

## Agenda

# **Extraordinary General Assembly of the Middle East Pharmaceutical Industries Company (First Meeting)**

For the year 2025



# Meeting Agenda Extraordinary General Assembly of the Middle East Pharmaceutical Industries Company



## Agenda of the Extraordinary General Assembly Meeting

1. Review and discuss the company's Board of Directors' report for the fiscal year ending December 31, 2024.
2. Review and discuss the company's financial statements for the fiscal year ending December 31, 2024.
3. Vote on the company's auditor's report for the fiscal year ending December 31, 2024, after discussing it.
4. Vote on the appointment of the company's external auditor from among the candidates nominated by the Audit Committee and the Board of Directors to review the interim financial statements for the second and third quarters of 2025, review the annual financial statements for 2025, and review the first quarter of 2026, and determine their fees.
5. Voting to authorize the Board of Directors to distribute interim dividends on a semi-annual/quarterly basis for the fiscal year ending December 31, 2025.
6. Voting on the Board of Directors' recommendation to transfer the statutory reserve balance of 25,253,411 ٠ (twenty-five million, two hundred and fifty-three thousand, four hundred and eleven Saudi Riyals, as of the annual financial statements ending December 31, 2024) to retained profits.
7. Voting on discharging the members of the Board of Directors from their liabilities for the fiscal year ending December 31, 2024.
8. Voting on authorizing the Board of Directors to exercise the powers of the Ordinary General Assembly under the authorization stipulated in paragraph 1 of Article (27) of the Companies Law for a period of one year from the date of approval by the Ordinary General Assembly or until the end of the term of the authorized Board of Directors, whichever comes first, according to the conditions stipulated in the Implementing Regulations of the Companies Law for Listed Joint Stock Companies.
9. Vote on amending the remuneration policy for the Board of Directors, its committees, and executive management.
10. Vote on disbursing SAR 1,050,000 ٠ as remuneration of the Board of Directors for the fiscal year ending December 31, 2024.
11. Voting on the business and contracts executed between the company and Chairman of The Board of Director Astaast/ Ahmed Shaher Al-Tabbaa and the board member Professor/ Faisal Sulaiman Al-Jamaan The benefit is direct in it, that is the statement of the cost of expenses and the amount spent in the general manner once and without the conditions of benefit 1,709,319.68 ٠. (Attach)
12. Vote on the business and contracts concluded between the company and Faisal Shaher Al-Tabbaa Company, in which the Board member Mr. Ahmed Shaher Al-Tabbaa has an indirect interest, as Chairman of the Board of Directors. Noting that, the total value of transactions concluded in 2024 amounted to SAR 360,000 ٠, consisting of legal services for one year without preferential terms. (Attach)
13. Voting on competition policy and standards. (Attach)

# Section 1

Review and discuss the company's Board of Directors report for the fiscal year ending 31 December, 2024.



## The Company's Board of Directors report for the fiscal year ending December 31, 2024

**Review and discuss the company's Board of Directors report for the fiscal year ending December 31, 2024**

**The Company's Board of Directors report for the fiscal year ending December 31, 2024**



## Section 2

Review and discuss the company's financial statements for the fiscal year ending 31 December, 2024.



The Company's financial statements for the  
fiscal year ending December 31, 2024

**Review and discuss the company's financial statements for the  
fiscal year ending December 31, 2024**

**The company's financial statements for the fiscal year ending  
December 31, 2024**



## Section 3

Vote on the company's auditor's report for the fiscal year ending 31 December, 2024 after discussing it.







## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Middle East Pharmaceutical Industries Company (A Saudi Joint Stock Company)

## Opinion

We have audited the consolidated financial statements of **Middle East Pharmaceutical Industries Company** ("the Company") and its subsidiaries ("the Group"), which comprise of the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي متفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لشركة انجلزية خاصة محدودة بالضممان.

# Independent Auditor's Report

To the Shareholders of Middle East Pharmaceutical Industries Company (A Saudi Joint Stock Company) (continued)

## Key audit matters (continued)

### Revenue recognition

Refer to Note 4.4 of the accounting policy related to revenue recognition and note 22 related to disclosure in the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognised during the year ended 31 December 2024, amounting to SAR 394 million.</p> <p>Revenue recognition is considered a key audit matter due to the risk associated with the management's estimates and judgement regarding variable consideration for sales returns and discounts. These estimates are complex and requires significant judgement.</p> <p>Also, the revenue is a key measure of the Group's performance and there is risk that revenue may be overstated resulting from pressure on management to achieve performance targets.</p>	<p>Our audit procedures performed with relation to revenue included, among others, the following:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the Group's accounting policies related to revenue, taking into consideration the requirements of applicable financial reporting framework;</li> <li>Assessing the design and implementation and testing the operating effectiveness of controls relating to processes over revenue recognition, including anti-fraud control procedures;</li> <li>Assessing the appropriateness of the amount estimated for sales return and discounts;</li> <li>Testing the underlying data used in management's calculations for accuracy and completeness and assessing source data supporting the historical sales, sales returns and discounts.</li> <li>Performing trend analysis over revenue recognised as compared to previous year;</li> <li>Testing samples of sale transactions made during the year, before and after the year-end to assess whether revenue has been recognized in the correct accounting period along with supporting documentation.</li> </ul>

