

## Earnings Release

# Jamjoom Pharma reports 71% net profit growth to SAR292.4 million in 2023

### FY 2023 Financial Highlights:

- Revenue growth of 20.1% YoY to SAR1,100.8 million
- Gross profit of SAR703.8 million, with gross margin of 63.9%
- EBITDA growth of 32.5% YoY to SAR344.3 million, with EBITDA margin expanding by 2.9ppts YoY to 31.3%
- Net profit grew 70.7% YoY to SAR292.4 million, with net profit margin rising by 7.9ppts to 26.6%
- Free cash flow<sup>1</sup> conversion of 86.7%, with a cash position of SAR284.3 million as at 31 December 2023

**Jeddah, 25 March 2024** – Jamjoom Pharma reports a strong set of results with 70.7% YoY growth in net profit to SAR292.4 million in 2023. Strong earnings performance was driven by 20.1% YoY revenue growth to SAR1,100.8 million accompanied by operating efficiency improvements. As a result, EBITDA increased by 32.5% YoY to SAR344.3 million in 2023 with a 31.3% EBITDA margin, up 2.9ppts YoY. Capex declined by 47.8% YoY to SAR45.8 million last year as the company commissioned the Egypt main facility in 2023 and completed the Jeddah sterile facility in 1Q 2024. This supported a SAR298.5 million FCF generation up 73.4% vs 2022, whereas FCF conversion ratio improved by 20.4ppts YoY to 86.7% in 2023.

### **Dr. Tarek Hosni, Chief Executive Officer of Jamjoom Pharma, commented on 2023 results and recent business developments:**

"I am delighted to share with you the remarkable achievements of Jamjoom Pharma over the past year. It has been a journey filled with significant milestones, and I am immensely proud of what we have accomplished together. The trust and confidence demonstrated by our customers and stakeholders are a testament to the strength and resilience of Jamjoom Pharma.

We are pleased with the strong performance delivered in 2023. Growing sales volumes, price increases and new product launches fueled 20.1% YoY revenue growth. We grew double digits in all our therapeutic categories and most of our key markets and added eleven new brands to the portfolio in 2023. Coupled with more efficient sales and distribution, this supported an industry-leading EBITDA margin of 31.3%.

2023 was a landmark year for us. We surpassed the SAR 1 billion revenue barrier for the first time, became recognized by IQVIA as the fastest growing pharma company in KSA in the year 2023<sup>2</sup>, produced more than 140 million units, launched our first two anti-diabetic drugs, acquired a facility in Algeria via a joint venture and obtained the commercial approval for our Egypt facility, all while going public in the same year. These achievements are a testament to the dedication and hard work of our team. Moving forward, we remain committed to maintaining our industry-leading margins and driving sustainable growth through strategic investments in manufacturing excellence, digitalization, and workforce development.

I want to extend my heartfelt gratitude to all our stakeholders for their unwavering support. None of our

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<sup>1</sup> Calculated as EBITDA minus CAPEX

<sup>2</sup> IQVIA KSA MAT Q4 Report

achievements would have been possible without the dedication, innovation, and friendship of our loyal employees. As we continue on this exciting journey, I am confident that together we will achieve even greater success and solidify Jamjoom Pharma's position as a leader in our chosen markets.”

## Performance Highlights

### Income Statement Summary

SAR (mn)	FY 2023	FY 2022	YOY Δ%	4Q 2023	4Q 2022	YOY Δ%
Revenue	1,100.8	916.7	+20%	207.9	196.8	+6%
Gross profit	703.8	593.9	+19%	118.9	125.4	(5%)
Operating profit	313.4	233.3	+34%	42.2	38.3	+10%
Net profit	292.4	171.3	+71%	44.5	31.8	+40%
EBITDA	344.3	259.8	+33%	54.1	45.4	+19%
FCF (EBITDA – CAPEX)	298.5	172.2	+73%	45.3	30.0	+51%
EPS	4.2	2.4	+71%	0.6	0.5	+40%

### Revenue Mix by Geographies

SAR (mn)	FY 2023	FY 2022	YOY Δ%	4Q 2023	4Q 2022	YOY Δ%
KSA	720.6	587.1	+23%	123.0	117.9	+4%
Gulf	139.9	108.7	+29%	26.9	25.9	+4%
Iraq	105.1	91.2	+15%	28.3	23.7	+20%
North Africa & other export countries	75.9	65.5	+16%	15.3	17.6	-13%
Egypt	59.2	64.2	-8%	14.3	11.7	+22%
<b>Revenue</b>	<b>1,100.8</b>	<b>916.7</b>	<b>+20%</b>	<b>207.9</b>	<b>196.8</b>	<b>+6%</b>

