

# Annual Report 2025

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Elevating Your Health, Inspiring Your Life

 Avalon Pharma





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian Of the Two Holy Mosques

## King Salman Bin Abdulaziz Al Saud

May Allah Bless Him



His Royal Highness Prince

## Mohammed Bin Salman Al Saud

Crown Prince and Prime Minister  
May Allah Protect Him

“

My foremost goal is for our country to be a successful and leading model globally in all aspects, and I will work with you to achieve this.

”

“

Our ambition is for our economy to grow beyond where it stands today: to create an attractive, thriving, and exceptional environment in our homeland; to take pride in our country; and for our nation to play an active role in global development and progress—economically, environmentally, culturally, and intellectually.

”

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# Introduction

The year 2025 marked a significant milestone for “Avalon Pharma” as a strategic partner in realizing the aspirations of Saudi Arabia’s Vision 2030. During this year, we succeeded in elevating national healthcare standards, achieving sustainable growth, and pursuing qualitative expansion that strengthened the company’s position both locally and regionally. Through an institutional approach that places innovation and quality at the forefront of our operations, we were able to consolidate our leadership role and develop advanced medical solutions to enhance the healthcare ecosystem and deliver sustainable value to all stakeholders.

Building on this performance, we are pleased to present this report, which documents the key milestones, financial results, and operational achievements of the year. It reflects the Board of Directors’ visionary guidance in setting growth-supportive policies and empowering the executive management to achieve excellence, alongside the collective efforts of all company personnel. The information presented in this report demonstrates our ability to turn challenges into opportunities and continue investing in advanced pharmaceutical technologies, ensuring sustained institutional excellence and keeping pace with the rapid transformations in the healthcare sector.

## Chairman's Message



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Avalon Pharma's Annual Report for 2025, a year marked by disciplined progress and continued institutional strengthening.

As the Kingdom advances toward Vision 2030 and beyond, Avalon Pharma remains aligned with national priorities to enhance healthcare localization, strengthen manufacturing capabilities, and build sustainable private-sector champions. The Board views this alignment as both a strategic opportunity and a long-term responsibility.

Throughout the year, the Company continued advancing its evolution toward a more diversified and specialty-oriented pharmaceutical platform. The Board maintained close oversight to ensure that growth initiatives remain grounded in sound governance, financial discipline, effective risk management, and prudent capital allocation.

In a dynamic healthcare environment, resilience and institutional maturity are essential. The structural enhancements embedded across the organization reinforce Avalon Pharma's ability to scale responsibly while safeguarding long-term shareholder value.

The Board also recognizes the importance of human capital, culture, and governance practices in sustaining performance. Continued progress in these

areas strengthens the Company's foundation for future growth.

Looking ahead, we remain confident in Avalon Pharma's strategic direction. The Board will continue to provide guidance and oversight to support disciplined expansion, deeper participation in higher-value therapeutic segments, and responsible regional growth, always guided by long-term value creation.

On behalf of the Board, I extend our appreciation to management and employees for their dedication, and to our shareholders and partners for their continued trust.

Sincerely,

**Mr. Ahmad Shaher  
Al Tabbaa**

Chairman of the Board

## Message from CEO & the Managing Director



**Dear Shareholders, Partners, and Colleagues,**

As the Kingdom advances confidently toward Vision 2030 and beyond, Avalon Pharma remains firmly aligned with this national transformation, committed to strengthening healthcare capabilities, advancing localization, and building a sustainable pharmaceutical platform that contributes meaningfully to the Kingdom's long-term prosperity.

2025 marked a year of purposeful progression for Avalon Pharma, defined not only by advancement, but by structural strengthening and strategic clarity.

As Managing Director and Chief Executive Officer, my focus remains clear: to build an institution that is resilient, scalable, and prepared for long-term leadership in an evolving healthcare landscape. Our ambition is not only to grow, but to grow responsibly, with discipline in execution, strength in governance, and clarity in direction.

The year was one of disciplined prioritization. We concentrated on reinforcing the structural foundations of the business, ensuring that our next phase of expansion is supported by robust systems, strong governance, and operational excellence.

We continued shaping Avalon Pharma into a more diversified and specialty-oriented pharmaceutical platform. This evolution reflects deliberate choices, positioning the Company to participate in higher-value therapeutic segments aligned with national healthcare priorities and regional demand.

At the same time, we strengthened the backbone of performance. Operational excellence, quality discipline, financial discipline, and supply chain resilience remain central to our strategy. The improvements embedded across our systems are structural in nature, enabling sustainable growth while protecting margins and maintaining regulatory rigor.

A defining pillar of our long-term success is human capital. Through structured talent development and continuous learning, we are institutionalizing knowledge, empowering Saudi talent, and building leadership depth capable of carrying Avalon Pharma forward into the next decade.

Equally important is culture. We continue to cultivate a performance-driven, values-based environment built on accountability, agility, and opportunity. This cultural strength is not a soft asset, it is a strategic advantage that supports execution, innovation, and long-term sustainability.

Looking ahead, our priorities remain focused and disciplined. We will continue deepening our presence in specialty and advanced therapies, strengthening our manufacturing and localization capabilities, and expanding regionally with prudence and strategic alignment. At the same time, we remain committed to further institutionalizing governance, developing talent, and advancing operational excellence to support sustainable long-term growth.

Avalon Pharma's journey is long-term by design. We are building not only for today's performance, but for tomorrow's relevance and leadership, aligned with the Kingdom's ambitions and prepared for the opportunities that lie ahead.

On behalf of the Executive Management Team, I extend my sincere appreciation to our Board of Directors for their continued guidance, to our employees for their dedication, and to our shareholders and partners for their trust and confidence.