# Independent Auditor's Report

To the Shareholders of Middle East Pharmaceutical Industries Company (A Saudi Joint Stock Company) (continued)

Key audit matters (continued) Expected credit losses (ECL)	
Refer to Note 4.10 of the accounting policy related to expected credit losses, and 7 related to disclosure	
The key audit matter	How the matter was addressed in our audit
<p>The gross balance of trade receivables amounting to SAR 219.4 million as at 31 December 2024 against which the Group has recognized expected credit loss (ECL) allowance of SAR 10.1 million as at 31 December 2024 in accordance with the requirements of IFRS 9, "Financial Instruments."</p> <p>Management has applied the simplified ECL approach to determine the allowance.</p> <p>The loss allowance for financial assets is based on assumptions related to default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to calculate allowance, based on the Group's prior experience as each reporting period.</p> <p>We considered this as a key audit matter due to the level of judgement applied and the estimate made in the ECL calculation.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the Group's policy for determining the allowances to assess whether it is in accordance with the applicable accounting framework;</li> <li>Obtaining an understanding of management's procedures in establishing the allowance and evaluating the design and implementation of controls in determining the ECL provision;</li> <li>Assessing the suitability of the expected credit loss model and assumption used by management in determination of the loss allowance through the involvement of our specialist who developed an independent expectation based on our knowledge of the client and the use of its historical information, experience of the industry in which it operates and specified external data sources;</li> <li>Testing the main data sources and inputs used in the ECL model and evaluating the appropriateness of judgments and estimates that were used in the ECL calculation;</li> <li>Obtaining the aging report for the trade receivables and testing its accuracy; and</li> <li>Considering the adequacy of the Group's disclosures in accordance with applicable accounting standards.</li> </ul>
Other Information	

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## Independent Auditor's Report

To the Shareholders of Middle East Pharmaceutical Industries Company (A Saudi Joint Stock Company) (continued)

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Companies Law and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Independent Auditor's Report

To the Shareholders of Middle East Pharmaceutical Industries Company (A Saudi Joint Stock Company) (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Middle East Pharmaceutical Industries Company** ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services Company



Hani Hamzah A. Bedairi  
License No: 460



25 March 2025  
Corresponding to: 25 Ramadan 1446H

## Section 4

Vote on the appointment of the company's external auditor from among the candidates nominated by the Audit Committee and the Board of Directors to review the interim financial statements for the second and third quarters of 2025, review the annual financial statements for 2025, and review the first quarter of 2026, and determine their fees.





Middle East Pharmaceutical Industries Company

**Avalon Pharma**Date: 19/10/1446 H  
Corresponding to: 17/04/2025

Subject: Recommendation memorandum regarding the auditor for the fiscal year 2025

Middle East Pharmaceutical Industries Company (Avalon Pharma).

May the peace, blessings, and mercy of God be upon you

**Introduction:**

The Board of Directors directed the Financial Department to send a request to obtain proposals from auditors in order to examine the initial financial statements for the second and third quarter of the year 2025, and the first quarter of the fiscal year 2026, and to review and audit the annual financial statements as at the end of the year 2025, and it was sent to a number of three auditors. All the auditors responded and presented the following proposals:

	Statement	Annual Audit Fees	Audit Fees per quarter	Total in SAR
1	M's EY Office	730,000	90,000	1,000,000
2	M's BDO Office	325,000	65,000	520,000
3	M's RSM Office	550,000	60,000	730,000
	<b>Approved Budget</b>			<b>773,000</b>

**Board Recommendation:**

The Review and Audit Committee reviewed the submitted proposals and compared them from both financial and technical perspectives. The Committee, by majority vote, agreed to recommend to the Board of Directors the nomination of one of the following auditors, in order of preference from the first to second choice.

1. Office EY.
2. Office BDO.

With Best Regards,

**Chairman of the Board**  
**Ahmad Shaher ALTabbaa**

## Section 5

Voting to authorize the Board of Directors to distribute interim dividends on a semi-annual/quarterly basis for the fiscal year ending 31 December, 2025.





## Section 6

Voting on the Board of Directors' recommendation to transfer the statutory reserve balance of 25,253,411 ﷲ (twenty-five million, two hundred and fifty-three thousand, four hundred and eleven Saudi Riyals, as of the annual financial statements ending 31 December, 2024) to retained profits.

