



Earnings Presentation

1Q 2023

17 May, 2023



1Q 2023 Performance Highlights & Strategy

Khaled Al-Khattaf, CEO



1Q 2023 Performance Highlights

The company's forward-thinking realignment efforts have yielded notable benefits, as evident in 1Q 2023 performance

Key 1Q 2023 Developments

R&D and Operations	New product registrations Registered in 1Q23 38 SKUs	Manufacturing Production volume vs. 1Q22 +39%	Productivity Rebalanced facility utilization, improved manufacturing efficiency ▲
Market and Commercial	Private market share¹ +11 bps vs. Dec-22 7.6%	Sales Improved client mix, sales growth across key channels ▲	Cash Conversion Cycle -9% vs. 1Q22 268 days
Financials	Revenue +37% vs. 1Q22 532 SAR mn	Gross Profit Margin +0.6 ppts vs. 1Q22 48.3%	Net Profit +85% vs. 1Q22 57 SAR mn



Source: IQVIA SCIM Molecule Quarterly Data Mar 2023, Company financials, Management calculations

¹ Moving Annual Total (MAT) for the period from April 2022 to March 2023 compared to MAT for the period from January 2022 to December 2022

SPIMACO – the National Champion in the Saudi Pharma Industry

Strategy execution roadmap and strategic targets by 2027

Key Targets and Focus Areas



Portfolio Reshaping

Shift to a high-value formulations mix with focus on specialized therapeutic areas

Commercial Excellence

Ensure profit-focused performance by improving sales culture and re-shaping KPIs and incentives

Inorganic Opportunities

Pursue value-accretive M&A deals in Injectables, Biopharma and Oncology, and International segments

Business Development

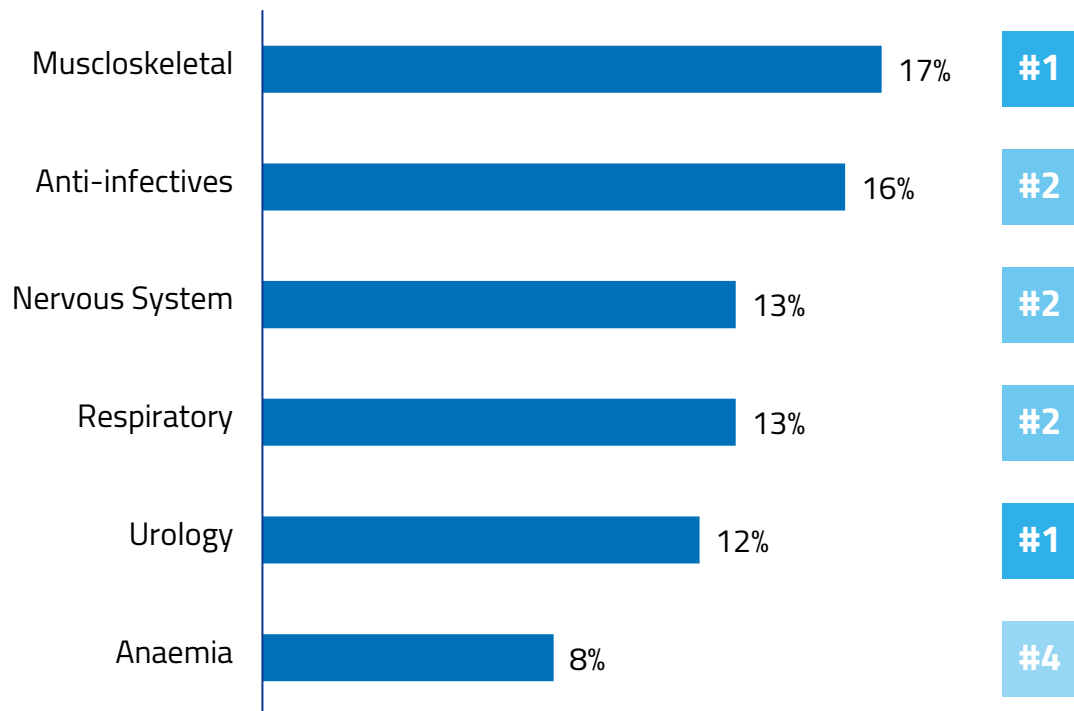
Generate business development leads in core therapeutic areas to maximize profitability

SPIMACO is KSA Private Market Leader

The company holds leading positions in key therapeutic areas, showcasing its dedication to healthcare advancement

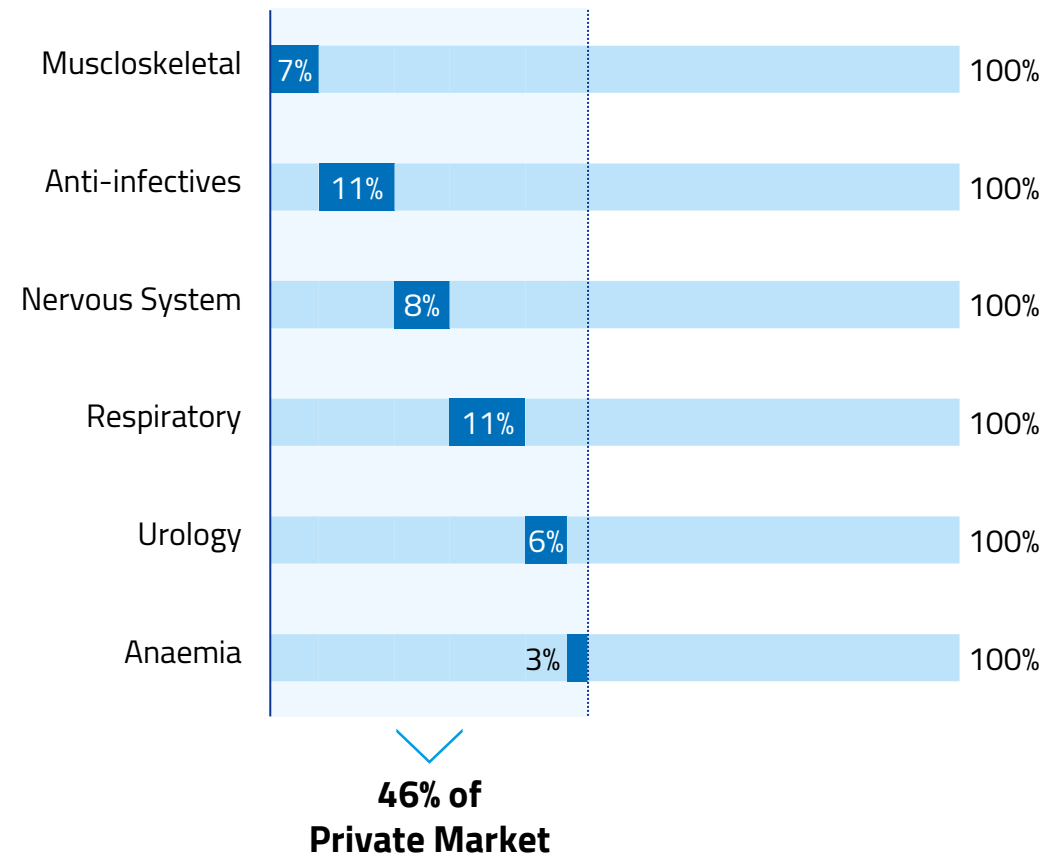
SPIMACO's Private Market Share and Rank¹

(Company's Private Market Share in %, Rank)



Therapeutic Area Share of Private Market¹

(Therapeutic Area Share of Private Market in %)