### Revenue Mix by Therapeutic Areas

SAR (mn)	FY 2023	FY 2022	YOY Δ%	4Q 2023	4Q 2022	YOY Δ%
Ophthalmology	288.4	246.8	+17%	59.0	53.1	+11%
Dermatology	225.1	181.0	+24%	51.1	41.6	+23%
General Medicine	185.6	135.7	+37%	37.0	36.9	0%
Consumer Health	144.1	119.3	+21%	18.3	16.8	+9%
GIT	100.7	92.2	+9%	16.2	18.5	-13%
CVD	48.3	52.5	-8%	9.5	9.9	-4%
CNS	36.3	33.4	+9%	7.5	9.7	-22%
Anti-Diabetic	7.7	0.0		0.4	0.0	
Pain & Inflammation	64.6	55.7	+16%	8.9	10.4	-14%
<b>Revenue</b>	<b>1,100.8</b>	<b>916.7</b>	<b>+20%</b>	<b>207.9</b>	<b>196.8</b>	<b>+6%</b>

## **Revenue Trends**

Revenue grew 20.1% year-on-year to SAR1,100.8 million in 2023 driven by sales volumes growth, price increases and new brand launches.

KSA revenues increased by 22.7% YoY on the back of sales volume growth and price increases. Exports were driven by revenues in the Gulf region that expanded 28.7% YoY followed by North Africa and Iraq that showed encouraging growth rates of 16.0% YoY and 15.3% YoY, respectively. Egypt revenues declined by 7.7% YoY in 2023, despite a c.20% increase in units sold owing to adverse effects of the Egyptian pound's devaluation in 1Q 2023. Egypt revenues in 4Q 2023 grew 21.9% YoY, having accelerated from 2.7% YoY growth recorded in 3Q 2023. We expect to see a continued recovery in Egypt during 2024, as we ramp up production in the new facility in the country and gradually cease exporting to Egypt from Jeddah main facility.

During 2023, Jamjoom Pharma expanded its product portfolio by eleven new brands including four brands in Consumer Health and two brands in each of the following therapeutic areas: Ophthalmology, Cardiovascular and Anti-Diabetic. 2023 revenue growth was driven by Jamjoom Pharma's strong double-digit performance in its General Medicine, Dermatology and Consumer Health therapeutic categories. The company continues to capitalize on its leadership positions in Ophthalmology (#1) and Dermatology (#2) by deriving incremental operating efficiency gains, which feeds through to industry-leading profitability. In addition, the newly launched Anti-Diabetic product segment with two new brands brought SAR7.7 million in revenue in 2023.

Jamjoom Pharma's top 5 brands earned revenue of SAR316.1 million in 2023, which accounted for 28.7% to the total revenue (27.4% in 2022). New brand launches contributed SAR 23.0 million to revenue and 2.5pp to revenue growth YoY. Price increases implemented during 2023 brought additional SAR39.6 million to revenue and 4.3pp to revenue growth YoY. The remainder was attributable to sales of existing products, which added SAR121.5 million to revenue and contributed 13.3pp to revenue growth YoY.

## **Cost Trends and Margins**

Cost of revenue increased by 23.0% YoY in 2023, having outpaced 20.1% revenue growth. This was mainly driven by a 25.8% YoY increase in raw material expenses in 2023 and 46.2% YoY increase in other direct costs. The 90bps YoY decline in gross profit margin to 63.9% in 2023 is mainly due to the change in market mix with c.20% more units being sold to Egypt during 2023, whilst the EGP devalued earlier in the year.

Production cost pressures were fully offset by savings in operating expenses that grew 8.3% YoY in 2023. This was achieved mostly thanks to optimized selling and distribution expenses amid cost controls, economies of scale and the elimination of distributor's commission from the company's supply chain at the end of 2022.

As a result, operating profit rose by 34.3% YoY to SAR313.4 million and the EBITDA margin grew by 2.9ppts YoY to 31.3% in 2023.

Finance costs significantly reduced by 96.0% YoY to SAR2.0 million in 2023, as 2022 was impacted by devaluation of the Egyptian pound on the Company's loan to its Egyptian subsidiary, which was later converted to an equity instrument in 4Q 2022. Coupled with strong operating profit performance, this supported a 70.7% YoY growth in net profit after zakat and income tax to SAR292.4 million in 2023.