With discipline, ambition, and clarity of purpose, we move confidently toward 2030 and beyond

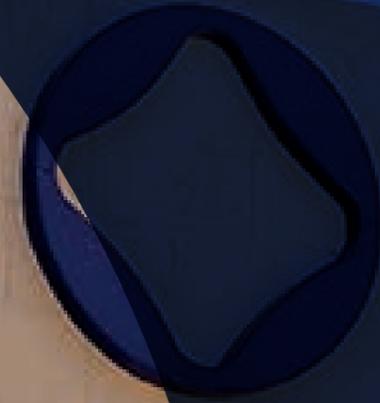
Sincerely,

**Mohamed Maher  
Alghannam**

CEO & Managing Director

# Avalon Pharma Company Profile

Avalon Pharma



شركة الشرق الأوسط  
للصناعات الدوائية

## Who We Are

Middle East Pharmaceutical Industries Company (Avalon Pharma), hereinafter referred to as the “Company” or “Avalon,” was established in Riyadh, Kingdom of Saudi Arabia, on 2 Rabi’ Al-Thani 1419 AH, corresponding to 26 July 1998, as a limited liability company under Commercial Registration No. 1010150538. Avalon converted into a joint-stock company on 13 Ramadan 1443 AH, corresponding to 14 April 2022, and its shares were listed on the Saudi Stock Exchange (Tadawul) on 16 Sha’ban 1445 AH, corresponding to 26 February 2024, under the trading symbol 4016.

Avalon’s paid-up capital amounted to  $\text{ﷲ}$  200 million, distributed across 20 million fully paid shares, with a nominal value of  $\text{ﷲ}$  10 per share.

## Our Vision

Avalon aspires to be a leading name in the fields of health, beauty, and wellness by strengthening its presence as an innovative, customer-focused organization that contributes to creating a positive and sustainable impact in communities around the world.

## Our Mission

Avalon seeks to develop, manufacture, and market a wide range of leading products in the fields of health and beauty, in addition to prescription generic pharmaceuticals, to ensure the delivery of high-quality therapeutic solutions to the markets of the Kingdom of Saudi Arabia, the Middle East and North Africa, Eastern Europe, Asia, and Africa.

## Our Values

### Recognition

We value and uphold the trust placed in us by our customers, patients, stakeholders, and regulatory authorities.

### Learning

We are committed to the continuous development of professional skills and behaviors to implement best practices across all levels of the Company and enhance our positive impact on society.

### Care

Through mutual support and collaboration, we prioritize the health and well-being of our customers and patients. At the same time, we adapt to change and respond with agility to the needs of our stakeholders and the markets in which we operate.

### Ambition

Driven by our vision to lead in the pharmaceutical sector, we are committed to delivering products of high standards that align with the rapid developments in the market.

### Resilience

We operate efficiently and swiftly, with integrated coordination across all aspects of our operations to ensure optimal performance.

### Optimism

We are committed to enhancing the health and well-being of the communities we serve in the markets where we operate, continuously striving to achieve the highest standards of excellence in healthcare.



### Core Pillars of Excellence



#### Innovative Talents:

We develop a business model based on leveraging internal and external talents, while continuously enhancing capabilities and skills.



#### Commercial Excellence:

We focus on driving demand and enhancing customer satisfaction to ensure sustainable growth in the markets.



#### Geographical Expansion:

We rely on a well-planned growth strategy that targets the right markets while selecting the appropriate business model and portfolio for each market.



#### Operational Sustainability:

We achieve sustainability by implementing a robust strategy focused on long-term transformative solutions.



#### Strategic Partnerships:

We establish our position as a distinguished strategic partner through our flexible approach, offering innovative collaboration models that align with the needs of our partners and the community.



### Our Scope of Work



**15+**  
products are  
exported



**120+**  
registered  
products



**700+**  
employees



**300+**  
products  
registered in  
the Kingdom of  
Saudi Arabia

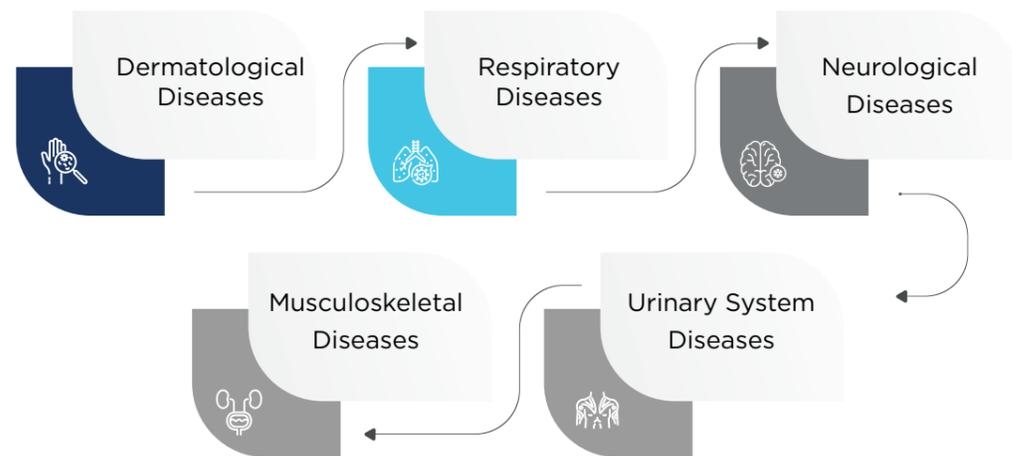
## Description of the Principal Activities of the Company and Its Subsidiaries

Avalon Pharma was established in 1998 in Riyadh as a Saudi joint-stock company, operating in the development, manufacturing, and marketing of generic medicines and pharmaceutical products, including prescription drugs. During the financial year ending 2025, the Company continued its activities in accordance with its articles of association and in compliance with relevant laws and regulations, including the Capital Market Authority regulations applicable to listed companies.

During 2025, the Company continued to develop its operational processes based on scientific research, specialized studies, and continuous monitoring of the latest developments in the pharmaceutical industry at both the local and global levels.

