspective, I am very pleased to share with you, I promise that I will do this this time and I'm delivering with my promise. You will see a list in a couple of slides about certain areas where we are really finalizing deals and getting products in, in certain strategic lines that will really complement our inorganic growth, going forward, and will help us to sustain such stronger results and deliverables to our investors and shareholders. Moving forward, basically, as I, I told you, in the Jeddah facility we're talking about thirty-three million units out of the forty-one assured us you produced.

We're ramping up in, in the new sterile facility: one point six million.

Having said that, not even fifty, sixty percent of the products that should be commercialized from this facility is already produced there. So hopefully, in a month or two, we will get a hundred percent commercialization of all the brands that need to move, and then we will see an even better ramp up for such facility. Egypt, as I told you, five points five million in the first, couple of months or three months. And we expect that this facility will close this year at thirty-five million production units.

And in Algeria, we were within the first quarter, we managed to get three million units.

Moving forward, yeah, so again, pleased to report as, I guess, it became a habit whenever I share with you our results, both split into key therapy areas and key geographies, that in almost majority or all of our key therapy areas and key geographies we continue to deliver healthy growth, which is — I would have been much more concerned if the growth is coming from one or two therapy areas and one or two key. But, it's a very healthy growth that shows very good understanding and the execution of the strategy across almost all markets, with different pace perhaps and with different levels of maturity, but still I think everyone is doing his best out of our colleagues to really deliver on commitments.

As you can see, from a therapy area perspective, on the left-hand side, Ophthalmology grew impressively at twenty percent, Dermatology twenty-one percent, and the rest of the portfolio, as you can see, very impressive growth momentum. When it comes to market-by-market, Saudi Arabia, twenty-four percent. I have to report you as well that out of this twenty-four percent impressive growth on the institutional and tender sector, more than double the what we sold last year in the first quarter.

And with the same token, we have delivered our most impressive results on the bottom line.

So those who are worried or used to be worried and asking me questions about, whenever we increase our portion of the institution and tender, we will dilute our earnings, here is a very good proof of how we really managed to manage our overall P&L in a magnificent way, even though when we increase on institutional tender business.

And the increase in institution and tender is on selective products that we know that were not too much diluting earnings or just pushing volumes, as I always promised you. Gulf and Iraq, we mentioned the growth. North Africa, impressive fifteen percent, and even in Egypt, with the devaluation that impacted this year compared to last year, we are talking about eleven percent on constant currency growth in such an important strategic market for us.

So, nineteen percent across all.

And when we translate this into therapy area, in the next slide, you will see the migration we're making.

Next slide please, Mohammed.

As you can see, compared to 2021, Ophthalmology and Dermatology, our niche flagship therapy areas, are still growing massively but contribute ten percent less to our portfolio because of the outpaced growth that we're delivering in areas like Consumer Health.

I'm very pleased with what our team on the Consumer Health side is delivering year on year in our key markets like Saudi Arabia, and I look forward to the same contribution when they launch the Consumer Health portfolio this year onward into other key geographies like the Gulf, Iraq, Egypt, North Africa, and outposts. We see tremendous growth on the General Medicine side, on the CNS line, and across all our portfolio.

Next slide please, Mohammed.

When we speak about Business Development, this is a small list to show some of our key initiatives over the last few months that we have already concluded signing on — in terms of key products and key therapy areas — that will complement our portfolio and will aid our inorganic growth as we move into the latter part of 2025 and into 2026 and beyond. We speak about very good strategic deals with reputable, credible partners across Europe, China, Korea, and other places to bring across some of the best-in-class biosimilars or key products in Ophthalmology, in the GIT, and in the Cardiometabolic front to complement our portfolio. I am very pleased with what we have done so far, and I would like you to watch this space for even more deals that are going to come in the future. In addition, certain CMOs are being finalized at the moment to really get into strong partnerships with some multinational players — to finalize certain partnerships that will really complement our portfolio and our capacity utilization as we move forward. So, watch the space for this. From a pipeline point of view again, please do report:

A total of fifty-eight products in our pipeline, split almost — as you can see — sixty forty percent between the products that are either already ready for submission or already submitted to the Saudi FDA for review, and the products that are under development. So, almost, we're talking about thirty-four products out of the fifty-eight already submitted or about to be submitted, and twenty-four under development. Pleased with this and pleased as well with the split across all our key therapy areas —

So it's not a focus only in one therapy area ignoring the others.