Source: IQVIA SCIM Molecule Quarterly Data Mar 2023

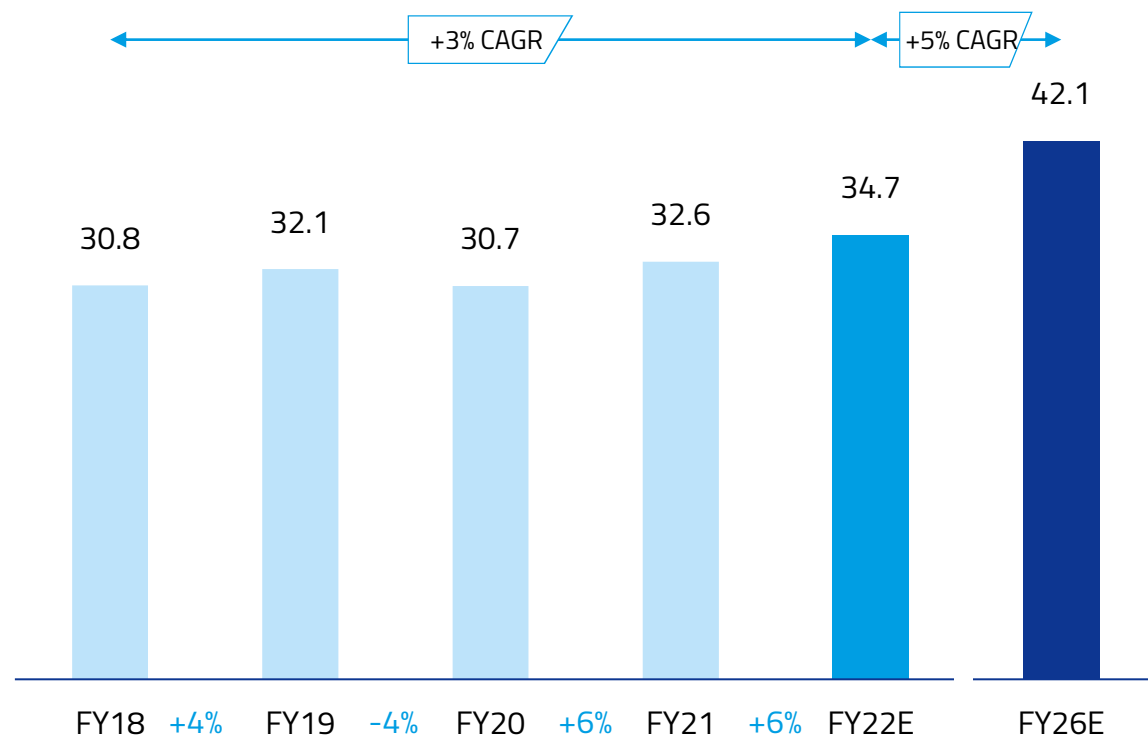
¹ Moving Annual Total, April 2022 – March 2023

Saudi Arabia Market Opportunity

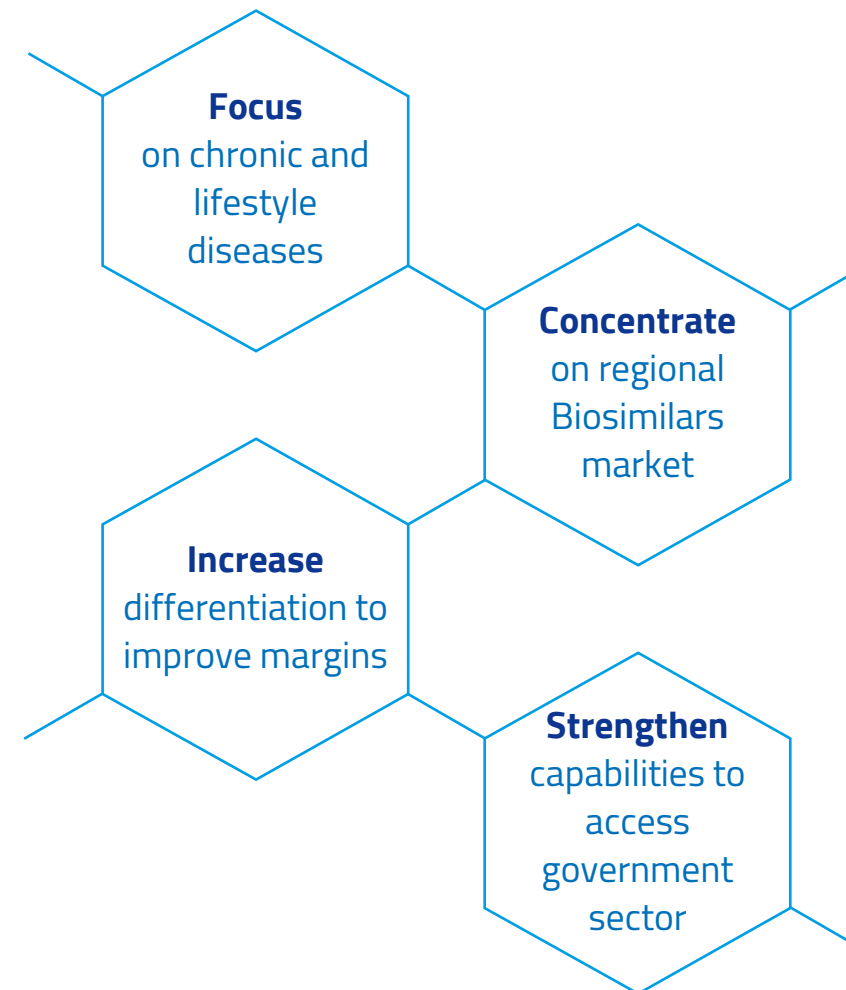
KSA market is supported by local demographics and therapeutic trends, government incentives and strong macro

Gross Market Size

Value Sales (SAR bn)



How Do We Play the Trends in KSA?



Source: IQVIA Market Prognosis 2021–26 (May 2022)

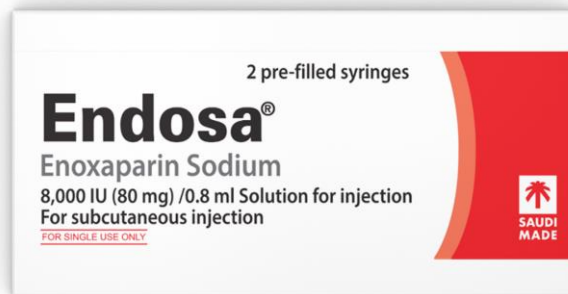
Local currency in USD converted to SAR at SAR 3.75 exchange rate

Innovation: Endosa (Enoxaparin Sodium)

First Biosimilar manufactured in Saudi-Arabia: Official Launch expected in 3Q 2023

About Endosa

Enoxaparin Sodium is **a life saving**, low molecular weight heparin to replace heparin in emergency and critical clinical settings.



Market

- ◆ **Fractioned Heparin market size** (annual¹): SAR ~230 million, 6.4 million units
- ◆ **Competitive landscape**: high concentration, 5 competing products²
- ◆ **Innovator product sales** (annual³): SAR 214 million
- ◆ The market is expected to **grow at 5% CAGR** over the next five years

Key Facts

- ◆ SPIMACO's first biosimilar, approved by the European Medical Agency and SFDA, showcases its innovation and technical expertise.
- ◆ Full tech transfer, including prefilled syringe technology.
- ◆ Highlights Company's innovation, technical, and regulatory affairs capabilities, advancing our localization goals.
- ◆ Work towards registration for export markets is underway.