### First: Products and Markets

Avalon Pharma owns a product portfolio of more than 275 products distributed across over 80 brands, covering several therapeutic categories, the most prominent of which are:



The Company's products are marketed within the Kingdom of Saudi Arabia, with a phased expansion into regional markets in accordance with the approved strategic plans.

### Second: Research and Development

The Company places great importance on research and development activities, considering them a key element in achieving sustainable growth. During 2025, Avalon Pharma continued investing in its advanced Research and Development Center, which operates according to the highest approved technical standards and includes a qualified team of scientists, researchers, and experts.

The center contributes to the development of new products, the improvement of existing products, and ensuring compliance with quality requirements and relevant regulations.

### Third: Future Outlook

The Company aims, in the coming periods, to continue its operational growth and improve performance efficiency, with a focus on:



While emphasizing that any forward-looking expectations are subject to a number of risks and challenges that may affect the actual results.

## Investor Relations

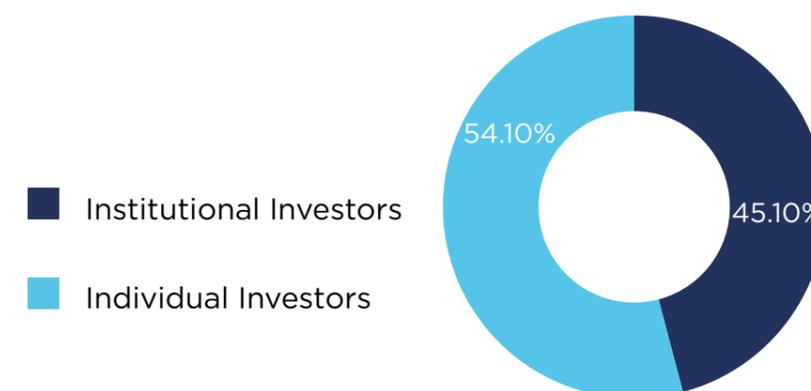
### Shareholder Information

Avalon Share Details	
Listing Date	27/02/2024
Stock Exchange	Saudi Stock Exchange (Tadawul) – Main Market
Trading Symbol	4016
ISIN Code	SA160G51U010
Total Issued Shares	20,000,000 Shares
Market Capitalization as of 31 December 2025	ﷲ 2,224 Million

### Major Shareholders List

As of the end of 2025, Avalon had 123,307 shareholders; Institutional investors represent 54.1% of the Company’s shareholders. Whereas Individual shareholders represent 45.9% of the Company’s shareholders. The main ownership was concentrated among key shareholders, with Tabba National Holding Company owning 42.17% of the shares, and Mr. Talal Youssef Mahmoud Zahed holding 14.7%. Two investors owned more than one million shares, representing 56.9% of the total issued shares, while foreign ownership stood at 3.27%. The following table provides a more detailed breakdown of the ownership distribution.

31 December 2025			
Investor Classification	Ownership Percentage	Total Number of Investors	Total Number of Shares
Institutional Investors	54.10%	167	10,820,457
Individual Investors	45.90%	123,140	9,179,543
Total	100%	123,307	20,000,000



31 December 2025			
Investors by Nationality	Ownership Percentage	Total Number of Investors	Total Number of Shares
Saudi Investors	96.73%	117,415	19,345,310
Non-Saudi Investors	3.27%	5,892	654,690
Total	100%	123,307	20,000,000



### Major Shareholders

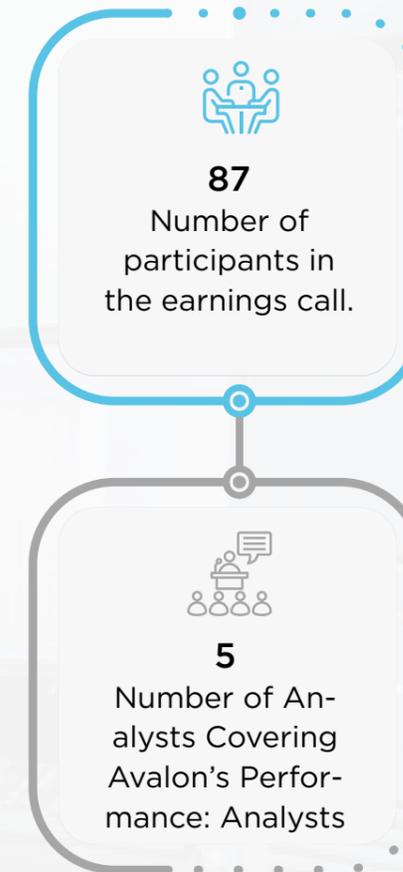
The following table presents the list of the company’s major shareholders as of 31 December 2025.

31 December 2025				
Shareholder	Beginning of the Year		End of the Year	
	Total Number of Shares	Ownership Percentage	Total Number of Shares	Ownership Percentage
Tabba National Holding Company	8,435,000	42.17%	8,435,000	42.17%
Talal Youssef Mahmoud Zahed	2,940,000	14.70%	2,940,000	14.70%
Total	11,375,000	56.87%	11,375,000	56.87%



### Investor Relations

Avalon is committed to strengthening communication and engagement channels with investors throughout 2025. The company also recorded outstanding financial performance during the year and continues to strive toward delivering more efficient services while enhancing transparency with all stakeholders.