Next slide please, Mohammed.

Yeah, and this is the icing on the cake really,

Because we don't allow the amazing, impressive growth of the business to make us forget an important part of our mission and duty and payback to the community — quite honestly — when it comes to our ESG initiatives. Which are basically — I can summarize them for you in a few clusters, or few areas:

First, improving affordable high-quality access; Improving the health and diversity of our workforce;

Working on efficiency and effectiveness driving of our manufacturing facility — while making it as green and as healthy as it should be as well as our responsible governance across the organization. And we have a lot of initiatives, as you can see, in every one of these areas —

Which are complementing our ESG strategy that will continue to be planned even better and finalized as we move forward — So that we continue to contribute even harder and smarter to the community,

While improving our facilities and reducing carbon emissions across all our four facilities. With this, I guess I will hand over to my colleague, Anwer Mohiuddin, the CFO of Jamjoom Pharma,

To take you through some highlights on the financial front. Anwer, please. Thank you.

Anwer Mohiuddin – CFO

Good afternoon, everyone, and thank you for joining us for our quarter one earnings call. I am pleased to report that our strong momentum has carried into the new fiscal year, with continued growth across all key financial metrics.

Next slide, please.

Our revenue increased by 19% year-on-year to SAR 458 million, driven by robust volume growth and ongoing product portfolio expansion. Particularly in high-demand therapeutic areas such as ophthalmology, dermatology, and anti-diabetics. Our gross profit grew by 17% year-on-year to SAR 293 million, with a slightly lower gross margin of 64% compared to the first quarter of 2024, Due to product and geographic mix, as well as depreciation from our newly capitalized facilities in Jeddah and Egypt. Our EBITDA grew by 26% year-on-year to SAR 172 million, With the EBITDA margin improving by 2.2 percentage points to reach 37.7% this margin expansion was supported by improved cost absorption, economies of scale, and operational efficiencies. Net profit surged by 53% year-on-year to SAR 157 million, with the net margin improving by 7.6 percentage points, demonstrating the strength of our operating model and disciplined financial management. A notable contribution to the margin growth came from a significant reduction in financial costs compared to Q1 2024, when the significant devaluation of the Egyptian Pound had adversely impacted our net margins.

Next slide, please.

Turning to our cost management efforts during the quarter, we continued to effectively navigate cost control and operational agility. Cost of revenue increased by 21% year-on-year, reflecting higher fixed manufacturing costs such as depreciation, employee-related costs, and utilities, as we ramp up new facilities, particularly in Egypt. Direct production costs — including raw materials and consumables — rose by 22% year-on-year, slightly higher than the sales growth, owing to shifts in product and geographic mix. Salaries and employee-related costs grew by 29% year-on-year, reflecting a revision in our employee incentive scheme and benefits, to support expansion and innovation. Depreciation and amortization expenses increased by 45% year-on-year, driven by the recent capitalization of our facilities in Jeddah and Egypt. Turning to the right-hand side of the slide: Our operating expenses grew by 11% year-on-year, Reflecting our strong operational discipline and efficiency. R&D expenses increased by 16% year-on-year to SAR 9 million, reflecting our growing investment in new product development, particularly across cardiometabolic and other portfolios. Selling and distribution expenses rose by modest 6% year-on-year to SAR 100 million, in line with our revenue growth, as we continue to strengthen our sales force and brand-building efforts, while maintaining efficient resource allocation. General and administrative expenses grew by 38% year-on-year to SAR 22 million, primarily due to the impact of our employee benefit incentives, driven by new executive hires and organizational enhancements, in line with our company's ambition to attract and retain talent. Our direct production cost per unit sold is slightly higher this quarter at SAR 3.2, sustaining our efficiency level despite macroeconomic pressures and the ramp-up of our new facilities.

Next slide, please.