## Section 7

Voting on discharging the members of the Board of Directors from their liabilities for the fiscal year ending 31 December, 2024.



## Section 8

Voting on authorizing the Board of Directors to exercise the powers of the Ordinary General Assembly under the authorization stipulated in paragraph 1 of Article (27) of the Companies Law for a period of one year from the date of approval by the Ordinary General Assembly or until the end of the term of the authorized Board of Directors, whichever comes first, according to the conditions stipulated in the Implementing Regulations of the Companies Law for Listed Joint Stock Companies.



## Section 9

Vote on amending the remuneration policy for the Board of Directors, its committees, and executive management.



## Remuneration Policy for the Board of Directors, its Committees, and the Executive Management

### First: Introduction:

This "Remuneration Policy for the Board of Directors, its Committees, and the Executive Management of Middle East Pharmaceutical Industries Company ('Avalon' or the 'Company')\" has been prepared to align with the Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No. (8-16-2017) dated 16/5/1438H, corresponding to 13/2/2017G, which stipulated that the Nomination and Remuneration Committee shall «prepare a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the executive management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly...\".

### Second: Objective:

This policy aims to establish clear criteria for the remuneration of the members of the Board of Directors, its committees, and senior executives in light of the requirements of the Companies Law and the regulations of the Capital Market Authority. The policy also aims to attract individuals with a high level of competence, ability, and talent to serve on the Board of Directors, its committees, and the executive management by adopting motivating and performance-related remuneration plans and programs, thereby contributing to improving the Company's performance and achieving the interests of its shareholders.

### Third: General Criteria for Remuneration:

The Nomination and Remuneration Committee is responsible for recommending to the Board the remunerations of the Board members, committee members, and senior executives of the Company, in accordance with the approved criteria, as follows:

- The remunerations shall be commensurate with the Company's activity and the skills required for its management.
- Consideration shall be given to linking the variable part of the remuneration to long-term performance.
- The Company shall ensure that the remunerations are consistent with the Company's strategy and objectives, as well as its size, nature, and level of risks.
- The Company shall take into account the practices of other companies and what is prevalent in the labor market when determining remunerations, while avoiding any unjustified increase in remunerations and compensation.
- Remunerations shall be determined based on the job level, the tasks and responsibilities assigned to the incumbent, academic qualifications, practical experience, skills, and performance level.
- The remunerations shall be fair and proportionate to the member's competencies and the work and responsibilities undertaken by the members of the Board of Directors or its committees, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- The sector in which the Company operates, its size, and the experience of the Board members shall be taken into account.
- The remuneration shall be reasonably sufficient to attract, motivate, and retain competent and experienced Board members.
- The remuneration of Board members may vary in amount to reflect the member's experience, competencies, assigned tasks, independence, number of attended meetings, and other considerations.

- The disbursement or recovery of remuneration shall be suspended if it is found that it was decided based on inaccurate information provided by a member of the Board of Directors or the executive management; this is to prevent the exploitation of the job position to obtain undue remuneration.
- In the event of developing a program to grant shares in the Company to members of the Board of Directors, the executive management, and its employees, whether through a new issuance or shares purchased by the Company, this shall be done under the supervision of the Nomination and Remuneration Committee and in accordance with the Company's Articles of Association and the relevant regulations of the Capital Market Authority.

#### **Fourth: Remuneration of Board Members:**

The remuneration of the Company's Board members shall consist of a specific amount or an attendance allowance for meetings, or expense allowances, or in-kind benefits, or a percentage of profits. It is permissible to combine two or more of these benefits, provided that it does not exceed what is stipulated in the Companies Law and its regulations, according to the schedule included in this policy and any subsequent amendments to this schedule that are approved in accordance with the regulations.

This remuneration may vary in amount in light of a policy issued by the Nomination and Remuneration Committee and approved by the General Assembly. The Board of Directors' annual report to the General Assembly of Shareholders must include a comprehensive statement of all remuneration, expense allowances, and other benefits received by the Board members during the fiscal year. It must also include a statement of what the Board members received in their capacity as employees or administrators or for technical, administrative, or consulting work (if any), and a statement of the number of Board meetings and the number of meetings attended by each member since the date of the last General Assembly meeting.

Care must be taken to ensure that the remuneration of independent Board members is not a percentage of the profits achieved by the Company or directly or indirectly based on the Company's profitability.

#### **Fifth: Remuneration of Committee Members:**

The Board of Directors shall determine and approve the remunerations for membership in its subsidiary committees and other entitlements, based on a recommendation from the Nomination and Remuneration Committee.

The remunerations for membership in the Board's subsidiary committees shall consist of an annual fee (lump sum) as detailed in this policy and according to the schedule included therein. The committee secretary shall not be entitled to any special allowance or remuneration if they receive a monthly salary as an employee or consultant of the Company or are a member of the committee.

