

SPIMACO Reports 62% Growth in EBITDA and Margin Expansion in 2024, Supported by Cost Optimization

- SPIMACO's revenue reached SAR 1,682 million in FY24, up 2% year-on-year.
- The gross profit margin expanded by 7.3 percentage points to 49.8%, reflecting a continued focus on portfolio optimization.
- SG&A expenses declined to 35.9% of revenue, down 1.4 percentage points year-on-year.
- EBITDA margin improved by 5.4 percentage points to 14.6% in FY24.
- R&D expenses, excluding write-offs, increased to 3.6% of revenue, up from 2.5% in FY23.
- Net profit reached SAR 32 million in FY24, compared to a net loss of SAR 40 million (restated) in the previous year.

Riyadh, 27 March 2025 – SPIMACO's revenue grew by 2% year-on-year to SAR 1,682 million in FY24, as strong performance in the second half, including 15% year-on-year growth in 4Q24, offset a weaker first half of the year. The gross profit margin expanded by 7.3 percentage points year-on-year to 49.8%, driven by portfolio optimization and a focus on higher-margin contracts. EBITDA increased by 62% year-on-year to SAR 245 million, with a 14.6% margin. Net profit reached SAR 32 million in FY24, compared to a net loss of SAR 40 million (restated) in the previous year.

Jerome Cabannes, Chief Executive Officer of SPIMACO, commented: "2024 was a year of steady progress for SPIMACO, marked by business optimization and improved profitability. The second half of the year saw a solid acceleration in sales, driven by higher volumes and a more profitable product mix, contributing to a significant expansion in gross margin. At the same time, our disciplined approach to cost management and operational efficiencies supported a strong improvement in EBITDA and a return to profitability.

Looking ahead, the focus remains on strengthening the core business, expanding the product portfolio, and exploring new market opportunities. With continued efforts to improve efficiency and introduce new products, SPIMACO is well positioned for further growth, maintaining market share, and creating long-term value for our stakeholders."

Note: Figures and percentages in this document may not precisely total due to rounding.

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Financial Review

Income Statement and Cash Flow Highlights

SAR mn	4Q 2024	4Q 2023	Δ%	FY 2024	FY 2023	Δ%
Revenue	386	335	+15%	1,682	1,655	+2%
Cost of revenue	(195)	(239)	-18%	(845)	(952)	-11%
Gross profit	191	96	+99%	837	703	+19%
Selling & marketing expenses	(108)	(89)	+21%	(333)	(351)	-5%
General & administrative expenses	(59)	(80)	-27%	(271)	(267)	+2%
Research & development expenses	(33)	(11)	+210%	(76)	(42)	+83%
Other operating income	20	66	-70%	(19)	9	NA
Total operating expenses	(179)	(114)	+58%	(700)	(651)	+7%
Operating profit	12	(18)	NA	137	52	+164%
EBITDA²	40	(1)	NA	245	151	+62%
Net profit for the period	(36)	(58)	-38%	32	(40)	NA
Gross Profit Margin	49.4%	28.6%	+20.8%	49.8%	42.5%	+7.3%
EBITDA Margin	10.4%	-0.3%	+10.7%	14.6%	9.1%	+5.4%
Net profit Margin	-9.3%	-17.3%	+8.0%	1.9%	-2.4%	+4.3%
Net cash from operations	(39)	99	NA	(331)	11	NA
Capital expenditure ³	20	(27)	NA	(67)	(105)	-64%
Free Cash Flow	(42)	61	NA	(402)	(104)	+288%

In FY24, SPIMACO's revenue increased by 2% year-on-year to SAR 1,682 million, as strong performance in the second half of the year offset weaker results in 1H24. Revenue in 4Q24 rose by 15% year-on-year to SAR 386 million, building on 17% growth in 3Q24, driven by higher sales volumes and expanding market opportunities in both the private and government segments.

The gross profit margin in FY24 expanded by 7.3 percentage points year-on-year to 49.8%, supported by an 11% decrease in the cost of revenue. The improvement was even more pronounced in 4Q24, with the gross profit margin increasing by 20.8 percentage points to 49.5%, driven by double-digit revenue growth and an 18% year-on-year drop in the cost of revenue.

This improvement reflects SPIMACO's strategic focus on portfolio optimization and high-margin contracts, which began delivering results in 2Q24 and continued throughout the second half of the year.

² EBITDA = Profit before zakat and income tax + Interest + Depreciation and Amortization

³ Net changes in property, plant, equipment, assets under construction and intangibles

Selling and marketing expenses decreased by 5% year-on-year to SAR 333 million, representing 19.8% of revenue in FY24, down 1.4 percentage points year-on-year. This improvement was driven by the ongoing benefits of strategic restructuring within the sales and commercial teams, and a more targeted approach to advertising and promotion.