## Board of Directors



**Ahmed Shafer Al Tabbaa**  
Chairman of the Board (Non-Executive)



**Hisham Mohammed Attar**  
Vice Chairman of the Board & Chairman of the Executive Committee - Independent



**Faisal Sulamin Aljamaan**  
Board Member & Chairman of the Audit Committee - Independent



**Omar Mohammed Saib Aljaroudi**  
Member of the Board of Directors Chairman of the Nominations & Remuneration Committee and Member of the Audit Committee - Independent



**Mohamed Maher Alghannam**  
Board Member (Executive)

## Executive Management.



**Mohamed Maher Alghannam**  
Chief Executive Officer & Managing Director



**Mohammed Metwally**  
Chief Commercial Officer



**Fayez Basem Awadeh**  
Chief Marketing Officer



**Moazzam Shah**  
Chief Financial Officer



**Rashid Al-Rashid**  
Chief Operating Officer (COO)



**Hamoud Al-Enazi**  
Chief Administrative Officer



**Abdullah Al-Omari**  
Compliance Manager



**Wael Madbouly**  
Internal Audit Manager



# Overview of Strategy and Business

## Growth and Development Journey

### Key Milestones in the Success Journey

#### 1998

Avalon Pharma was established in 1998, and in the same year, it launched its first manufacturing facility, "Avalon 1," under the umbrella of the Middle East Chemical Products Factory, marking the beginning of its operational activities.

#### 2000

Avalon entered the retail market in the Kingdom of Saudi Arabia in 2000, marking the beginning of its direct presence in the local market.

#### 2002

"Medico" was established, and distribution operations commenced.

#### 2010

Avalon expanded into international markets, covering Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestine, Sudan, Yemen, and the United Arab Emirates.

#### 2006

Avalon Pharma obtained a license from the Ministry of Health to manufacture pharmaceuticals, enhancing its production capabilities.

#### 2004

We began expanding into regional markets by starting the export of our products to the GCC countries.

#### 2022

The production capacity expansion of "Avalon 2" was completed, with actual operations commencing in the second quarter of 2024. During the year, the company underwent a significant strategic transformation, transitioning from a Limited Liability Company (LTD) to a Joint Stock Company (JSC).

#### 2021

"Avalon 4" was launched, a state-of-the-art central warehouse designed to support logistics operations and enhance efficiency in distribution management.

#### 2015

"Avalon 2," the company's first research and development facility, was inaugurated alongside the launch of the second manufacturing facility, "Avalon 3," to expand production capacity and drive innovation.

#### 2023

Avalon Pharma announced its plan to offer 30% of its capital for public subscription and to list its shares on the Saudi Stock Exchange (Tadawul).

#### 2024

Successful completion of the initial public offering, with 6,000,000 shares offered at SAR 82 per share. Launch of 39 new products, an unprecedented achievement reflecting growth and innovation. Implementation of the "ACE" strategy, focusing on Accelerate, Catalyze, and Expand, to ensure sustainable growth and leadership.

## Key Highlights of 2025

### Laying the Foundations for the Next Phase of Growth

In 2025, Avalon Pharma accelerated its transformation into a more diversified healthcare platform, with a stronger focus on specialized treatments and a deeper presence at the institutional level. The year was not merely a year of performance, but rather a year for renewing strategic momentum and preparing for a new phase leading up to 2030.

### Strategic Partnerships: Building an Advanced Future Oriented Portfolio

During the year, a number of high-impact strategic partnerships were implemented, strengthening our capabilities in specialized and advanced treatment areas. These partnerships contributed to expanding the depth of our therapeutic portfolio, enhancing our regional presence, and establishing Avalon Pharma as a trusted partner for global companies seeking sustainable access to regional markets.

These steps also reflect a deliberate transformation from a strong local manufacturing company into a regional platform capable of competing in high-value therapeutic sectors, aligned with national healthcare priorities.

### Market Leadership, Global Recognition, and Institutional Credibility

Avalon Pharma continued to strengthen its position among leading national companies, while continuing to achieve advanced ratings and classifications in its therapeutic sectors. Our key brands maintained leadership positions, reflecting a highly disciplined, scientifically informed, and market-savvy approach.

The High Recognition of one of our leading brands confirms Avalon Pharma's ability to develop products capable of competing beyond local markets. This achievement demonstrates the scalability of our business model and supports our ambition for regional and international expansion by 2030.

Beyond classifications, 2025 saw a growth in institutional confidence in Avalon Pharma from regulatory authorities, partners, healthcare providers, and investors, which enhances trust in our long-term strategic plans.

### Investment in Human Capital: Launch of Avalon Pharma Training Academy

Believing that sustainable development begins with the human element, we launched the Avalon Pharma Training Academy as an organized and future-oriented platform to develop leadership, enhance technical competencies, and establish a culture of continuous learning at all levels. This initiative embodies our commitment to developing national talents and building a leadership pipeline capable of guiding Avalon Pharma's ambitions in the coming decade.

### Corporate culture and excellence as a workplace

It reflects Avalon's attainment of a "distinguished work environment", where we continuously commit to building a culture based on performance and values simultaneously. With our expansion, we continue to strengthen a work environment that emphasizes accountability, flexibility, opportunities, and shared ambition. The corporate culture is not just a supportive element, but a strategic competitive advantage.

### Responsible growth and national contribution

The recognition of Avalon Pharma in the field of social responsibility by the Ministry of Human Resources reflects our alignment with the objectives of the Kingdom's Vision 2030, our commitment to contributing to economic development, enhancing local content, and supporting the community.

### Future Outlook

With the approach of 2030, Avalon Pharma's focus remains clear:

- Deepening our presence in specialized and advanced treatments.
- Enhancing manufacturing and localization capabilities, and expanding our regional footprint.
- Strengthening corporate governance, developing competencies, and enhancing operational excellence.

The year 2025 was a year for laying the foundations and building capabilities, while the next phase will be characterized by a controlled and well-planned expansion toward establishing a significant regional pharmaceutical platform, capable of delivering sustainable value to patients, partners, employees, and shareholders alike.

## Macroeconomic Indicators in the Kingdom of Saudi Arabia

The Saudi economy continued to grow throughout 2025, supported by the expansion of non-oil activities and the ongoing implementation of Vision 2030 programs. According to the Kingdom's general budget estimates, real GDP is expected to grow by approximately 4.6% in 2025, positioning Saudi Arabia among the fastest-growing major economies.