#### **Sixth: Remuneration of the Executive Management:**

The Nomination and Remuneration Committee shall continuously review and approve the salary scale set for all employees and senior executives, as well as the incentive programs and plans, based on a recommendation from the executive management. The remuneration of the executive management shall include the following:

- Basic salary (paid at the end of each Gregorian month on a monthly basis).
- Allowances including, but not limited to, housing allowance, transportation allowance, children's education allowance, and telephone allowance.
- Medical insurance benefits for him/her and his/her family.
- Life insurance policy covering work injuries, partial and total disability, and death during work.

- Annual bonus linked to performance indicators in accordance with the annual evaluation conducted in this regard.
- Short-term incentive plans related to exceptional performance and long-term incentive plans such as stock option programs (if any).
- Other benefits including, but not limited to, annual leave, annual travel tickets, executive airport services, and end-of-service gratuity in accordance with the Labor Law and the human resources policy approved by the Company.

The general plans, programs, and guidelines for the remuneration of senior executives shall be approved by the Nomination and Remuneration Committee.

The Chief Executive Officer shall implement the remuneration policy for employees and senior executives in light of the general plans, programs, and guidelines approved by the Committee.

**Seventh: Additional Remuneration Limits and Disbursement Method:**

Members of the Board of Directors shall not be entitled to vote on the item of Board members' remuneration at the General Assembly of Shareholders meeting.

The Company shall disclose the remunerations of the Board members, committee members, and senior executives in the Board of Directors' annual report in accordance with the regulations and guidelines issued under the Companies Law and the regulations of the Capital Market Authority and its implementing regulations.

A member shall be entitled to remuneration from the date of joining the Board or the committee and according to the duration of their membership.

The procedures for disbursing the remunerations of the Board members and committee members shall be prepared by the Secretary of the Board, and the disbursement order shall be approved by the Chief Executive Officer.

The attendance allowances for Board meetings, committee remunerations, and attendance allowances for committee meetings may be disbursed in installments at the end of each Gregorian quarter. However, the annual remuneration for the Board shall be paid in full after its approval at the Annual General Assembly meeting.

**Eighth: Statement of Details of Remuneration of Board Members and its Committees:**

**1. Board Members:**

Annual Lump Sum Allowance per Member	250,000 ١
Annual Lump Sum Allowance for the Chairman of the Board	350,000 ١
<b>Profit</b> Linked Bonus: In case this option is adopted, a specific percentage of the net profits shall be determined based on a recommendation from the Nomination and Remuneration Committee if the Company achieves profits after fulfilling the regulatory conditions and requirements, taking into account the implementing regulations of the Companies Law.	
Review of the aforementioned Annual Lump Sum Remuneration for a Board Member from time to time based on a recommendation from the Nomination and Remuneration Committee in light of performance related changes, and then obtaining the approval of the General Assembly of Shareholders for this.	

## 2. Members of the Board's Subsidiary Committees:

Annual Lump Sum Amount per Member	150,000 ٮ
Annual Lump Sum Allowance, the Entitlement of Which is Determined After the Nomination and Remuneration Committee Evaluates Members of Subsidiary Committees with Distinguished Expertise	50,000 ٮ

## 3. Expenses and Other Benefits

The Company shall bear the costs of travel tickets for Board and committee members residing outside the city of Riyadh.
The Company shall bear the costs of accommodation and tickets for all Board members, committee members, and the executive management in the event that a meeting is held outside the city of Riyadh.
All travel tickets (round trip) for Board and committee members shall be in first class or business class, with preference given to the national carrier based on available booking.

### Ninth: Final Provisions (Review, Amendment, and Publication of this Policy):

The provisions of this policy shall be effective and binding on the Company from the date of its approval by the General Assembly of Shareholders. This policy shall be reviewed periodically – when necessary – by the Nomination and Remuneration Committee. Any amendments proposed by the Committee shall be presented to the Board of Directors, which shall study and review the proposed amendments and recommend them to the General Assembly of Shareholders for approval.

#### Note:

**Approved by the Nomination and Remuneration Committee on [Date in Gregorian Calendar] corresponding to [Date in Hijri Calendar]**

Recommended for approval by the Board of Directors on: [Date in Gregorian Calendar] corresponding to [Date in Hijri Calendar]

Approved by the Extraordinary General Assembly on:



**Table of Amendments to the Remuneration Policy for the Board of Directors, its Committees, and the Executive Management of Middle East Pharmaceutical Industries Company (Avalon Pharma)**