1Q 2023 Financial Performance

Michael Baum, CFO



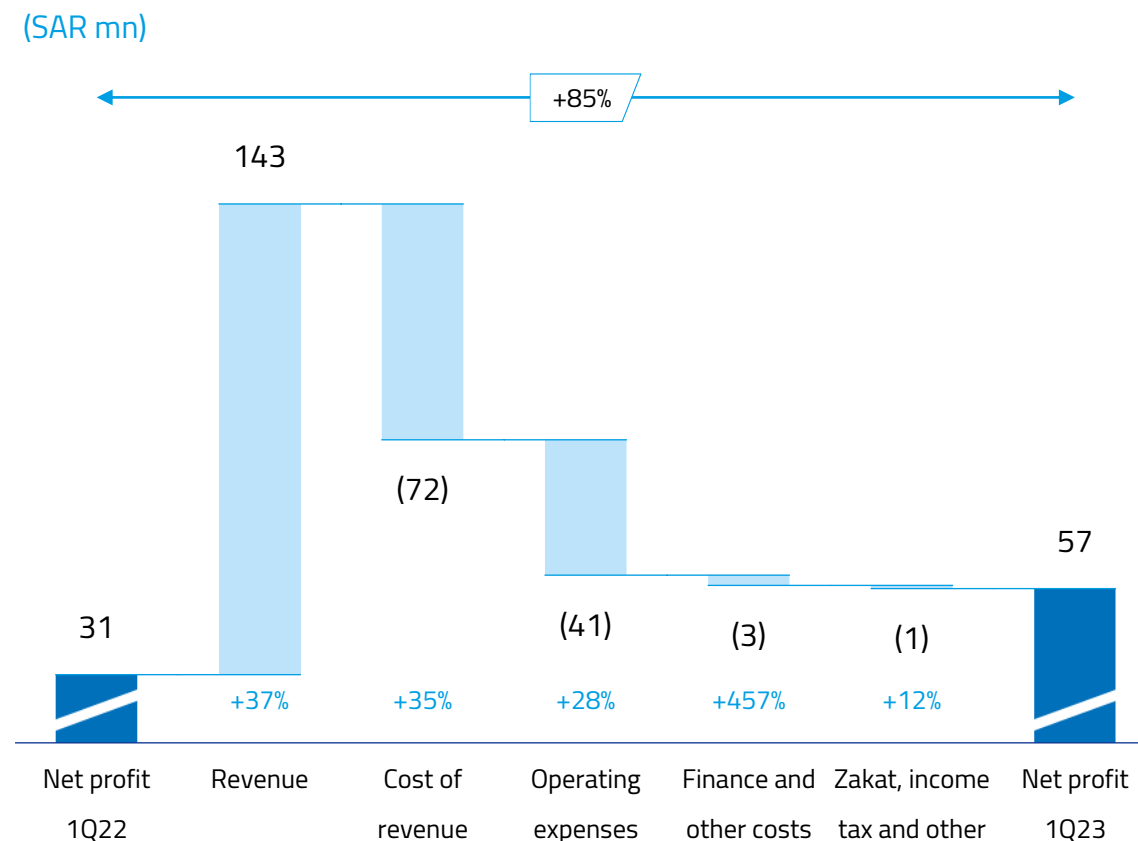
P&L Trends: 1Q 2023

Profitability in 1Q 2023 was supported by accelerated revenue growth outpacing costs expansion

P&L Highlights

SAR mn	1Q2023	1Q2022	Δ%
Revenue	532	389	+37%
Cost of revenue	(275)	(204)	+35%
Gross profit	257	186	+38%
Total operating expenses	(188)	(146)	+28%
Operating profit (EBIT)	69	39	+77%
EBITDA	90	62	+46%
Net profit	57	31	+85%
Gross Profit Margin	48.3%	47.7%	+0.6%
EBIT Margin	13.0%	10.1%	+3.0%
EBITDA Margin	17.0%	15.9%	+1.1%
Net profit Margin	10.7%	7.9%	+2.8%
ROAE	13.2%	6.1%	+7.1%
ROAA	5.6%	2.7%	+2.9%

Net Profit Development

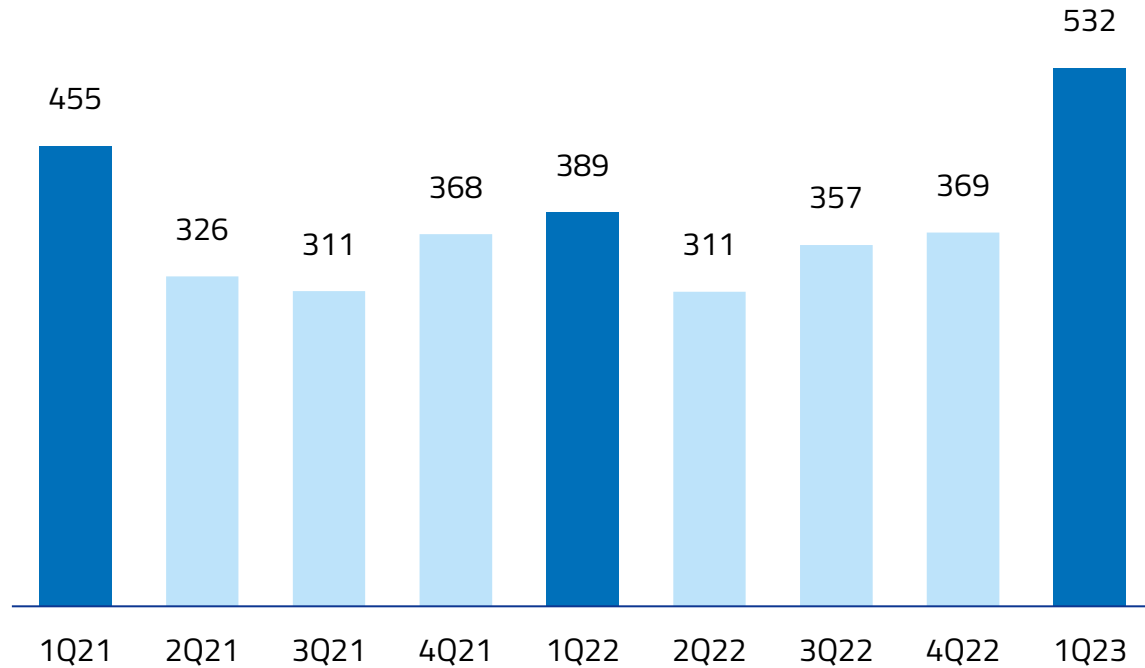


Revenue: Quarterly Development and Seasonality

1Q 2023 revenue was supported by the first results of the structural transformation and seasonality effect

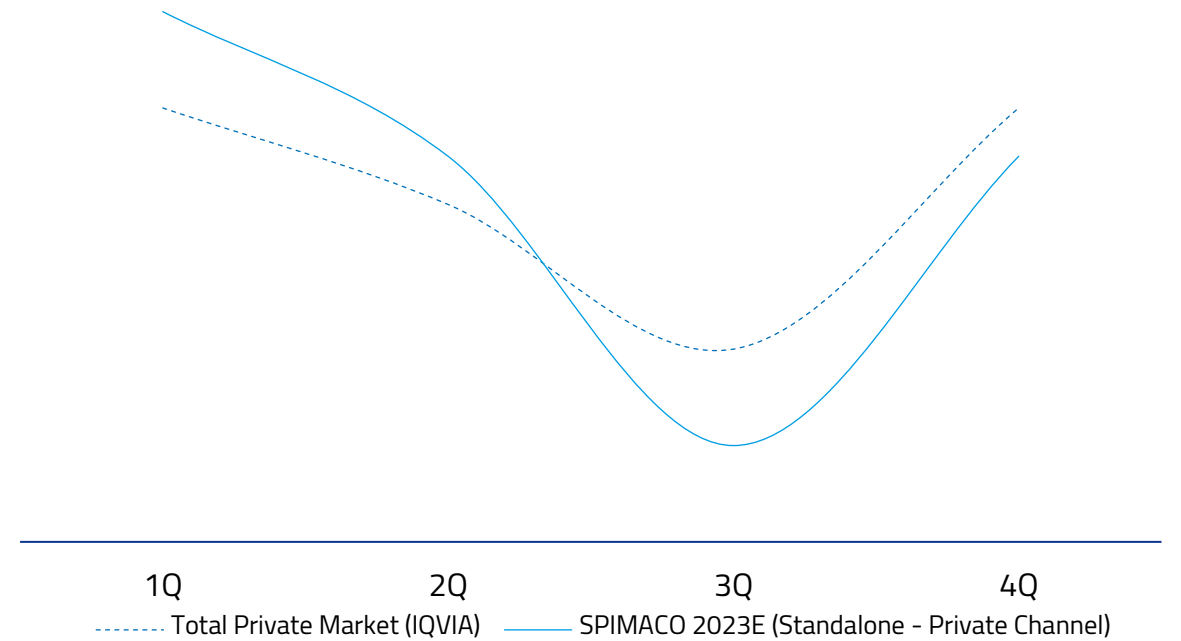
Revenue Development, Quarterly

(SAR mn)