## **CAPEX and Cash Flows**

Working capital increased by only 12.1% YoY in 2023, despite a 20.1% expansion in revenue. The LTM (last twelve months) cash conversion cycle accelerated YoY to 232 days. The impact of working capital on cash flow generation in 2023 was defined by increased inventories partly offset by reduced receivables through efficiency in cash collection and higher payables. As a result, operating cash flow increased by 29.1% YoY to SAR296.0 million in 2023.

Jamjoom Pharma's capital spending decreased by 47.8% YoY to SAR45.8 million in 2023 as the active phase of the investment cycle neared completion with the launch of the Egypt facility in 3Q 2023 and commissioning of the new sterile facility in Jeddah in January 2024. CAPEX accounted for 4.2% of 2023 revenue, which is at the lower end of the 4-6% guidance range provided earlier.

Lighter CAPEX ensured strong FCF generation that amounted to SAR298.5 million, up 73.4% YoY, whereas FCF conversion improved to 86.7% in 2023 compared with 66.3% in 2022. This helped the Company grow its net cash position to record SAR284.3 million as of end of 2023, which is more than double the year-ago level.

### Balance Sheet Summary

SAR (mn)	Dec-2023	Sep-2023	QOQ Δ%	Dec-2022	YOY Δ%
<b>Total Non-Current Assets</b>	<b>747.5</b>	740.0	+1%	719.7	+4%
<b>Total Current Assets</b>	<b>906.7</b>	918.9	-1%	688.1	+32%
<b>Total Assets</b>	<b>1,654.2</b>	1,658.9	0%	1,407.8	+17%
<b>Total Equity</b>	<b>1,404.3</b>	1,361.3	+3%	1,216.3	+15%
<b>Total Non-Current Liabilities</b>	<b>69.9</b>	70.2	0%	64.6	+8%
<b>Total Current Liabilities</b>	<b>180.0</b>	227.4	-21%	127.0	+42%
<b>Total Liabilities</b>	<b>249.8</b>	297.6	-16%	191.6	+30%

Non-current assets increased by 3.9% YoY mainly due to the Company's investment in its Algerian joint venture. Current assets grew 31.8% YoY, reflecting a build-up in inventory due to strategic build up to plan for anticipated demand and increased cash on the balance sheet following a reduction in receivables.

Shareholders' equity increased by 15.5% YoY as the effect from net profit growth in 2023 was slightly offset by the foreign currency translation reserve as well as an interim dividend payout in 3Q 2023.

Current liabilities grew 41.7% YoY driven by higher trade and other payables that reflect overall business growth as well as an increased Zakat provision for the period.

## Outlook and Guidance

Jamjoom Pharma's 2023 financial performance exceeded its guidance for the year across most metrics.

### FY 2023 financial performance vs. guidance

	FY 2023 Guidance	FY 2023 Actual
Revenue growth	17-19%	20.1%
EBITDA margin	c.31%	31.3%
CAPEX	4-6%	4.2%
Dividend (semi-annual)	50-60% payout ratio	Interim dividend of SAR1 per share paid for 1H 2023

### FY 2024-26 guidance

	FY 2024-26 Guidance
Revenue growth	12-15%
EBITDA margin	30-31.5%
CAPEX (% of revenue)	4-6%
Dividend (semi-annual)	50-60% payout ratio

In the longer term the company retains its strategic focus on the MEA region and targets expansion into selected high-potential markets in the coming years, in line with its vision to become a leading MEA organization by 2026 through consistently providing affordable, high-quality healthcare solutions.

-ENDS-

## **Additional Information**

The company will be hosting the FY2023 earnings call on the 25<sup>th</sup> of March 2023 at 3pm KSA Time to present and discuss the financial results with investors and analysts. Attendees can register for this call through the link provided in the relevant announcement on the Saudi Exchange or by reaching out to our IR department at the email provided below, who will assist you in registering.

The FY 2023 financial statements, earnings release, earnings presentation and financial data supplement will be made available on the website of Jamjoom Pharma at: [investors.jamjoompharma.com](https://investors.jamjoompharma.com)

Please contact the company at:

### **Jamjoom Pharmaceuticals Factory Company**

P.O. Box: 6267 | Jeddah 21442, Saudi Arabia

Phone: +966-12-614-0099

Fax: +966-12-614-0088

Website: [www.jamjoompharma.com](https://www.jamjoompharma.com)

E-mail: [jpharma@jamjoompharma.com](mailto:jpharma@jamjoompharma.com)

### **Investor Relations Contact**

Muhammad Bin Khalid | Head of Investor Relations

[IR@jamjoompharma.com](mailto:IR@jamjoompharma.com)

Phone: +966-12-614-0099