Moving on to our profitability, I am pleased to report that our EBITDA margin expanded to 37.7% in Q1 2025, representing a 2.2 percentage point improvement compared to Q1 2024, this increase was driven by a combination of operating leverage, cost discipline, and favorable product mix. As shown on the left side of this slide, EBITDA rose by 26% year-on-year, from SAR 137 million to SAR 172 million, outpacing revenue growth and underscoring the strength of our operating model and scalability. On the right-hand side of the slide, you will notice the trend in gross profit, EBITDA, and net profit margins across the past five quarters. Following the dip in Q4 2024, due to strategic lower sales, both margins are up sharply in Q1 2025, with net profit margin surging to 34.3% and gross profit margin reaching 64%. The upward trend

from 61% to 64% reflects a strong quarterly recovery in profitability, supported by higher sales volume, improved production efficiencies, and product mix optimization. These results reaffirm Jamjoom Pharma's position as one of the leading companies in terms of profitability, supported by effective cost management, focused portfolio execution, and growing business across the region.

We will now move on to the cash conversion cycle on the next slide,

Lastly, our focus on working capital efficiency remains key to support our growth ambitions. In Q1 2025, our cash conversion cycle increased to 219 days, up by 6% year-on-year, reflecting our strategic decision to build inventory and enhance supplier readiness as we scale our operations. Working capital reached SAR 799 million, up by 23% year-on-year, higher than the revenue growth, highlighting our ability to support expansion without overextending our operating cycle. There was a slight increase in DSO days versus Q1 2024, whereas DPO days declined to 33 days, reaffirming our commitment to timely supplier payment and stronger relationships with vendors. We ended the quarter with a cash balance of SAR 137.5 million, post dividend distribution in 2025, reinforcing our strong liquidity and financial discipline.

With this, I would like to hand over to Mohammed Khalid for the Q&A session.

Muhammad Khan – Associate Director of Finance & Head of IR

Thank you, Mr. Anwer and Dr. Tarek. So, we will now start with the Q&A session.
Can you please moderate.

Ibrahim Elaiwat, AJC:

Thank you, panelists. Ladies and gentlemen, we will now commence with the Q&A session.
You may raise your hand by pressing the hand icon on your screen to speak with the panelists,
Or alternatively, you may drop your question into the Q&A chat box.
With that being said, please limit your questions to two at a time so we may satisfy as many participants as possible.
You are, however, more than welcome to join the back of the queue if you have a follow-up.
Without further ado, the Q&A session is now open.

User	Question	Answer
Mashail AITwajiri From SNB capital	Thank you management for the presentation, 1- Given the solid growth figures posted in Q1 sales, Do you expect to upgrade your full-year guidance? 2- Can you share your overall outlook on the pharma market growth going forward for 2026 and beyond?	1- I think you guys are getting used to our accountable approach. So far, we wait until the second or third quarter. We would like to see two consistent quarters where we are exceeding expectations, and then we will come, in an accountable way, in the third quarter and tell you whether we will upgrade or change our guidance. Quite honestly, one quarter things can go south. We don't just rely on one quarter. That's our approach, and we'll continue to do so. We feel that this is an accountable responsibility that we need to continue to deliver to our investors and analysts. 2-Regarding the outlook for the market: Quite honestly, the market continues to surprise us especially the Saudi market. Every year, we say it will slow in growth because of certain elements, and

		<p>every year the market continues to outgrow the forecasts, not done by us, but by expert firms, analysts, and statistical companies in the market. I have an even more positive outlook for the market between 2026 and beyond.</p> <p>I expect the market in Saudi Arabia and the Gulf to continue to grow at a single- to middle-double-digit growth. Basically, I don't expect anything less than 8% to 12%, hopefully, for 2026 and 2027. We don't tend to forecast beyond one or two years, and this is for Saudi and Gulf. The reason I'm singling them out is because these are the markets with the highest predictability for us, and as well, the lowest vulnerability to exchange rate changes or other external factors. I believe Iraq will continue to be a key driving market for us. I believe North Africa as well will contribute even further to our business. And, as I have mentioned always, Egypt and Algeria will continue to post mid- to long-term growth potential for us. So, this is our outlook.</p>
Tarek Sleiman	<p>Good afternoon and thank you for the presentation. Congratulations on a solid set of results.</p> <p>So, maybe two questions from my end.</p> <p>1- I'm looking at the solid revenue growth seen across Ophthalmology and Dermatology, Which are your legacy leading therapeutic areas. My question here is: Should we expect these trends to continue especially since we saw a similar pattern already in 2024? And is your guidance compared to what you delivered already lower in terms of revenue growth, Capturing a normalization within those two therapeutic</p> <p>So, if you can, explain a bit what's driving this and your forecast.</p> <p>2- About Egypt. You said you grew 11% in Egypt that's what I heard at least on the call, but we can see that it dropped by 19%. So, I'm assuming you grew by volume?</p>	<p>1- I guess you meant to ask about our outlook for the full year. Is Ophthalmology and Dermatology going to continue to outperform like this? Or do we expect a little bit of a slowdown that would match our guidance for these areas?</p> <p>The answer is as I said earlier, we continue to push at all fronts, Tarek. The market continues to surpass expectations, but our people are also continuing to outperform. It's not like we forecasted lower market growth and then were taken by surprise no, the market grew, and we outgrew the market. I guess we'll continue to do this with the impressive team that we have today, excelling in execution. So, I wouldn't be surprised if Ophthalmology and Dermatology continue to outperform, like every other therapeutic area, quite honestly. But to your point, which is valid, we don't divide the year equally, as you know. For example, this first quarter normally constitutes about 27%–28% of our annual revenues, While the last quarter of the year is typically around 20%–22%. Hence, you might see some balancing out across the full year. But from an in-market perspective, I think Ophthalmology and Dermatology will continue to outperform in their respective categories and will continue to gain market share. This is what I can tell you.</p> <p>2-On Egypt I'm not sure about the 11% and the 19% figure you're referring to. Are you making the balance between 11% and 28%? And saying the decline is 19%? Because basically what we are saying is: Egypt declined 28% in SAR terms,</p>