Market Revenue Seasonality (2019-2022)

(% of annual Revenue)



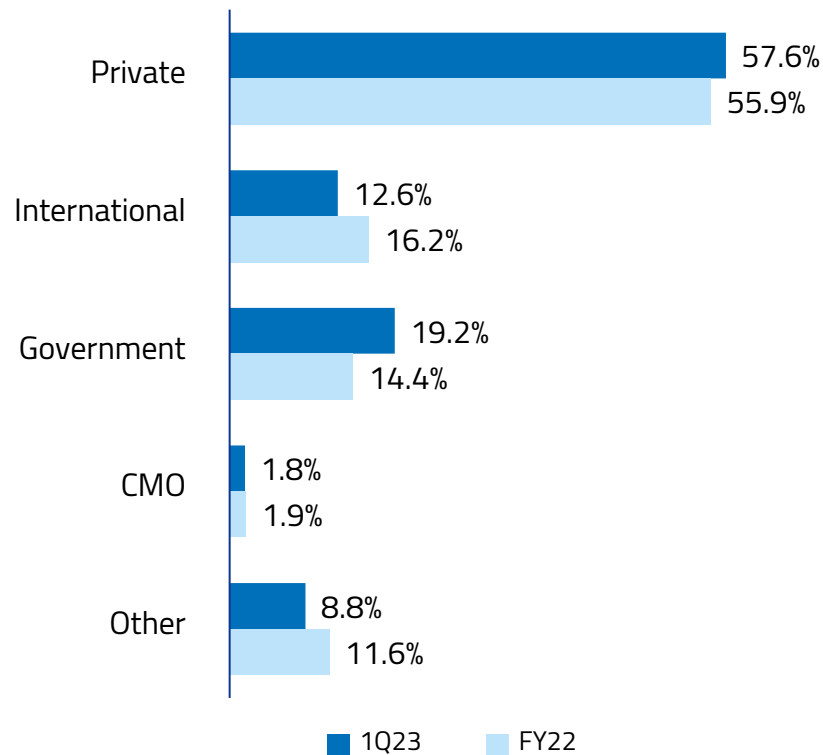
Source: Company financials, IQVIA Data

Revenue: Pharma Revenue¹ by Channel

Private and Government channels were the key contributors to pharma revenue in 1Q23

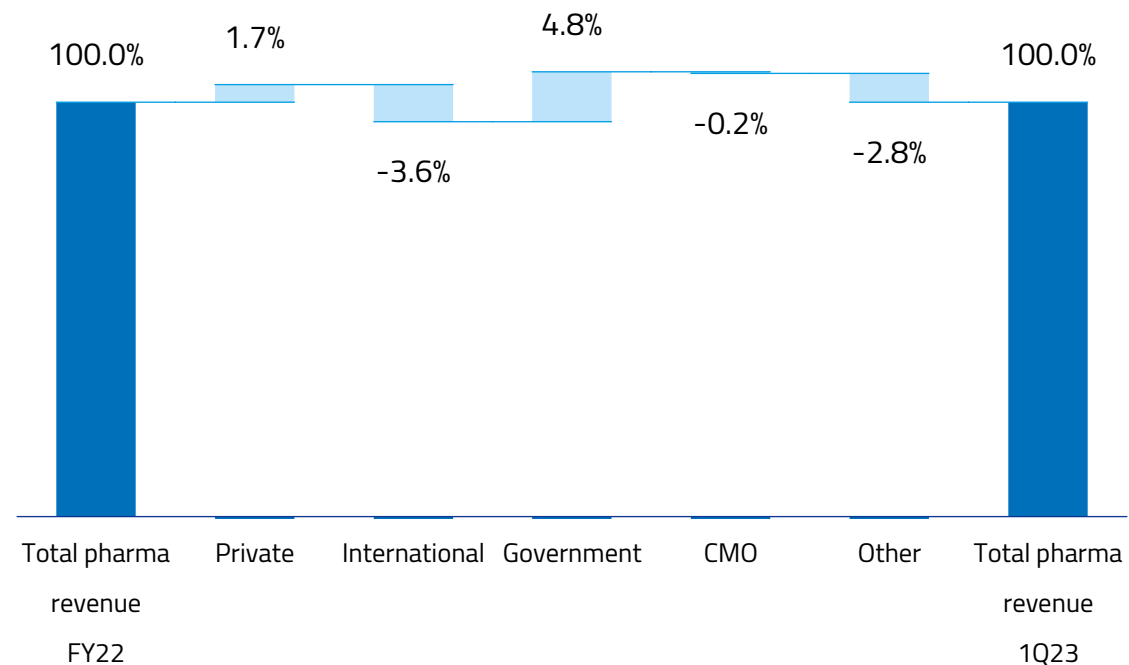
Revenue by Channel²

(%)



Revenue by Channel Development²

(SAR mn)



Source: Company financials, Management calculations

¹ Non-IFRS measure. Pharma revenue excludes other types of revenue such as revenue from hospital business, etc. Pharma revenue represents 86.2% of Total revenue in 1Q23 (86.7% in FY22).

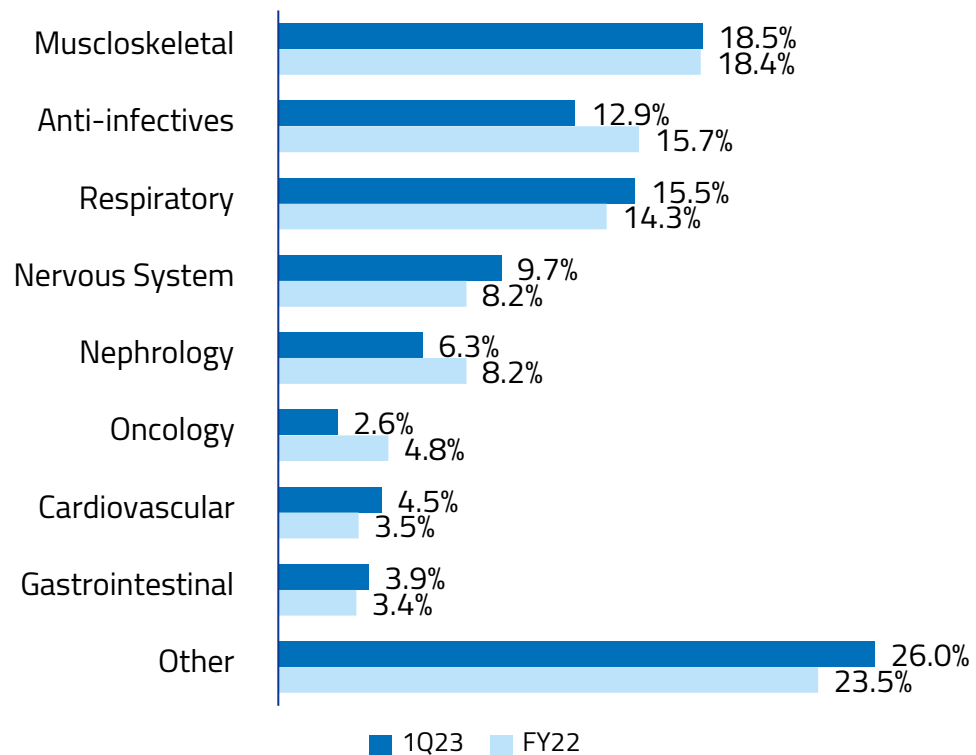
² Based on Pharma revenue.