International Monetary Fund (IMF) estimates indicate overall economic growth for 2025 ranging between 3.6% and 4%, driven by rising domestic demand, government investments, and economic diversification projects.

The non-oil sector performed strongly, with expected growth of around 3.4%, reflecting the continued increase in the contribution of non-oil activities, which now account for over 53% of GDP, highlighting the success of diversification efforts.

Alongside, the oil sector's performance remained influenced by global production management policies; however, sustained domestic demand and government investments helped maintain overall economic stability.

Regarding public finance, IMF estimates project a fiscal deficit of around 4% of GDP in 2025, while the state budget anticipates a deficit of approximately 101 billion. Public debt is expected to reach about 1,300 billion (around 29.9% of GDP), a level considered safe compared to peer economies.

Inflation is projected to remain low, averaging 2.1% in 2025, with other estimates suggesting it could stay near 1.9%, among the lowest levels in the G20 countries.

In Q1 2025, non-oil GDP grew by 4.9%, contributing to an overall real GDP growth of 3.4% year-on-year, marking the eighth consecutive quarter of positive non-oil sector performance.

The overall unemployment rate declined to 2.8%, while unemployment among Saudi nationals fell to 6.3%. Female labor force participation rose to 36.3%, with female unemployment decreasing to 10.5%.

## Overview of the Healthcare Market

The healthcare sector in the Kingdom continues to grow, driven by demographic factors, economic shifts, supportive government policies, and fundamental reforms under the Health Sector Transformation Program, in line with the objectives of Vision 2030. In 2025, the sector witnessed a qualitative improvement in both quality of life and healthcare coverage, positively reflecting on the Kingdom's health and economic indicators.

The government allocated a budget of 99 Billion to the Ministry of Health, and the healthcare sector's contribution to GDP rose to 5%. Key health achievements include a 50% reduction in deaths from infectious diseases and a health coverage rate of 94.7%, among the highest globally.

On the international scale, according to data from the World Health Organization and the World Bank, Saudi Arabia achieved a score of 83 in the Universal Health Coverage (UHC) index, representing a remarkable increase of 9 points over two years, positioning the Kingdom among countries with high-level health coverage. Additionally, Jeddah was recognized as the largest healthcare metropolitan city in the Middle East, and Medina as the second-largest, according to WHO rankings.

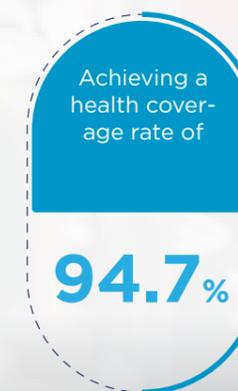
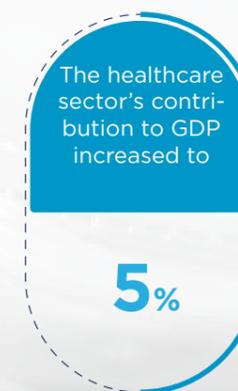
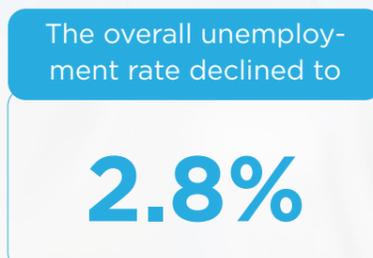
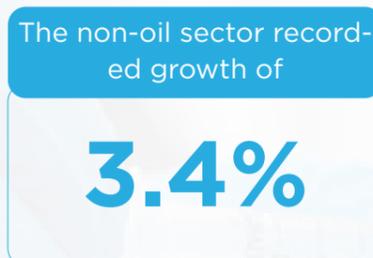
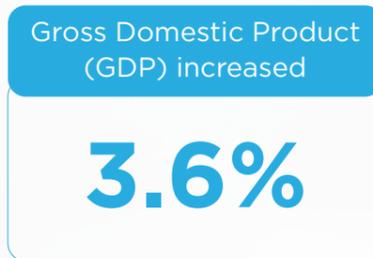
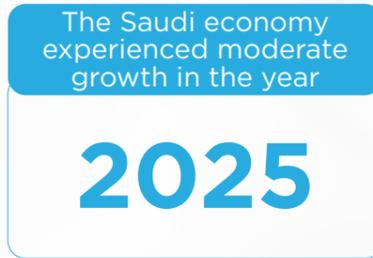
These developments align with Avalon's vision of providing innovative products and solutions that support this expansion and enhance the quality of healthcare services across the Kingdom.

## Healthcare Infrastructure

In 2025, the Kingdom continued to implement its ambitious plans by channelling strategic investments to develop healthcare infrastructure. At the 2025 Global Health Forum held in Riyadh, strategic investments valued at 133 Billion were announced, reflecting the scale of progress in the healthcare sector and the potential for growth and innovation.

Clinical capacity was increased across five hospitals in different regions of the Kingdom by 1,700 beds, exceeding the targets set for 2025 and strengthening the healthcare infrastructure. Additionally, six new hospitals with a combined capacity of 1,100 beds are expected to be established in 2026.

The Kingdom has made significant advancements and recorded substantial growth in digital healthcare solutions through expanded health initiatives and applications, including the use of artificial intelligence to enhance healthcare efficiency. These efforts were recognized with the Zimam Award for Digital Healthcare 2025, awarded to the Virtual Health Hospital and the Ministry of Health's Innovation Enablement Center, underscoring the Kingdom's commitment to providing advanced medical technologies that meet and compete with global standards.



## Demographic Trends and Their Impact on the Healthcare Sector

The population of the Kingdom exceeded 36 million, and the average life expectancy reached 79.7 years in 2025, up from 74 years in 2016, approaching the Vision 2030 target of 80 years. This reflects improvements in public health and serves as a direct indicator of the effectiveness of preventive and therapeutic programs.