General and administrative expenses grew by 1.52% year-on-year to SAR 271 million in FY24, accounting for 16.1% of revenue, broadly in line with the previous year. Costs remained stable in 1H24, with the increase largely attributed to a 38% year-on-year rise in 3Q24 due to investments in system upgrades and employee training. This was partially offset by a 27% year-on-year decline in 4Q24, supported by team optimization and tighter cost control across other general expense categories.

Research and development (R&D) expenses increased by 83% year-on-year to SAR 76 million in FY24 as the company continued investing in product innovation while maintaining a highly qualified workforce. FY24 R&D expenses were also impacted by a SAR 16 million write-off related to a biosimilar project that was discontinued after an internal review. Excluding this write-off, adjusted R&D expenses totaled SAR 60 million, representing 3.6% of revenue in FY24, a 1.1 percentage point increase year-on-year.

Other income in FY24 amounted to SAR 18 million, down 64% year-on-year, primarily due to higher losses from the depreciation of the Egyptian Pound, as well as a high FY23 base, which included the recovery of bad debts and the reversal of accrued employee bonuses from prior years. This was partially offset by a gain from the disposal of an old office building.

Total operating expenses and impairment charges increased by 7% year-on-year in FY24. However, this was offset by a strong double-digit gross profit improvement, resulting in a 62% year-on-year increase in EBITDA to SAR 245 million. The EBITDA margin increased by 5.4 percentage points year-on-year to 14.6%.

Net finance and other income / expenses increased by 39% year-on-year to SAR 70 million in FY24, reflecting higher finance costs from increased loans, partially offset by profits from associates and joint ventures.

Zakat and tax expenses declined by 11% year-on-year to SAR 40 million, driven by lower Zakat recognition in 4Q24.

The prior period's financial results also reflect the impact of several restatements related to asset reclassifications, expected credit loss provisions, and changes in subsidiary consolidation treatment. These restatements, made in consultation with auditors, ensure the financial statements accurately reflect the company's financial position for FY23.

As a result, SPIMACO posted a net profit of SAR 32 million in FY24, compared to a net loss of SAR 40 million in FY23, with the net profit margin improving by 4.3 percentage points year-on-year to 1.9%.

Operating cash flow remained negative at SAR 331 million in FY24, primarily due to continued working capital pressures from elevated trade receivables and prepayments. Net capital expenditures declined by 37% year-on-year to SAR 67 million in FY24.

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Revenue Trends

By Channel⁴

	Channel contribution, %			Channel sales, SAR million	
SAR million	FY 2024	FY 2023	Δ%	FY 2024	FY 2023
Private	59.3%	58.3%	1.0%	825	803
Government	17.0%	18.3%	-1.4%	236	252
International	13.9%	13.4%	0.5%	193	184
CMO	5.0%	2.2%	2.9%	70	30
Other	4.9%	7.9%	-3.0%	68	109
Total pharmaceutical revenue⁵	100%	100%	-	1,392	1,378

In FY24, SPIMACO maintained a strong position in Saudi Arabia's private market, holding a 6.4%⁶ market share as of December. Sales from the private channel reached SAR 825 million, representing 59.3% of pharmaceutical revenue, up 1.0 percentage point from FY23.

Government channel sales accounted for 17.0% of pharmaceutical revenue in FY24, down 1.4 percentage points from the previous year.

International sales contributed 13.9% of pharmaceutical revenue, up 0.5 percentage points year-on-year, affected by unstable situation in Sudan and currency depreciation in Egypt.

Revenue from contract manufacturing operations (CMO) rose to 5.0% of pharmaceutical revenue in FY24, compared to 2.2% in FY23.

Revenue from the Other channel, which includes non-SPIMACO products, cosmetics, and APIs, declined to 4.9%, down from 7.9% in FY23.

⁴ Based on pharmaceutical revenue.

⁵ Non-IFRS measure. Pharmaceutical revenue excludes other types of revenue such as revenue from hospital business, distribution business, etc. Pharmaceutical revenue represents 82.8% of Total revenue in FY24 (83.4% in FY23).

⁶ IQVIA Moving Annual Total (MAT) for the period from January 2024 to December 2024.

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Balance Sheet Highlights

SAR mn	4Q 2024	4Q 2023 (restated)	Δ%	3Q 2024	Δ%
Total Non-Current Assets	1,963	1,972	-0%	2,011	-2%
Total Current Assets	2,356	1,909	+23%	2,456	-4%
Total Assets	4,319	3,881	+11%	4,467	-3%
Total Equity	1,531	1,516	+1%	1,627	-6%
Total Non-Current Liabilities	778	954	-18%	841	-8%
Total Current Liabilities	2,010	1,411	+42%	1,999	+1%
Total Liabilities	2,788	2,365	+18%	2,841	-2%
Cash, cash equivalents & time deposits	277	278	+1%	340	-18%
Net Debt ⁷	1,224	825	+48%	1,221	+0%

Total assets as of 31 December 2024 increased by 11% to SAR 4,319 million from the 2023 year-end level driven by higher trade and other receivables and an increase in time deposits.