Revenue: Therapeutic Area Mix

Portfolio refocusing efforts resulted in higher contribution of specialized therapeutic areas products

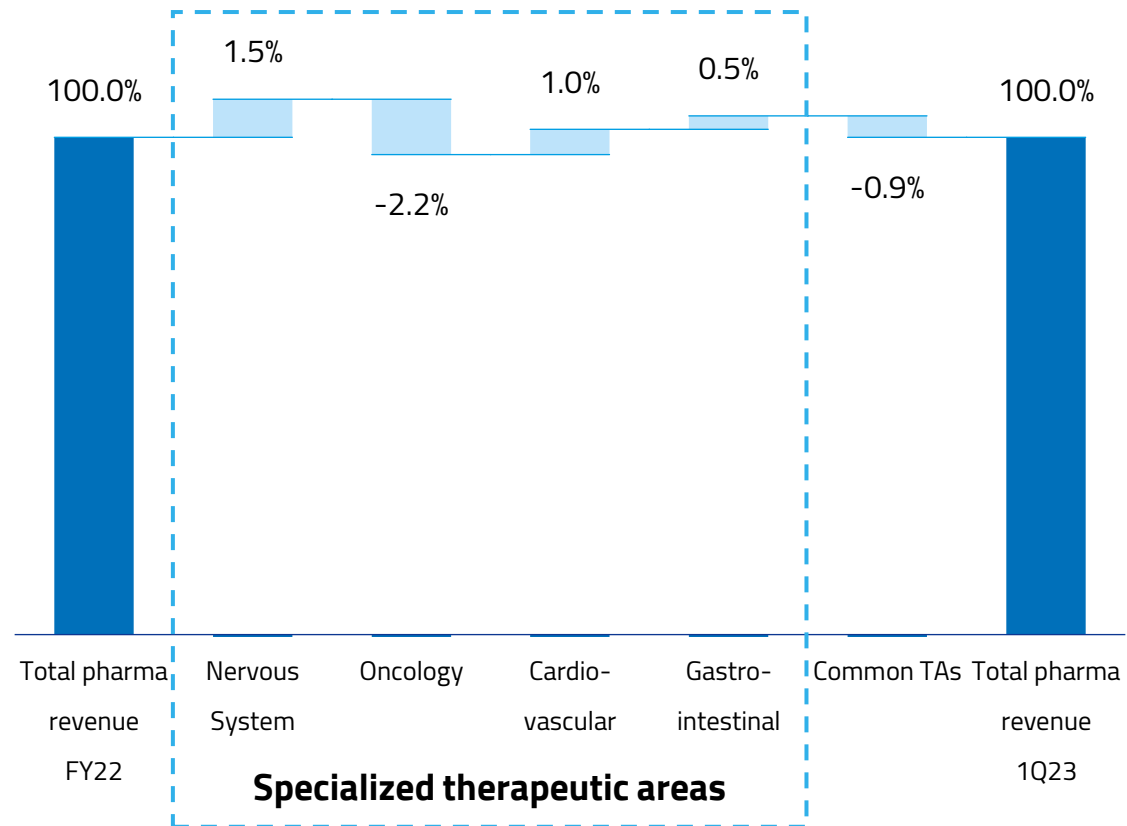
Revenue by Therapeutic Area¹

(%)



Revenue by Therapeutic Area Development¹

(SAR mn)