At the same time, demand in the healthcare sector for medical services and pharmaceuticals continues to rise. Lifestyle-related diseases, such as diabetes, cardiovascular conditions, and obesity, are increasing, driven by urbanization and changing dietary habits. This places additional pressure on the healthcare system and underscores the need for advanced preventive and therapeutic solutions.

Government efforts to improve access to healthcare services in rural and underserved communities are also expected to increase demand for medicines and healthcare, making demographic factors a key driver of growth in the pharmaceutical market in the Kingdom.

## Market Growth Opportunities

The pharmaceutical market in the Kingdom of Saudi Arabia is experiencing strong growth, driven by several strategic factors:

**Market Expansion and Value:** The Saudi pharmaceutical market is estimated at approximately  $\text{SAR}$  30 billion in 2025, with an annual growth rate of around 5%, covering both local production and imports to meet rising demand.

**Strengthening Local Manufacturing:** The Kingdom is actively increasing domestic drug production to reduce reliance on imports, with more than 40 licensed pharmaceutical manufacturers contributing to meeting a portion of local demand.

**Supportive Regulatory Initiatives:** In 2025, the Saudi Food and Drug Authority launched the "Saudi Drug Code" during the Global Health Forum, a new regulatory framework that enhances scientific standards for drug safety and quality, while boosting investor confidence.

## Pharmaceutical Imports and Exports

The Saudi pharmaceutical market experienced strong growth in 2025, driven by rising demand for healthcare services, localization programs, and a shift toward domestic manufacturing. Total pharmaceutical market sales reached approximately USD 16.7 billion in 2025, compared to USD 14.96 billion in 2024, reflecting a growth rate of 11.7%. In the fourth quarter of 2025, sales totaled USD 4.1 billion, up from USD 4 billion in the same period of 2024, a 2.7% increase.

This performance underscores the Kingdom's continued leadership in the Middle East pharmaceutical market, with a market share approaching 30%. The number of registered pharmaceutical manufacturers in the Kingdom rose to about 84 factories, including 50 licensed by the Saudi Food and Drug Authority (SFDA), with total investments of approximately  $\text{SAR}$  7.5 billion. Domestic production accounts for around 28% of market value and 42% of total units produced.

Saudi pharmaceutical exports exceeded  $\text{SAR}$  1.5 billion, reflecting an increasing capability for regional and international exports. Additionally, the number of licensed medical device and equipment manufacturers reached 148 factories, with total investments of around  $\text{SAR}$  3.1 billion, catering to both domestic and international demand.

Despite continued reliance on imports, the expansion of local production and growing exports reflect the Kingdom's strategy to enhance health security and self-sufficiency.

## Strategic Dimensions

The Kingdom of Saudi Arabia provides a supportive environment for the growth of the pharmaceutical industry, benefiting from Vision 2030, a growing population, and increasing demand for medicines and advanced healthcare services. Regulatory authorities, led by the Saudi Food and Drug Authority, enhance product quality and safety while promoting the localization and innovation of bio pharmaceuticals and specialty medicines, increasing the market's attractiveness to investors.

Despite these significant opportunities, the sector faces challenges, including economic fluctuations, compliance with regulatory standards, and rising competition. To achieve sustainable growth, companies should focus on localizing manufacturing, adopting digital healthcare solutions, and establishing strategic partnerships that support the Kingdom's economic and health priorities, thereby enhancing competitiveness and expanding local and regional export potential.



# Strategic Highlights

## Avalon's "ACE" Strategy:

### Strengthening the Growth Path Towards 2030 and Beyond

Avalon is committed to implementing its "ACE" strategy, which forms the cornerstone of its vision to become a \$1 billion leading pharmaceutical company by 2030. This strategy, formulated in 2025, is built around three main pillars: Accelerate, Catalyze, and Expand, with clearly defined objectives and dedicated initiatives for each.

The strategy was developed based on in-depth market studies to support Avalon's transformation into a leading player in the pharmaceutical sector, ensuring sustainable growth, strengthening its competitive position, and creating a positive impact on the communities it serves. The development process included market analyses in collaboration with international consulting firms, comprehensive internal assessments, and advisory input from specialized organizations such as IQVIA and Strathaus.

This strategic direction (ACE Strategy) reinforces Avalon's position as a leading company across various segments of the pharmaceutical industry. The company plans to expand its portfolio of prescription and over-the-counter medicines, with a focus on specialized areas such as oncology treatments. Through technology transfer agreements, Avalon will localize the production of major brands, supporting its expansion into the GCC, African, Middle Eastern, and Southeast Asian markets.

As the company advances along its growth path, it has identified key areas for development to achieve higher operational efficiency. While certain segments, such as over-the-counter (OTC) medicines, reinforce Avalon's leadership, the company aims to expand its presence in the prescription drug sector to strengthen its business. Additionally, in line with Vision 2030 objectives, Avalon seeks greater manufacturing autonomy by owning its technologies and managing its production facilities independently.

To ensure effective execution of its new strategy, the Strategy Management Office, officially launched in 2025, will lead all of the company's strategic initiatives under the guidance of a team of specialized experts, ensuring effective coordination and accelerating growth plans. The office focuses on three main pillars: First, Aligning internal objectives and enhancing team integration by creating a connected work environment to ensure all stakeholders are aligned. Second, Overseeing the execution of the long-term strategy with a focus on key performance indicators. Third Implementing transformative initiatives, such as digital transformation.



## Detailed Strategic Pillars of Avalon Pharma

### Accelerate: Strengthening growth in existing sectors

The "Accelerate" pillar focuses on enhancing operational efficiency and leveraging Avalon's competitive advantages in the over-the-counter (OTC) pharmaceutical sector to drive growth and increase revenue. This includes expanding the product range by introducing new OTC items, offering innovative formulations across different therapeutic categories, extending the lifecycle of existing brands, and increasing their market reach.

By establishing strategic partnerships with major distributors and pharmacies, Avalon ensures efficient product availability and maximizes market opportunities. Additionally, the company aligns its production capabilities with growing demand to maintain its leadership in the Saudi healthcare market. This integrated approach contributes to sustainable growth and builds a strong foundation for the company's future expansion.