	<p>If you can provide an explanation on why it dropped 19%, Especially considering the Egyptian Pound was relatively flat?</p> <p>And, should we expect more balancing or optimization strategies in Egypt, Given the lower margin profile?</p> <p>Would you limit some of the production capacity until you see better pricing or margin profile?</p> <p>Thank you.</p>	<p>But when you take into account the devaluation impact, and on a constant currency basis in March last year (i.e., in Egyptian Pounds), we actually grew by 11%.</p> <p>Are we satisfied with our performance in Egypt? Definitely. We are happy with the 11% growth. But of course, we aspire to do even better and that's the direction to the team. Contrary to what you're implying, we are pushing on all cylinders to increase our presence in the market, gain more market share, Find more business development opportunities, And strengthen our solid presence in Egypt.</p> <p>At the same time, we are requesting price increases on products to offset the remaining impact of the devaluation even though we managed to get some good price increases on some key products year-to-date. So, that's our strategy in Egypt, in a nutshell. And no in the short term, you won't see us slowing down or shutting down manufacturing or operations. On the contrary, we remain very positive about Egypt and rely on it to continue to perform well. We also plan to explore opportunities to supply goods from Egypt to neighboring markets where it makes sense. So we are still solid about our outlook for Egypt.</p>
Madhu Appissa	<p>Congratulations, Jamjoom Pharma management, for the strong set of results.</p> <p>1- I wanted to understand the rationale behind the liquidation of inventory. Even in Q4, your inventory declined both sequentially as well as year-on-year. Given that your production was down 7%, but sales were up 19%, this implies significant liquidation of inventory, I wanted to understand Is there any production issue that you are facing?</p> <p>And can we assume a sharp increase in production in Q2 to beef up your inventory?</p> <p>Although raw material prices should not have impacted your cost of sales, nevertheless, were there any cost savings</p>	<p>1- If you ask me about my inclination — what I aspire for always I would like to see us working smarter and smarter all the time. Not just pushing volume but pushing value. This is the business model we should be pursuing. While we are here to ensure that we supply affordable, high-quality medications to our patients and customers, we are also here to entertain shareholders and maximize shareholder value. And we can satisfy both by working smarter, driving higher-value products. So, yes, that's one of the reasons why you saw the 7% volume decline.</p> <p>Another key contributor is as I mentioned during the presentation Is that we started the year with a much better strategic stock in hand, which helped us rationalize production a little bit. Last year, at the same time, our Jeddah plant was working hand-to-mouth, more than 100% utilization, in three shifts. This year, we started with a stronger inventory position, due to moving part of the production to Egypt and ramping up our new sterile facility. This enabled us to rationalize production in Q1 without impacting service levels.</p> <p>Regarding whether you'll see a huge ramp-up in production in Q2? No, not huge. You'll see a healthy ramp-up to meet our sales growth and to exceed it, as we always aim for. And I expect my team to continue working smarter not just chasing volume, but driving value.</p>