Source: Company financials, Management calculations

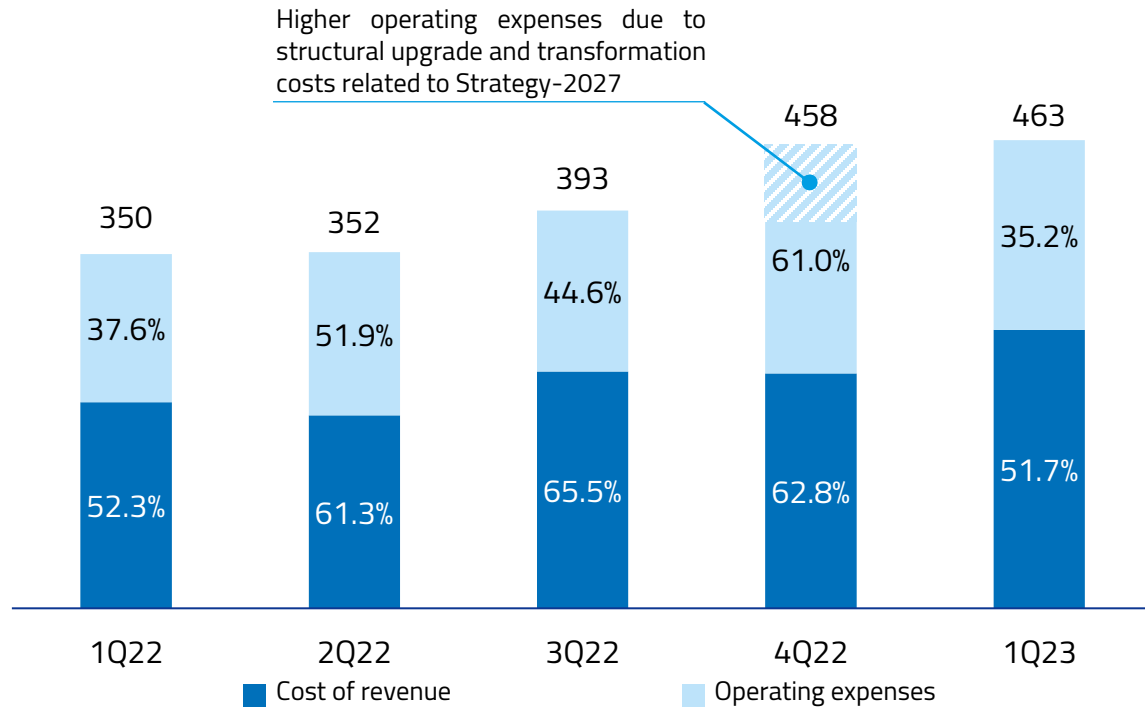
¹ Based on Pharma revenue

Cost of Revenue and Operating Costs Trends

32% year-on-year increase in total expenses driven by cost of revenue and SG&A

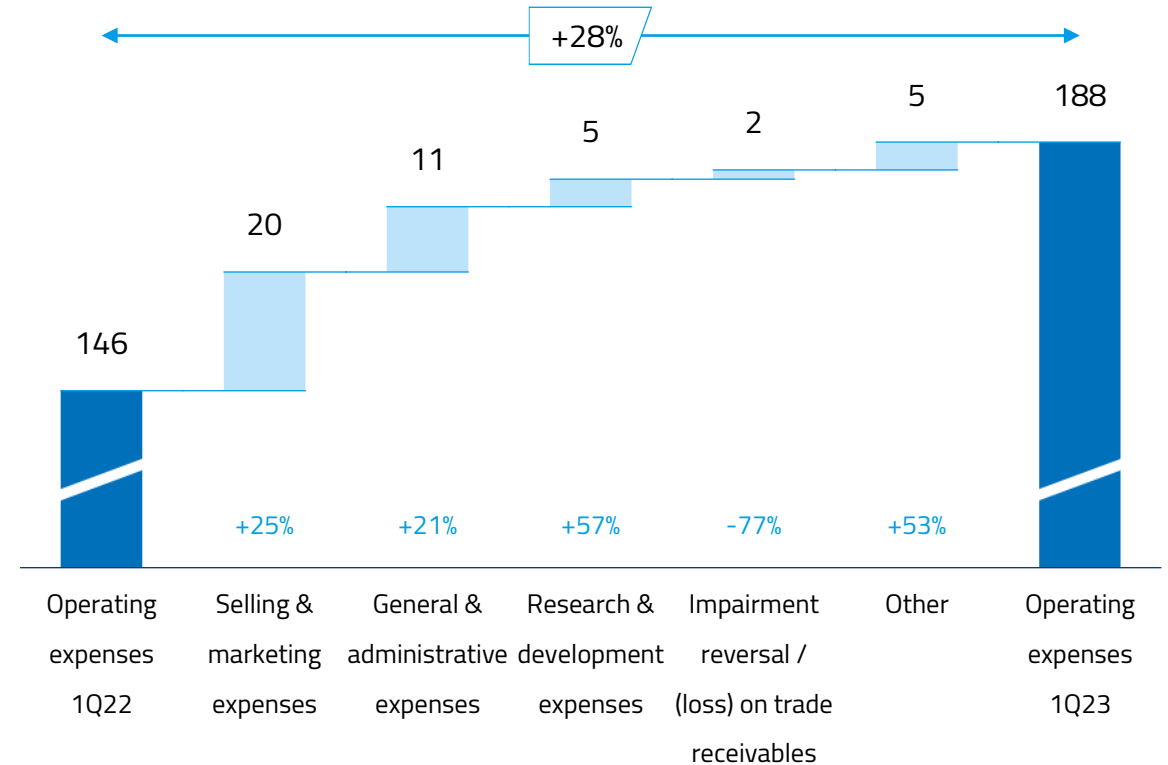
Total Expenses (Cost of Revenue + Operating Expenses)

(SAR mn, % of Revenue)



Operating Expenses Development

(SAR mn)



Balance Sheet Trends

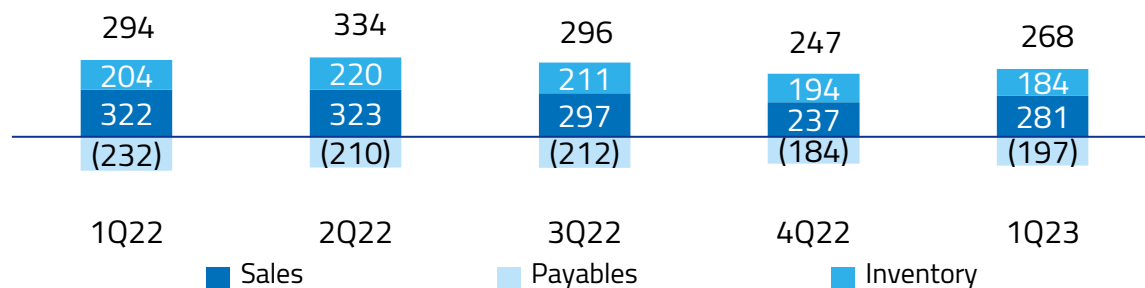
Balance Sheet remained solid in 1Q23, cash conversion cycle improving year-on-year

Balance Sheet Highlights

SAR mn	1Q 2023	4Q 2022	Δ%	1Q 2022	Δ%
Total Non-Current Assets	1,947	1,951	-0%	1,939	+0%
Total Current Assets	2,284	1,880	+22%	2,598	-12%
Total Assets	4,232	3,832	+10%	4,540	-7%
Total Equity	1,750	1,693	+3%	2,017	-13%
Total Non-Current Liabilities	684	790	-13%	896	-24%
Total Current Liabilities	1,798	1,349	+33%	1,626	+11%
Total Liabilities	2,482	2,139	+16%	2,523	-2%

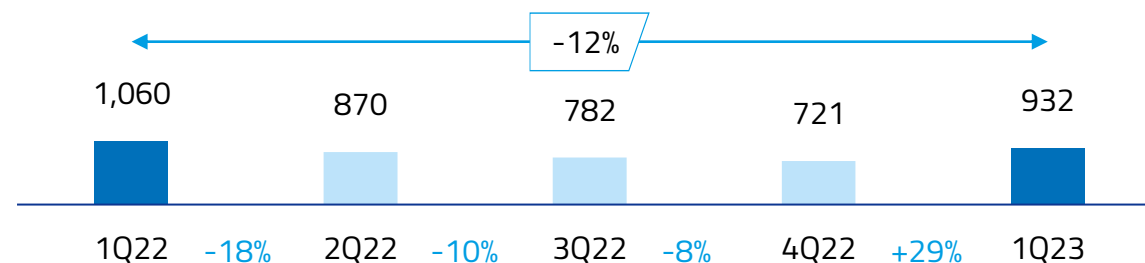
Cash Conversion Cycle Trends¹

(Days outstanding)



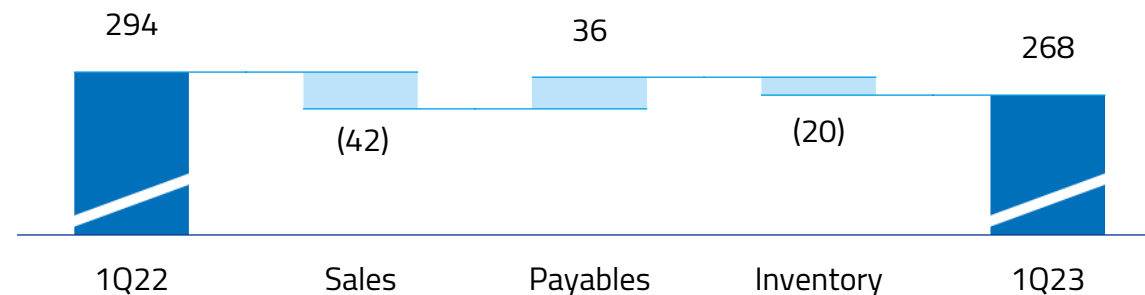
Net Debt

(SAR mn)



Cash Conversion Cycle Dynamics¹

(Days outstanding)



Source: Company financials

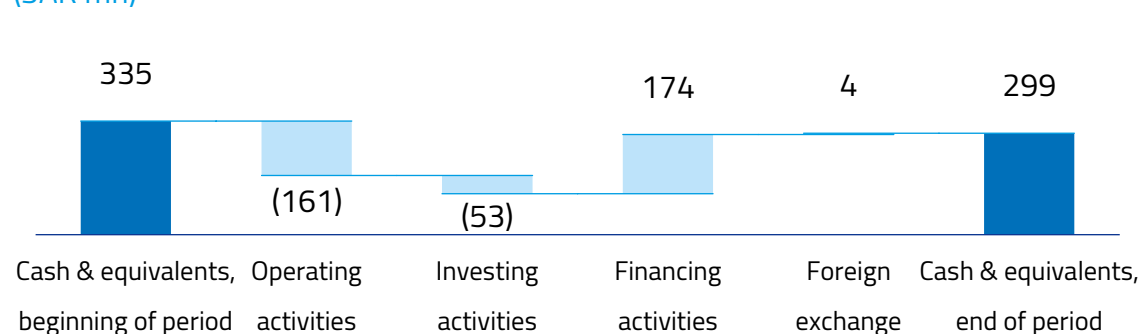
¹ Trailing for the previous 12 months

Cash Flow Trends

Stable cash position, cash flow driven by seasonal trends

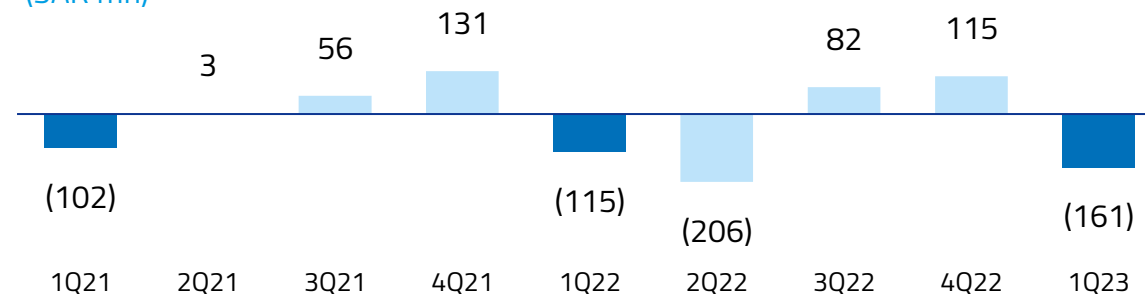
Cash Flow Dynamics (1Q23)