### Catalyze: Diversifying the portfolio and launching new brands

The "Catalyze" pillar focuses on expanding Avalon's product portfolio and driving innovation by leveraging both local and global opportunities. This includes the annual introduction of advanced pharmaceutical compounds (injectable drugs, oncology treatments, and ophthalmology therapies), expanding high-demand over-the-counter (OTC) products, and developing specialized items that support localization objectives under Saudi Vision 2030.

Avalon's partnerships with leading global companies such as STADA and Adragos Pharma enhance its manufacturing and innovation capabilities, providing a competitive edge in the sector. By investing in research and development, offering advanced therapeutic solutions, and expanding strategic alliances, Avalon aims to meet the evolving needs of the healthcare market while strengthening its position as a leading domestic and global pharmaceutical company.

### Expand: Strengthening geographic presence and broadening market reach

The "Expand" pillar reflects Avalon's commitment to geographic growth by targeting new regional and international markets to strengthen its global presence. This strategy includes expanding exports to key markets such as the GCC countries, as well as entering untapped regions in Asia and Africa.

Avalon leverages its extensive expertise and strategic partnerships to introduce high-quality, exclusive products that meet diverse healthcare needs. By investing in advanced manufacturing facilities and aligning with government incentives to support exports, the company ensures enhanced competitiveness and broader market reach. The "Expand" pillar embodies Avalon's ambition to become a global leader in the pharmaceutical industry, while supporting the objectives of Saudi Vision 2030.

## Business Model and Operational Review

Avalon Pharma’s business model is based on an integrated strategic framework that combines innovation, operational excellence, and sustainable expansion. Through a diverse product portfolio, advanced manufacturing capabilities, and dynamic strategies, the company ensures sustainable growth that meets the expectations of stakeholders and the evolving needs of the market.

This model reflects Avalon’s commitment to quality and agility, with a focus on providing innovative solutions centered on customer needs. Each element of the model aligns with Avalon’s vision and mission to develop high-quality healthcare products and strengthen its position as a leading company in health, beauty, and wellness. Through continuous investment in research, development, and technology, as well as building strategic alliances, Avalon continues to consolidate its leadership in the pharmaceutical and healthcare sectors.

### The following sections cover the core pillars on which Avalon’s business model is built:

#### 01 Products

Reviewing a diverse portfolio covering major therapeutic areas, in addition to consumer-focused healthcare solutions.

#### 02 Manufacturing

Highlighting advanced production facilities, sustainable initiatives, and ongoing commitment to global quality standards.

#### 03 Business Development

Analyzing partnership strategies, licensing agreements, and market expansion plans to support long-term growth.

## 01 Products

Avalon Pharma has strengthened its position as an innovative company in the pharmaceutical and healthcare sector, thanks to a diverse portfolio of over 80 brands covering a wide range of therapeutic categories. This enables the company to efficiently and effectively meet diverse medical needs. The portfolio reflects Avalon’s commitment to quality and innovation, offering carefully designed solutions that cater to both consumer and healthcare sector requirements.

### Key Therapeutic Categories

Avalon Pharma’s products are designed to meet the needs of key healthcare sectors, and include:

#### Dermatology:

Topical anti-fungals, wound-healing treatments, hair loss products, acne treatments, topical corticosteroids, skin-lightening products, protective moisturizers, anti-pigmentation products, topical antibacterials, and antiseptics and disinfectants.

#### Respiratory System:

Medications for cough and common cold, nasal decongestants and anti-infective, asthma treatments, and systemic antihistamines.

#### Cardiovascular:

Medications for the treatment of hypertension, and effective therapies for varicose veins and hemorrhoids.

#### Gastrointestinal and Anti-Infective:

Anti-diabetic medications, dietary supplements, and systemic antibiotics.

#### Musculoskeletal:

Systemic analgesics and anti-rheumatic anti-inflammatory medications.

#### Central Nervous System:

Local anesthetics, anticoagulants, and antidepressants.

#### Genitourinary System:

Anti-fungal and antibacterial treatments for vaginal infections, w, and effective therapies for erectile dysfunction.

**Premium Brands**

Avalon Pharma takes pride in its leading products that combine effectiveness, safety, and consumer trust:

**ALPHA PLUS**

**Alpha Plus:**

An integrated system for skin brightening and enhancing radiance.

**Avogain:**

An effective solution to combat hair loss and restore hair density.

**AVOGAIN**



**Easy Clean:**

A comprehensive range of disinfectants and hand soaps designed to meet daily hygiene needs.

**BRONCAST:**

Provides an effective solution for asthma management.

**BRONCAST**  
montelukast 10 mg



**Co-pan:**

The first herbal cough syrup approved by the Saudi Food and Drug Authority, specifically formulated for children aged two years and above.

**Avomeb:**

Promotes rapid and effective wound healing while supporting tissue regeneration.

**AVOMEB**  
O NTMENT



**Avalon Activ:**

A comprehensive range of topical pain relievers. Salinoz: A complete range of nasal sprays for all age groups . Avohex: A medicated mouthwash for treating gum and dental infections.

**Market Performance and Competitive Position**

In 2025, Avalon achieved the highest market performance in its history, rising to 8th place among more than 540 pharmaceutical companies operating in Saudi Arabia, according to official market data. The company also recorded its highest market share ever at 3.1%, reflecting the robustness of its business model, the efficiency of its operational and marketing strategies, and the strength of its product portfolio in target markets.

At the brand level, six of Avalon’s brands ranked first in their respective markets, while another six brands achieved second place in their therapeutic categories. This demonstrates the company’s strong competitive positioning and the high acceptance of its products among healthcare providers and consumers.