Article Number in the Bylaws	Article Before Amendment	Article After Amendment
Fifth: Remuneration of Committee Members:	<p>The Board of Directors shall determine and approve the remunerations for membership in its subsidiary committees – with the exception of the Audit Committee – as well as attendance allowances and other entitlements, based on a recommendation from the Nomination and Remuneration Committee.</p> <p>The remunerations for membership in the Board's subsidiary committees shall consist of an annual fee (lump sum), meeting attendance allowances, and other entitlements as detailed in this policy and according to the schedule included therein. The committee secretary shall not be entitled to any special allowance or remuneration if they receive a monthly salary as an employee or consultant of the Company or are a member of the committee.</p> <p>As for the remuneration for membership in the Audit Committee, it shall be approved by the General Assembly of Shareholders based on a recommendation from the Board of Directors, in accordance with the regulations. When forming the membership of the Board's subsidiary committees, the number of committees that a Board member can serve on shall be taken into account, such that the total remuneration received by the member for their membership in the Board and its committees does not exceed the maximum limit stipulated in the Companies Law.</p>	<p>The Board of Directors shall determine and approve the remunerations for membership in its subsidiary committees and other entitlements, based on a recommendation from the Nomination and Remuneration Committee.</p> <p>The remunerations for membership in the Board's subsidiary committees shall consist of an annual fee (lump sum) as detailed in this policy and according to the schedule included therein. The committee secretary shall not be entitled to any special allowance or remuneration if they receive a monthly salary as an employee or consultant of the Company or are a member of the committee.</p>
Eighth: Statement of Details of Remuneration of Board Members and its Committees: 2) Members of the Board's Subsidiary Committees:	<p>Attendance Allowance per Session 5,000 ٬</p> <p>Annual Lump Sum Amount per Member 100,000 ٬</p>	<p>Annual Lump Sum Amount per Member 150,000 ٬</p> <p>Annual Lump Sum Allowance, the Entitlement of Which is Determined After the Nomination and Remuneration Committee Evaluates Members of Subsidiary Committees with Distinguished Expertise 50,000 ٬</p>
Eighth: Statement of Details of Remuneration of Board Members and its Committees: 1) Board Members:	<p>Attendance Allowance per Session 5,000 ٬</p> <p>Additional Allowance (Travel and Transportation) for Those Residing Outside Riyadh 3,000 ٬</p> <p>Annual Lump Sum Allowance per Member 200,000 ٬</p> <p>Annual Lump Sum Allowance for the Chairman of the Board 250,000 ٬</p>	<p>Annual Lump Sum Allowance per Member 250,000 ٬</p> <p>Annual Lump Sum Allowance for the Chairman of the Board 350,000 ٬</p>

## Section 10

Vote on disbursing 1,050,000 ₪ as remuneration of the Board of Directors for the fiscal year ending 31 December, 2024.



## Section 11

Voting on the business and contracts executed between the company and Chairman of The Board of Director Astaast/ Ahmed Shafer Al-Tabbaa and the board member Professor/ Faisal Sulaiman Al-Jamaan The benefit is direct in it, that is the statement of the cost of expenses and the amount spent in the general manner once and without the conditions of benefit 1,709,319.68  $\text{£}$ .

**Middle East Pharmaceutical Industries Company**

**Avalon Pharma**

Date: April 24, 2025

Dear Shareholders of Middle East Pharmaceutical Industries Company (Avalon Pharma)

May the peace, mercy, and blessings of God be upon you,

Based on the requirements of Articles (27) and (71) of the Companies Law and Article (21) of the Governance Regulations, which require the Chairman of the Board of Directors to inform the Ordinary General Assembly, upon its convening, of any transactions or contracts in which a Board member has a direct or indirect interest, we would like to inform your esteemed Assembly that the Board of Directors has reviewed the offering costs and will deduct these costs from the proceeds of the IPO. Noting that, these transactions were conducted under the same terms and conditions as those applied to transactions with other parties, without any preferential terms.

With Best Regards,

Name	Designation	Signature
Ahmad Shaher ALTabbaa (Non-Voting, Related Party)	Chairman of the Board of Directors	(Signed)
Hesham Mohammed Attar	Vice-Chairman of the Board	(Signed)
Faisal Sulaiman ALJamaan (Non-Voting, Related Party)	Board Member	(Signed)
Omar Mohammed S ALJaroudi	Board Member	(Signed)
Mohammed Maher ALGhannam	Board Member (Managing Director)	(Signed)

(Official Seal Affixed)



Middle East Pharmaceutical Industries Company  
P.O. Box 4180 Riyadh 11491, Saudi Arabia  
King Mohammed V St. As Sulaimaniyah :  
T 00 966 11 836 5000 - 920010564  
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2nd Industrial City :  
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شركة الشرق الأوسط للصناعات الدوائية  
ص.ب. ٤١٨٠ الرياض ١١٤٩١ ، المملكة العربية السعودية  
شارع الملك محمد الخامس ، السليمانية :  
هاتف ٩٢٠٠١٠٥٦٤ - ٠٠ ٩٦٦ ١١ ٨٣٦ ٥٠٠٠  
فاكس ٩٦٦ ١١ ٤٦٢ ٩٢٨٨  
المدينة الصناعية الثانية :  
هاتف ٩٦٦ ١١ ٢٦٥ ٣٩٤٨ - ٢٦٥ ٣٤٢٧  
فاكس ٩٦٦ ١١ ٢٦٥ ٤٧٢٣





## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

# Independent Limited Assurance Report to Middle East Pharmaceutical Industries Company on the Board of Director's Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Middle East Pharmaceutical Industries Company

We were engaged by the management of **Middle East Pharmaceutical Industries Company** (the "Company") to report on the Board of Directors' declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, which comprises the transactions carried out by the Company during the year ended 31 December 2024 in which any of the members of Board of Directors ("BoD") of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

## Subject Matter

The Subject Matter for our limited assurance engagement is related to the Board of Directors' declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, presented by the Board of Directors of **Middle East Pharmaceutical Industries Company** (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2024 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

## Applicable Criteria

We have used the following as the Applicable Criteria:

1. Article 71 of the Companies Law issued by Ministry of Commerce ("MOC").

## Middle East Pharmaceutical Industries Company's Responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management of the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.





# Independent Limited Assurance Report to Middle East Pharmaceutical Industries Company on the Board of Director's Declaration on the Requirements of Article 71 of the Companies Law (Continued)

To the Shareholders of Middle East Pharmaceutical Industries Company (continued)

## Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

## Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes the transactions in which any of the BoD members of the Company has either direct or indirect interest during the year ended 31 December 2024;
- Reviewed the minutes of meetings of the BoD that indicate notifications to the BoD by certain director(s) of actual or potential conflicts of direct or indirect interest in relation to transactions involving the BoD member;

# Independent Limited Assurance Report to Middle East Pharmaceutical Industries Company on the Board of Director's Declaration on the Requirements of Article 71 of the Companies Law (Continued)

To the Shareholders of Middle East Pharmaceutical Industries Company (continued)

## Procedures Performed (continued)

- Checked that the minutes of meetings of the BoD that the relevant directors who notified the BoD of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transaction;
- Obtained the required approvals along with supporting documents in respect of the transactions included in the declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 19 to the audited consolidated financial statements of the Company for the year ended 31 December 2024.

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

## Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company and MOC for any purpose or in any context. Any party other than the Company and MOC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company and MOC for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company and MOC on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

## KPMG Professional Services Company



**Hani Hamzah A. Bedairi**  
License No: 460



Riyadh, 06 Dhul- Qa'dah, 1446H  
Corresponding to: 4 May 2025



## Appendix 1



Date: 22 April 2025  
24 Shawwal 1446H

شركة الشرق الأوسط للصناعات الدوائية  
Middle East Pharmaceutical Industries Company

Dear Esteemed Shareholders of Middle East Pharmaceutical Industries Company  
("the Company"),

Greetings,

**Subject:** Board of Director's Declaration of Transactions with related party for the year ended 31 December 2024

With reference to the requirements of Article (71) of the Companies Law promulgated by Royal Decree No. M /132 of 1/12/1443 Hijri, which stipulates that a member of the Board of Directors should not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the Company, except with an authorization from the General Assembly, and in accordance with the Related Party Transactions and Dealing with Conflicts of Interest Policy of the Company, we would like to inform you that the Company has implemented a contract related to activities of the Company in which two (2) board members of the Board of Directors of Middle East Pharmaceutical Industries Company have a direct or indirect interests, and the Company has obtained an authorization from the shareholders thereof.

Related Party	Position at the company	Type of association with related party	Services	Period	Amount in SAR
Ahmed Shafer Tabbaa	Chairman of the Board	Shareholders	60.25% of IPO costs paid by the Company on his behalf	2024	1,609,164.23
Faisal Al Jaman	Board Member	Shareholders	3.75% share of IPO costs paid by the Company on his behalf	2024	100,155.45

Best Regards,

Ahmad Tabbaa

Chairman of the Board of Directors of Middle East Pharmaceutical Industries Company



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فاكس ٠٠ ٩٦٦ ١١ ٤٦٢ ٩٢٨٨  
المنطقة الصناعية الثانية :  
هاتف ٠٠ ٩٦٦ ١١ ٢٦٥ ٣٩٤٨ - ٢٦٥ ٣٤٢٧  
فاكس ٠٠ ٩٦٦ ١١ ٢٦٥ ٤٧٢٣



## Section 12

Vote on the business and contracts concluded between the company and Faisal Shafer Al-Tabbaa Company, in which the Board member Mr. Ahmed Shafer Al-Tabbaa has an indirect interest, as Chairman of the Board of Directors. Noting that, the total value of transactions concluded in 2024 amounted to SAR 360,000 ﷲ consisting of legal services for one year without preferential terms.