(SAR mn)



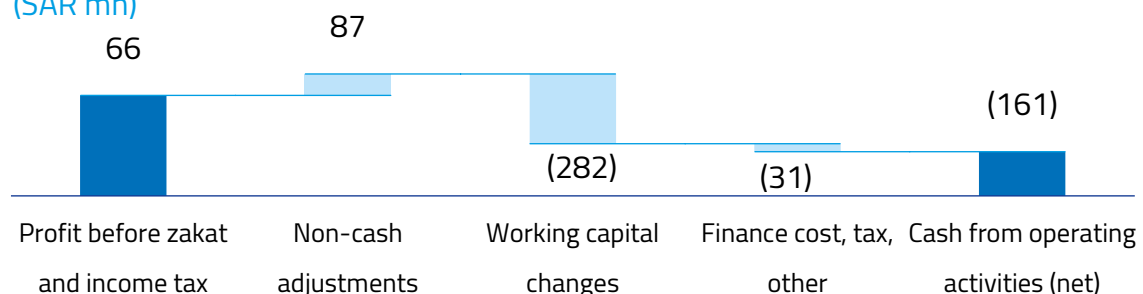
Net Cash From Operating Activities Seasonal Development

(SAR mn)



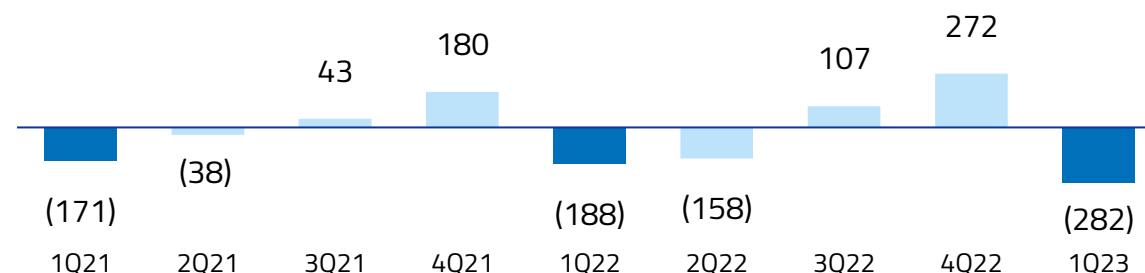
Net Cash From Operating Activities Dynamics (1Q23)

(SAR mn)



Working Capital Seasonal Development

(SAR mn)











Source: Company financials

¹ Including cash and cash equivalents from discontinued operations

2023 in Focus

The transformation started paying off in 1Q23 with an overall improvement in sales mix and financial indicators

Expected Developments in 2023

Indicator	FY22	1Q23	FY23 Expectations (vs FY22)	
Revenue	1,426 SAR mn (-2% YoY)	532 SAR mn (+37% YoY)		Increase by 12-14%
Gross Profit Margin	39.7%	48.3%		Gradual increase enabled by portfolio shift and cost optimization
Selling & Marketing Cost Ratio¹	26.2%	18.6%		Relatively stable
General & Administrative Cost Ratio¹	18.6%	11.9%		Decline driven by top-line growth
Research & Development Cost Ratio¹	3.0%	2.4%		Increase to 3.3%
EBITDA Margin	-2.5%	17.0%		Improvement to 9-10%
EPS	(1.38)	0.46		Gradual improvement
Net Debt / EBITDA	NA	NA		Increase due to additional leverage



Source: Company estimates

¹ As a percentage of revenue

Q&A Session



Appendix

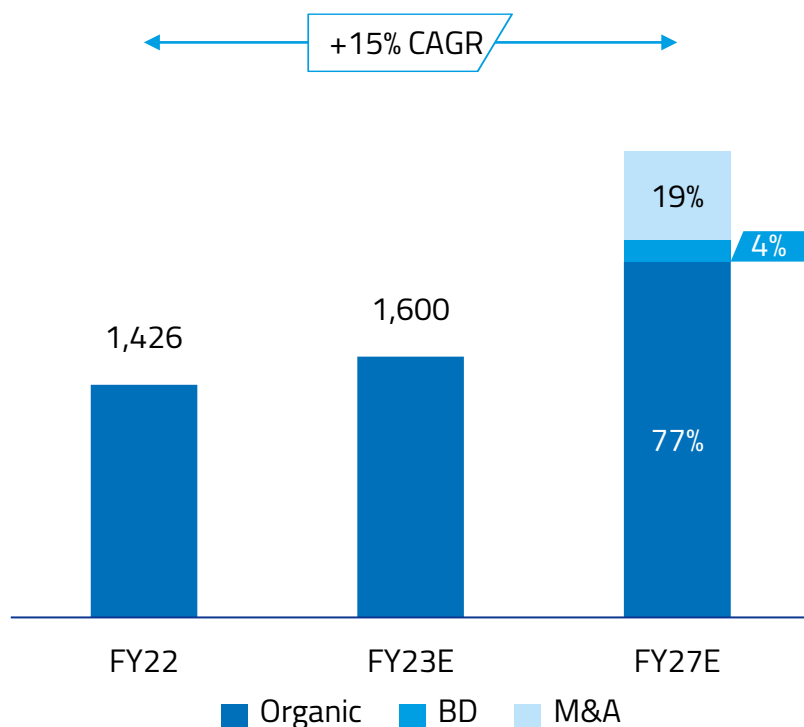


Expected Financial Developments Towards 2027

The revamped strategy execution has a direct impact on financial results improvement in the long-term

SPIMACO Revenue Trajectory

(SAR mn)



Expected Developments Towards 2027

Gross Margin	↗	Gradual increase enabled by portfolio shift and cost optimization
Selling & Marketing cost ratio	↘	Moderate decline driven by optimization and offset by more active marketing efforts
General & Administrative cost ratio	↘	Decline driven by top line growth and efficiency gains in backbone processes
Research & Development cost ratio	↗	Gradual increase to expand and diversify the pipeline
EBITDA Margin	↗	Gradual increase to reflect the positive portfolio adjustment, cost efficiencies, & accretive M&A effect targeting a range of 15-17%
EPS	↗	Gradual increase
Net Debt / EBITDA	➡	Increase in medium-term due to rising leverage with subsequent decline as EBITDA generation increases

Capital Allocation Priorities

Capital allocation prioritized towards growth and expansion to leverage existing and create new opportunities

Strategic Capital Allocation Priorities

1. Corporate Development

Accelerate business expansion to grow above the market level and to secure the National Champion position