Total liabilities as of 31 December 2024 increased by 18% to SAR 2,788 million from the 2023 year-end level, which was mostly due to higher short-term borrowings and trade payables.

Days sales outstanding grew from 180 days in FY23 to 222 days in FY24 (on an LTM⁸ basis), reflecting a slower receivables turnover. This was partially offset by a longer payables cycle that extended from 170 days in FY23 to 229 days in FY24. Inventory turnover also slowed from 208 days in FY23 to 267 days in FY24. Overall, these changes resulted in a cash conversion cycle of 260 days in FY24, compared to 218 days in FY23.

As of 31 December 2024, the net debt stood at SAR 1,224 million, marking a 48% increase from the 2023 year-end level. This reflected a 36% growth in gross debt, while cash, cash equivalents, and time deposits remained stable.

⁷ Long-term loans and borrowings + Short-term loans and borrowings - Cash and cash equivalents - Time deposits

⁸ Last twelve month, all cash conversion cycle metrics calculated based on the Company's internal methodology

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Appendix

Balance Sheet

SAR mn	4Q 2024	4Q 2023	Δ%	3Q 2024	Δ%
Property, plant & equipment	1,574	1,309	+20%	1,239	+27%
Assets under construction	172	514	-67%	568	-70%
Other non-current assets	217	149	+46%	204	+7%
Total Non-Current Assets	1,963	1,972	-0%	2,011	-2%
Inventories	646	589	+10%	604	+7%
Trade & other receivables	1,175	882	+33%	1,298	-9%
Cash & cash equivalents	122	160	-24%	240	-49%
Other current assets	413	255	+62%	299	+38%
Total Current Assets	2,356	1,886	+25%	2,441	-3%
Assets from discontinued operations	0	22	-100%	15	-100%
Total Assets	4,319	3,881	+11%	4,467	-3%
Share capital	1,200	1,200	+0%	1,200	+0%
Treasury Shares	(20)	(8)	+149%	(20)	+0%
Retained earnings	(120)	(135)	-11%	(31)	+286%
Reserves	319	319	-0%	324	-2%
Equity attributable to Shareholders of the Parent	1,378	1,375	+0%	1,472	-6%
Non-controlling interest	153	140	+9%	154	-1%
Total Equity	1,531	1,516	+1%	1,627	-6%
Loans & borrowings	462	575	-20%	524	-12%
Employees' end of service benefit obligations	222	283	-21%	228	-2%
Other non-current liabilities	93	96	-3%	90	+4%
Total Non-Current Liabilities	778	954	-18%	841	-8%
Loans & borrowings	1,039	525	+98%	1,037	+0%
Trade payables & other liabilities	568	464	+22%	536	+6%
Dividends payable	168	171	-2%	170	-1%
Other current liabilities	235	246	-4%	254	-7%
Total Current Liabilities	2,010	1,406	+43%	1,996	+1%
Liabilities from discontinued operations	0	5	-100%	3	-100%
Total Liabilities	2,788	2,365	+18%	2,841	-2%

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Income Statement

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Research & development expenses	(33)	(11)	+210%	(76)	(42)	+83%
Other operating expenses	20	66	-70%	(19)	9	NA
Total operating expenses	(179)	(114)	+58%	(700)	(651)	+7%
Operating profit (EBIT)	12	(18)	NA	137	52	+164%
Depreciation & amortization	23	21	+11%	85	82	+3%
EBITDA	40	(1)	NA	245	151	+62%
Total finance & other income / (cost), net	(32)	(16)	+99%	(65)	(47)	+39%
Profit before zakat, income tax & discontinued operations	(20)	(34)	-41%	72	5	+13.8x
Zakat & income tax	(17)	(29)	-41%	(40)	(45)	-11%
Net profit for the period before discontinued operations	(37)	(63)	-41%	32	(40)	NA
Loss from discontinued operations	1	5	-74%	0	0	NA
Net profit for the period	(36)	(58)	-38%	32	(40)	NA

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Cash Flow Statement

SAR mn	FY 2024	FY 2023	Δ%
Profit before zakat & income tax	72	5	+13.8x
Adjustments	233	368	-37%
Net Income before zakat & after adjustments	305	373	-18%
Working capital changes	(380)	(197)	+93%
Cash flows generated from / (used in) operating activities	(75)	176	NA
Finance costs paid	(107)	(69)	+55%
Zakat & income tax paid	(20)	(35)	-43%
Employees' end of service benefit obligations paid	(108)	(72)	+50%
others	(21)	10	NA
Net cash generated from / (used in) operating activities	(331)	11	NA
Net cash generated from / (used in) investing activities	(93)	(167)	-44%
Net cash (used in) / generated from financing activities	381	(0)	NA
Net changes in cash & cash equivalents during the period	(43)	(156)	-73%
Cash & cash equivalents at the beginning of the period⁹	163	335	-51%
Foreign exchange translation	z2	(16)	NA
Cash & cash equivalents at the end of the period⁹	122	163	-25%

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⁹ Including cash from discontinued operations where applicable.