**Middle East Pharmaceutical Industries Company**

**Avalon Pharma**

Date: 30/04/2025

Dear Shareholders of Middle East Pharmaceutical Industries Company (Avalon Pharma)

May the peace, mercy, and blessings of God be upon you,

Based on the requirements of Articles (27) and (71) of the Companies Law and Article (21) of the Governance Regulations, which require the Chairman of the Board of Directors to inform the Ordinary General Assembly, upon its convening, of any transactions or contracts in which a Board member has a direct or indirect interest, we would like to inform your esteemed Assembly that the Board of Directors has reviewed the transactions and contracts concluded between the Company and Faisal Shaher ALTabbaa Company, in which the Board member Mr. Ahmed Shaher ALTabbaa has an indirect interest, in his capacity as Chairman of the Board of Directors. Noting that, the total value of transactions concluded in 2024 amounted to 360,000 Saudi Riyals, representing legal services for one year without preferential terms.

With Best Regards,

Name	Designation	Signature
Ahmad Shaher ALTabbaa (Non-Voting, Related Party)	Chairman of the Board of Directors	(Signed)
Hesham Mohammed Attar	Vice-Chairman of the Board	(Signed)
Faisal Sulaiman ALJamaan (Non-Voting, Related Party)	Board Member	(Signed)
Omar Mohammed S ALJaroudi	Board Member	(Signed)
Mohammed Maher ALGhannam	Board Member (Managing Director)	(Signed)



(Official Seal Affixed)

## Section 13

Voting on competition policy and standards.



## Competition Policy and Criteria

### For Middle East Pharmaceutical Industries Company (Avalon Pharma)

Approved by the Company's Board of Directors Meeting held on  
26/05/1446H, corresponding to 27/11/2024G.

Approved by the Ordinary General Assembly held on  
/ / H corresponding to / / G.

**Middle East Pharmaceutical Industries Company  
Competition Policy and Standards**

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## Middle East Pharmaceutical Industries Company Competition Policy and Standards

### Introduction:

In accordance with Article (27) of the Companies Law and Article (44) of the Governance Regulations, these regulations have been formulated to clarify the criteria for competing businesses and the procedures governing the rules for the participation of the Company's Board of Directors members in competing businesses. These criteria are based on the relevant provisions contained in the Companies Law, the Governance Regulations, the regulatory controls and procedures issued in implementation of the Companies Law specific to listed joint-stock companies, and the Company's Articles of Association.

The Company's businesses and related activities have been detailed in its Articles of Association, which primarily consist of the manufacturing and sale of pharmaceutical materials and chemical and herbal medicinal products. Cases of competing businesses for the Company's Board of Directors members will be dealt with in accordance with the provisions of these criteria.

### Definitions:

The following terms, wherever mentioned in these regulations, shall have the meanings explained below, unless the context requires otherwise:

1. The Company: Middle East Pharmaceutical Industries Company.
2. The Authority: The Capital Market Authority in the Kingdom of Saudi Arabia.
3. Nomination and Remuneration Committee: The Nomination and Remuneration Committee appointed by Middle East Pharmaceutical Industries Company.
4. The Board / Board of Directors: The Board of Directors of Middle East Pharmaceutical Industries Company, entrusted with managing the Company in a manner that achieves the interests of the shareholders. Its members are those elected by the shareholders and who collectively form the Company's Board of Directors.
5. Member / Board Members: The member(s) of the Board of Directors elected by the shareholders at the General Assembly of Shareholders meeting.
6. The Policy / The Criteria: This policy for regulating competing businesses.
7. Competing Businesses: In accordance with Article (45) of the Corporate Governance Regulations issued by the Capital Market Authority, it refers to:
8. Participation in any business that would compete with the Company or compete with it in any of the branches of activity it practices, including the following:

## Middle East Pharmaceutical Industries Company Competition Policy and Standards

1. The Board member establishing a company or sole proprietorship, or owning a significant percentage of shares or stakes in another company or establishment, that engages in an activity of the same type as the Company or its group.
2. The Board member accepting membership on the board of directors of a company or establishment that competes with the Company or its group, or assuming the management of a competing sole proprietorship or a competing company in any form whatsoever.
3. The Board member accepting membership in any committee of a company that competes with the Company or its group.
4. The Board member obtaining a commercial agency or its equivalent, whether apparent or concealed, for another company or establishment that competes with the Company or its group.
5. The Board member providing advice or guidance to any company or person acting in the interest of a company that engages in businesses competing with the businesses of the Company or its group.
6. The Board member using their knowledge or influence over any of the Company's (or its group's) clients, suppliers, or consultants for the benefit of any company or person acting in the interest of a company competing with the Company.

### Article (1): Scope and Application

These competing business criteria apply to the members of the Company's Board of Directors and the Board's committees. These criteria shall not prejudice the other duties of the Company's Board of Directors members under the relevant provisions in other Company policies, such as the conflict of interest policy. The obligations stipulated in these criteria are in addition to the duties stipulated in those policies and must be adhered to at all times.