	<p>simply because production was lower in Q1?</p> <p>And are there any cost savings because of the lower production volumes? Since you used your existing inventories were there any savings?</p> <p>2- About gross margins, and mainly in Egypt. Your sales declined in Egypt due to currency, but given that you have a production base there, The currency devaluation should have helped lower your costs as well. If that was the case, how much benefit did you get in terms of cost reduction on a year-on-year basis?</p> <p>For example, If your sales are reducing when translating to SAR, Even your costs assuming they are incurred locally should reduce.</p>	<p>I would say, not significant savings per se from the 7% lower production. But there were savings elsewhere optimizing costs, driving efficiency and effectiveness, and improving our product gross margins. These efforts allowed us to be competitive in the tender and institutional sectors without diluting profitability. But no, we are not saving costs intentionally by producing less.</p> <p>2-That's not our strategy. Everything we buy for manufacturing the key inputs are purchased in hard currency. We don't buy in local currency. More importantly, we are required at least for the first couple of years to use the same suppliers we currently use in Saudi Arabia, So that regulators can guarantee the same product quality. So, the potential savings you're suggesting aren't material — they are hardly there. If you're talking about employee costs or utility costs Yes, there could be some savings. But from an operational point of view, We don't really have significant cost savings in Egypt, because most of the material inputs are still sourced internationally.</p> <p>The raw material cost is almost the same because of our sourcing strategy. However, in terms of conversion cost, like employee costs, utilities, and overheads there is a saving in Egypt compared to Saudi.</p>
Naif Alqathmi	<p>Congratulations on the amazing set of results.</p> <p>1- I would like to ask about the export license for the Egyptian facility. When do you expect to have it and start exporting from there? Also, can you give us an idea about how the process would look like especially in the neighboring area, the French-speaking nations?</p> <p>2- Does it only serve the Algerian market,</p>	<p>1-For Egypt we don't get an "export license" per se. What we end up getting, hopefully, is the registration of our Egyptian facility as an approved source of supply for certain markets. As I told you before, We need to have a couple of years of full operation under our belt, which will happen by September–October this year. Then we will start approaching some of these markets the likes of Sudan, Libya, Ethiopia, and other African markets where it makes sense for us to supply from Egypt instead of Jeddah. If they are interested, they will come and inspect our facility in Egypt and approve it. This will allow us to register products produced there as the first or second source of supply. We will start exploring this by Q4 2025.</p>

	Or does it have some export capabilities as well?	<p>Registration processes in these markets can take 12 to 18 months. So realistically, you can expect some product exports to begin from Egypt toward the end of 2026 or early 2027.</p> <p>2- As for Algeria:</p> <p>At the moment, as I shared with you before at the moment, we only have the oral dosage form plant that we bought from Sandos Novartis, the plant is mainly satisfying local market needs. We are in the process of building an ophthalmic facility there which should come online in two to two-and-a-half years to become live and to bring some of our high-quality ophthalmology line into the Algerian market. So, at the moment the plant is mainly satisfying the local market needs and we expect to explore as well sending products out of Algeria not before we have the Ophthalmic unit up and running which will not happen before the beginning-mid of 2027 and given as well a year or two after that. So, for now and the next two to three years, Algeria is serving only the local market.</p>
Hamza Jabbar	Is the management seeing any change in the prices of APIs as a result of the global supply chain changes in light of the tariffs and is there any room for more improvement in the margins if the trade wars ease off?	<p>We certainly aspire to see improvements in margins if the trade environment eases. And as you have seen in the press release regarding our earnings, we were expecting a higher gross margin. However, we lost almost 0.7% of the margin for a combination of reasons. One of them is the increased cost. Do we see an increase here and there?</p> <p>Yes, we do. In raw materials.</p> <p>Do we offset it elsewhere by better prices or cost reductions?</p> <p>Yes, we do, and we have these initiatives ongoing. If trade war tensions and Red Sea issues ease, it will not only improve our raw material costs directly, But more importantly, it will improve the speed at which we can bring products into the hands of patients. Currently, delays are causing indirect losses, sometimes even greater than the direct cost increases that we witness in the raw material. So yes, we aspire more for improvement. And as I shared in previous calls, and I am proud of the team, relatively speaking, that we are managing this better than others because of our strategy to buy strategic stocks which is longer than what we used to purchase in terms of coverage, for key products across all our lines which gives us an extra cushion to be able to control key products as oppose to we use to purchase on our previous scale, so we are as well transforming our strategy and our approach in order for us to respond to these changing market</p>