2. Science Upgrade

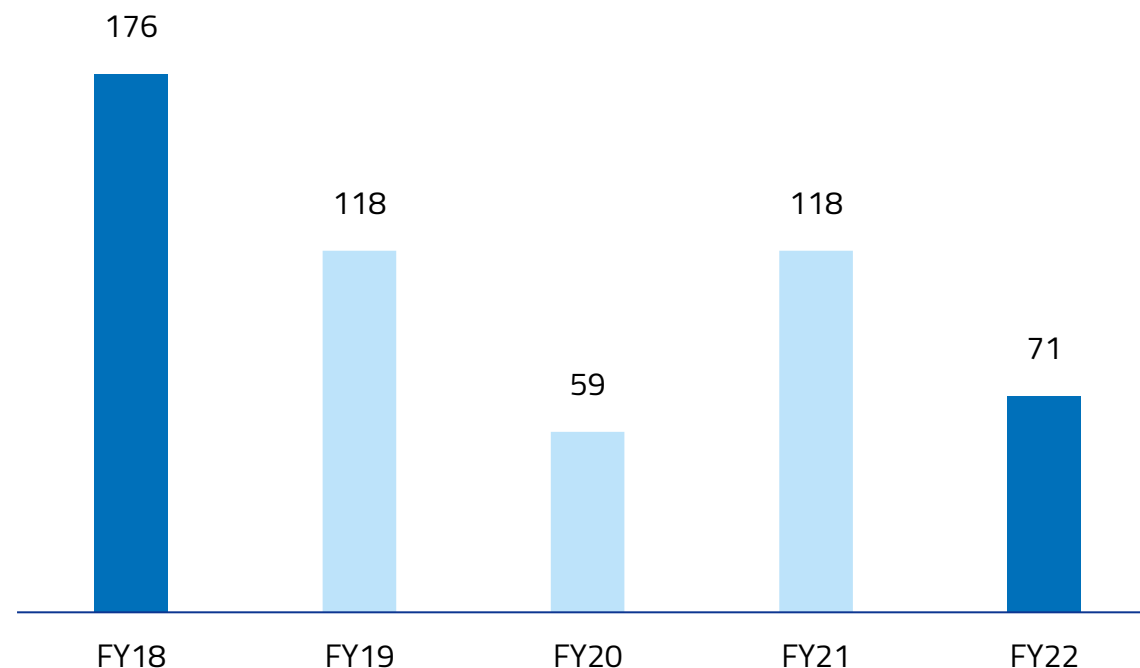
Build in-house R&D capabilities for new products with differentiated technologies

3. Value Chain Improvement

Improve SPIMACO's capabilities across the value chain to deliver the future high-value portfolio

Dividends Paid to Shareholders

(SAR mn)

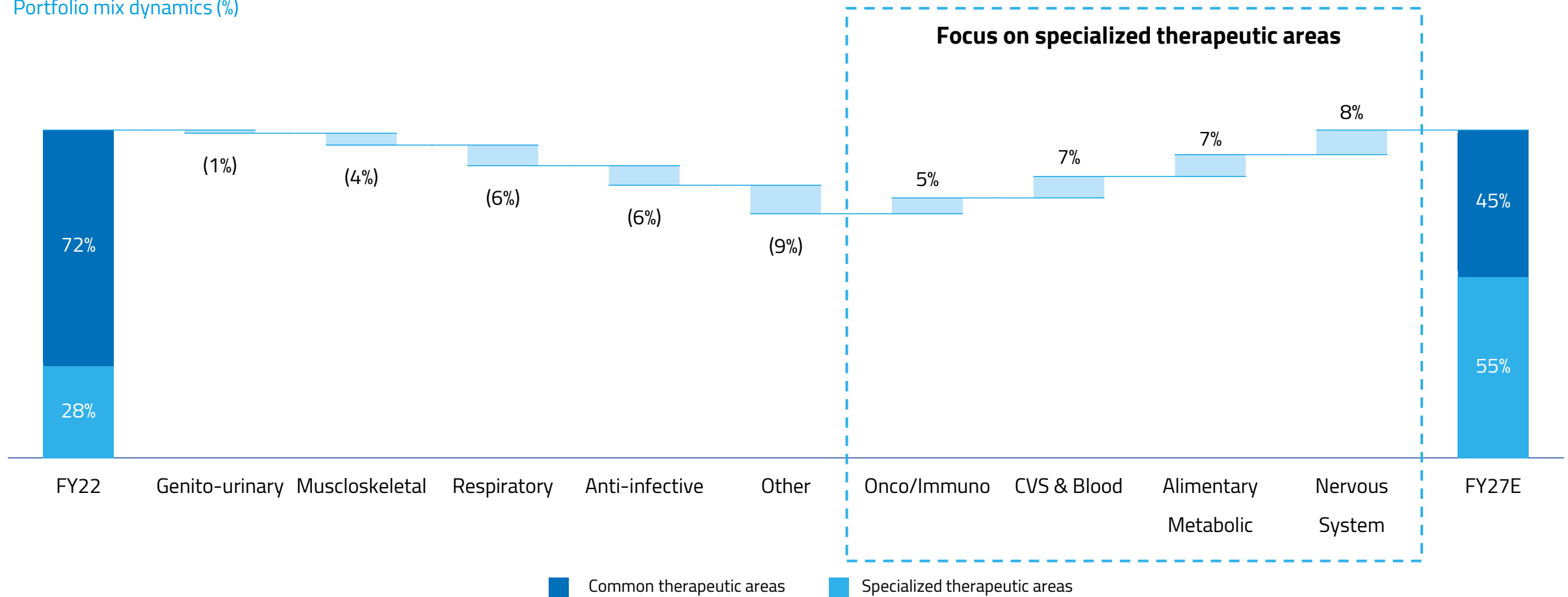


Processes - Focus on Speed and Value Creation

Future portfolio to be transformed and diversified towards specialized therapeutic areas

SPIMACO Formulation Mix Transformation

Portfolio mix dynamics (%)



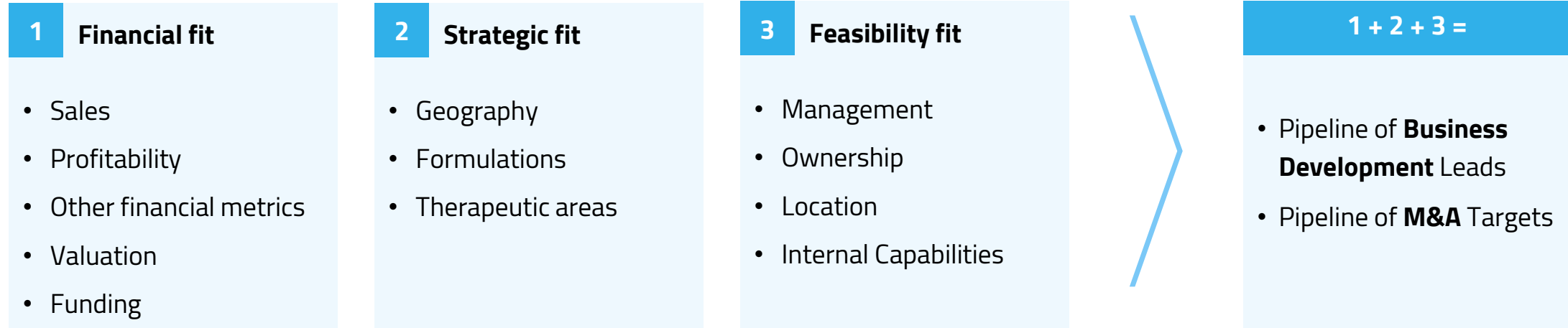
Source: Company estimates



Inorganic Opportunities Allow to Achieve Above-market Growth

SPIMACO follows a comprehensive M&A and BD framework to ensure quality and feasibility of the deals

M&A and Business Development Framework



Contacts and Additional Information

Institutional investor contact

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Presentations and press releases

May 2023 – 1Q23 Financial Results

- [1Q23 Earnings presentation](#)
- [1Q23 Earnings release](#)

March 2023 – FY22 Financial Results

- [FY22 Earnings presentation](#)
- [FY22 Earnings release](#)

February 2023 – Capital Markets Event

- [Capital Markets Event presentation](#)
- [Capital Markets Event press release](#)



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