### Article (2): Company's Competition

Without prejudice to what is stated in Article Twenty-Seven of the Companies Law, if a Board member wishes to participate in a business that would compete with the Company or compete with it in one of the branches of activity it practices, the following must be observed:

7. Informing the Board of the competing businesses they wish to engage in, and documenting this notification in the minutes of the Board meeting.
8. The interested member not participating in the voting on the resolution issued in this regard in the Board and the shareholders' meetings.
9. The Chairman of the Board informing the Ordinary General Assembly, upon its convening, of the competing businesses engaged in by the Board member.
10. Obtaining prior authorization from the Company's Ordinary General Assembly allowing the member to engage in competing businesses, provided that this authorization is renewed annually.

## Middle East Pharmaceutical Industries Company Competition Policy and Standards

### Article (2): Competition with the Company

1. A Board member may not participate in any business that may compete with the Company or any of its activities, nor may a Board member be a member of the board of directors of a company that competes with the Company or any of its activities, unless that member obtains authorization from the Ordinary General Assembly.
2. The aforementioned duty is considered a personal responsibility of each Board member, and the Board members have undertaken to disclose to the Board, on an ongoing basis, any change in their position.
3. When any Board member wishes to engage in a business that may compete with the Company's businesses or any of its activities, the following must be taken into account: a. Informing the Board of the competing businesses they wish to engage in and documenting this notification in the minutes of the Board meeting. b. The interested member not participating in the voting on the relevant resolution, or in making the decision, in the Board meeting and the shareholders' meetings. c. The Chairman of the Board informing the Ordinary General Assembly, upon its convening, of the competing businesses in which the Board member is involved. d. Obtaining authorization from the Company's Ordinary General Assembly allowing the member to engage in competing businesses.
4. When evaluating a Board member's competition with the Company's businesses, the Board shall take the following into consideration: a. The geographical extent of the competing business in relation to the Company's businesses. b. Whether engaging in a competing business will prevent the Board member from attending to the Company's interests. c. Whether the activities to be practiced by the Board member are likely to materially affect their role as a member of the Company's Board of Directors.
5. The deliberations and decisions regarding a Board member's competing business must be recorded in the minutes of the Board meeting.
6. If the Board of Directors decides that a breach of this policy has occurred, the violators shall be liable to the competent judicial authorities for the payment of appropriate compensation for all damages or losses incurred by the Company in that regard, unless authorization has been obtained in this specific matter from the Ordinary General Assembly.

### Article (3): Candidate's Disclosure of Competing Businesses:

Anyone wishing to nominate themselves for membership on the Board of Directors must disclose to the General Assembly or the Board whether they are engaged in or intend to engage in any business that may compete with the Company or any of its activities.



## Middle East Pharmaceutical Industries Company Competition Policy and Standards

### Article (4): Duties of Board Members Involved in Competing Businesses:

1. The Board member must perform their duties with honesty and integrity, prioritize the Company's interests over their personal interests, and not exploit their position to achieve private benefits.
2. The Board member must protect the confidentiality of information related to the Company and its activities and not disclose it to any person.
3. The Board member is prohibited from exploiting or benefiting, directly or indirectly, from any of the Company's assets, information, or investment opportunities presented to them in their capacity as a Board member. This includes investment opportunities that fall within the Company's activities or that the Company wishes to take advantage of. This prohibition also applies to a Board member who resigns to exploit investment opportunities – directly or indirectly – that the Company wishes to take advantage of and that they became aware of during their membership on the Board.

### Article (5): Refusal to Grant License:

In accordance with what is stipulated in Article (67) of the Implementing Regulations of the Companies Law specific to listed joint-stock companies, if the General Assembly refuses to grant the necessary license in accordance with the text of Article (12) of the Governance Regulations and the text of Article (27) of the Companies Law, the Board member must submit their resignation within the period specified by the General Assembly. Otherwise, their membership on the Board will be considered terminated, unless the member decides to withdraw from that contract, transaction, or competing project, or to rectify their situation in accordance with the Companies Law and its Implementing Regulations, before the expiry of the deadline set by the General Assembly.

### Article (6): Governance of Standards

The Nomination and Remuneration Committee shall be responsible for periodically reviewing these criteria in accordance with paragraph 7 of Article (62) of the Governance Regulations, as well as evaluating their effectiveness in achieving their purposes.

### Article (7): Final Provisions

The provisions of this policy shall be effective and binding on the Company from the date of its approval by the Board and its ratification by the Ordinary General Assembly. It must also be published on the Company's website to enable shareholders, stakeholders, and the general public to access it.

The content of this policy shall be reviewed as needed, and amendments shall be approved by the Board of Directors and the Ordinary General Assembly.