		dynamics in a more positive, which gives us better security compared to others who are more exposed.
Ajith Kumar	<p>Congratulations on the results.</p> <p>Why does the company have only 50-60% dividend pay-out ratio despite they are not having any major capex or debt?</p> <p>And what is the plan, company has for the retained cash?</p>	<p>We keep asking ourselves the same question every time we discuss dividends internally. Quite honestly, given our working capital and the growth in sales and operations, we believe 50%-60% is fair and just at the moment. It enables us to fund ongoing operations and increased costs. As I've shared before in full transparency, we are a rich company on paper at year-end but throughout the year, cash flow fluctuates. Because of the nature of the market, distributors and customers delay payments, which impacts on our receivables and liquidity. Thus, to manage our working capital properly, we need a bigger cash cushion than what other industries might require. We review the dividend payout ratio regularly. If our working capital situation improves and we have fewer capex or investment needs, We may reconsider increasing it. But at the moment, we have opportunities on the horizon business development deals, facility expansions, and other initiatives that require cash.</p> <p>In addition to supporting working capital, we have upcoming capex related to facility upgrades and additional machinery. We are also progressing on business development activities, licensing fees, partnerships, and new deals. So, the cash will be utilized efficiently across these fronts. Also, to remind everyone we have moved from operating a single plant in Jeddah to now running four facilities. This requires ongoing maintenance capex and operational costs, even if we don't announce massive greenfield investments. In full transparency, we also keep a cash buffer in case of unforeseen market disruptions. But again, we keep reviewing the dividend policy in a responsible way every year.</p>
Usman Siddiqui	<p>You mentioned it would take at least two years from now to start exporting from the Egyptian facility. I just wanted to understand the current capacity is around 50 million units. You produced around 25 million units last year. If you expect production to increase, Where will the additional volumes go?</p> <p>Because you mentioned you already localized 97% of your Egyptian market needs. So, is there enough room in Egypt to</p>	<p>Sure, Usman.</p> <p>Let me give you a clearer picture. This year, we expect to produce around 35 million units at the Egypt facility. This will satisfy the full local market needs and leave us with the right strategic stock to start 2026. Out of the theoretical 50-52-million-unit capacity, after meeting local needs and building strategic stocks, we will only have around 15 million units of excess capacity. If we embark on supplying two or three neighboring markets, this spare capacity will be quickly utilized. Quite honestly, we don't have a luxury of significant spare capacity. On the contrary we are already considering creative ways to expand capacity to meet future growth in Egypt and regional markets.</p>

	absorb the additional production?	<p>Usman Siddiqui: Got it. So until you get export approvals, 35 million units is the sustainable production level?</p> <p>Tarek Hosni: For this year, yes. But don't forget — next year, demand will grow. If past performance is any predictor, we closed last year around 24–25 million units, this year we're targeting 35 million units. Next year, we might target 40 million units or more. By the end of 2026, we expect to come close to full capacity utilization at the Egypt facility and then we will need to find other ways to pump up the capacity.</p>
Yasser Alnejaimi	<p>I would like to thank the company for giving me the opportunity to ask a couple of questions.</p> <p>1- How sustainable is the 18% growth in revenue, given the slowdown in production volume?</p> <p>2- To what extent did pricing versus volume contribute to growth in each therapeutic area?</p> <p>3- Are you expecting a new profitability norm in the next quarters?</p> <p>4- Regarding the Egypt facility Does the company obtain the title deed for the facility?</p>	<p>1- About the sustainability of 18%–19% growth: we don't directly link production volume to revenue growth anymore. We are moving toward driving value, not just volume. So, I would not be concerned if this year we grow at, say, 16%–19% While producing fewer units than before. What matters is smarter product mix, higher margin products, and value creation.</p> <p>2- On pricing versus volume contribution You can assume around 7%–10% of the growth is pricing-driven, with the remainder volume-driven. Especially with new strategic launches in key therapeutic areas.</p> <p>About profitability trends: If you look at historical patterns our first quarter tends to be one of our best, margin-wise. Q2 and Q3 are also solid. Q4 tends to be softer due to seasonal factors, and some strategic sales and promotional investments. So yes, we expect a similar trend in 2025: Strong Q1–Q3, slightly softer Q4. But overall, margins are structurally improving.</p> <p>3-Now your last question on the Egypt facility title deed, yes, we obtained the full legal title deed. We completed all licensing and regulatory approvals as of September 2023. That's why we are fully operational now.</p> <p>Yasser Alnejaimi: Actually, I asked because I noticed it listed as a risk in the IPO prospectus.</p> <p>Muhammad Khan: Correct, at the time of IPO (early 2023), the title was pending. But we finalized it immediately after the IPO. So that risk is now fully clear.</p>

		<p>Yasser Alnejaimi: Regarding pricing versus volume, just to confirm: You said the pricing impact is around 7%–10%?</p> <p>Tarek Y Hosni: Yes, you can assume 7%–10% of the growth is coming from pricing improvements. And the balance is from volume and mix improvement especially with the focus on strategic, high-margin products. Also, please expect going forward that we will continue to drive more value than just pure volume. We are working smarter, not harder in our commercial strategy.</p>
Asmar Shams	<p>Thank you for the presentation. I have two questions. 1- a follow-up on the trade disruption query: Granted that retail prices are regulated, but at the distributor level where you actually sell Is there a risk that foreign companies might increase discounts to offload inventory? If yes, how do you usually respond to competitors increasing discounts at the distributor level? 2- Regarding selling expenses: They did not increase in line with revenue this quarter. that's been a key factor driving your EBITDA margin improvement. Can you provide some guidance for selling expenses for the rest of the year? Was this quarter just a timing difference, or will the trend continue?</p>	<p>1- On your first question about competition and distributor discounts: Honestly, we do not react aggressively to discounting behavior by competitors. We have clear targets for market share getting 6%–7% share in key markets and we stick to our strategy without chasing price wars. If some competitors choose to flood the market with discounts, we maintain discipline and focus on quality, service, and product positioning. Our goal is to grow profitably not to commoditize our portfolio.</p> <p>2-On your second question regarding selling expenses. Yes, this quarter benefited from timing factors. Specifically, Ramadan fell in March, which compressed customer activity and promotional events. Therefore, selling expenses grew at a slower pace relative to revenue. This will normalize over the next quarters, selling expenses will rise back in line with revenue growth as business activity picks up post-Ramadan.</p>
Muhammad Adnan Muqeem	<p>How much of the topline growth in 1Q25 was driven by institutional tenders, and can we expect a similar contribution from tenders for the remainder of the year?</p>	<p>Thank you for the question, Mohammad. In Saudi Arabia, our tender and institutional business accounts for around 20% of total pharma sales. In Q1, tender and institutional sales grew by more than 100% year-on-year. However, it's important to note that part of this sharp growth was due to carryover orders from Q4 2024. Some deliveries that were scheduled for Q4 were delayed to early Q1 due to supply chain constraints. Thus, the doubling of institutional sales in Q1 was partially a one-off effect.</p>

		For the full year, We expect healthy growth in tenders but not another 100%+ surge. Going forward, tender sales will continue to grow, but at a more normalized rate aligned with our broader Saudi business performance.
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Ibrahim Elaiwat, AJC:

Alright.

It seems that would have marked our last question for this session.

On behalf of Aljazira Capital, we would like to extend our sincere thanks to Jamjoom Pharma's management

For their time and for the very detailed presentation. And we would also like to thank all participants For taking the time to join today's call.

Mr. Muhammad, the floor is yours for any closing remarks.

Muhammad Khan – Associate Director of Finance & Head of IR

And thank you to all the analysts and investors for your active participation today. We look forward to welcoming you again next quarter with hopefully another strong set of results.

Thank you, Doctor Tarek, and Mr. Anwer as well, for joining.

Tarek Y Hosni – CEO

Thank you, everyone.

Really, thank you all for attending, for being part of this success story. God bless and inshallah, we will see you again on the next earnings call in a few months' time.

Anwer Mohiuddin – CFO

Thank you all.

Thank you so much.

Ibrahim Elaiwat, AJC:

Thank you, everyone. The meeting is now over; you may exit the chat.

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Jamjoom Pharmaceuticals Factory Company

Jeddah, Saudi Arabia

Tel: +966 12 614 0099

Email: IR@jamjoompharma

jamjoompharma.com