On a regional and international level, “Avogain” ranked first in the hair loss treatment market across the Middle East and Africa and was listed among the top ten products globally in this category. This strengthens Avalon Pharma’s regional and international presence and supports its strategic objectives to expand beyond the domestic market, while noting that this performance reflects the reporting period and does not guarantee future results.



## Trade and Marketing

As Avalon Pharma continues to solidify its position as a leading pharmaceutical company, the “Trade” pillar plays a central role in improving sales performance, expanding market presence, and enhancing operational efficiency. This strategy aligns with the company’s commitment to sustainable growth, portfolio expansion, and accelerated digital transformation, ensuring long-term value creation.

### Trade

#### Enhancing Revenue Growth and Market Position (2025)

During 2025, Avalon Pharma delivered strong financial and commercial performance, demonstrating its ability to achieve sustainable and balanced growth in a highly competitive market with cost pressures. This performance reflects the maturity of the company’s commercial strategy, the effectiveness of its operational model, and its ability to translate initiatives into tangible results.

The company recorded total revenues of ₪460.5million in 2025, achieving year-on-year growth of 17% compared to the previous year, supported by balanced performance across key channels and a clear focus on revenue quality and profitability sustainability.

#### Balanced Performance Across Key Channels

##### Private Sector:

The private sector continued to contribute as one of the main drivers of the company’s growth, generating revenues of ₪310 million with a year-on-year growth rate of 15.6%. This performance was supported by strategic partnerships with major pharmacy chains, strengthened presence in hospitals, and increased sales through the “Wasfati” program, which helped expand patient reach and improve market coverage.

##### Government Sector:

Avalon Pharma delivered strong performance in the government sector, with revenues of ₪93.42 million, achieving growth of 23.4% compared to the previous year. This performance was supported by awarding of several government tenders and strengthened partnerships with official entities, reflecting the company’s efficiency and competitive capability in this vital sector.

##### Export Sales Expansion:

The company continued to expand its presence in the Middle East, Africa, and Asia, achieving export revenues of ₪57.02 million with a growth rate of 14%. This growth resulted from effective distribution partnerships and targeting markets with promising growth potential, particularly in the UAE, Kuwait, and Iraq, along with active operations in Qatar, Bahrain, Oman, Jordan, Lebanon, Palestine, Yemen, Sudan, Libya, Morocco, Uganda, Armenia, and Bangladesh. This geographic expansion reflects a strategic approach that supports revenue diversification and strengthens export activities, in line with Saudi Vision 2030, which aims to diversify non-oil income sources and establish the Kingdom as a regional hub for the pharmaceutical industry.

## Commitment to Sustainable Growth and Value Creation

The performance in 2025 reflects Avalon Pharma’s commitment to a long-term growth approach based on:

 <p>Strengthening Strategic Partnerships</p>	 <p>Expanding Patient Reach</p>	 <p>Developing a Product Portfolio that Meets Diverse Market Needs</p>	 <p>Maintaining High Levels of Quality and Compliance</p>
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The company continues to invest in its regulatory and commercial capabilities, supporting the strengthening of its competitive position and reinforcing its role as a trusted partner in the healthcare sector.

### Future Outlook

Avalon Pharma is confidently moving forward into the next phase, focusing on expanding its presence in priority markets, deepening partnerships locally and internationally, and continuing to deliver high-quality pharmaceutical solutions that meet the expectations of patients and the wider community.

### Enhancing Profitability and Improving Gross Margin Performance

The financial performance for 2025 reflects Avalon Pharma’s ability to build on the achievements of 2024 and achieve a significant leap in profitability and financial efficiency. The final results confirm the strength of the company’s financial foundations and its readiness to continue sustainable growth and create long-term value for shareholders and partners.

 <p><b>Total Revenues</b> ₪ 460.5 Million</p>	 <p><b>Annual Growth Rate</b> 17% Compared to 2024</p>	 <p><b>Gross Profit</b> ₪ 286.8 Million</p>	 <p><b>Gross Profit Margin</b> <b>21.1%</b> (GP%): Improvement in Gross Profit Margin compared to 2024: +0.8</p>
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During 2025, Avalon Pharma continued to achieve strong financial performance, confirming its success in enhancing profitability and improving revenue quality, while maintaining balanced growth across various channels.

### Revenues by Channels



By implementing well-considered pricing policies and improving cost structure efficiency, Avalon Pharma has successfully achieved sustainable profitable growth without compromising its competitiveness or market presence.

### Expanding into New Markets and Exploring Growth Opportunities

In 2025, Avalon Pharma focused on building future growth drivers by exploring new opportunities beyond traditional markets and developing flexible market entry models that enable efficient expansion while minimizing risks, all while maintaining high operational and regulatory readiness.

#### Exploring Markets with Promising Growth Potential

- Conducting market and regulatory feasibility studies to identify new markets with high population density and unmet therapeutic needs.
- Evaluating opportunities based on multiple criteria, including market size, ease of registration, pricing structure, and channel requirements.
- Building a prioritized list of markets suitable for entry in the short- and medium-term.

#### Developing Flexible and Scalable Market Entry Models

- Designing multiple entry models including distribution, licensing, and phased commercial collaborations, allowing for gradual market entry and reduced investment risks.
- Aligning the product portfolio with the requirements of each market from the evaluation stage, accelerating future launch readiness.
- Establishing clear operational frameworks for managing new markets in terms of planning, pricing, and supply chain management.

### Turning Exploration into Tangible Opportunities

- Transitioning from the exploration phase to pilot implementation in selected markets.
- Building local partnerships based on clearly defined roles and performance indicators.
- Reducing the time from market entry decision to actual execution.

### Establishing a Foundation for Long-Term Growth

- Developing a multi-year roadmap for new markets to ensure sustainable and profitable expansion.
- Enhancing the company's readiness for future growth through the accumulation of regulatory and operational expertise.
- Creating future growth sources that support revenue diversification and reduce dependence on specific markets.

The year 2025 represents a turning point in Avalon Pharma's approach to expansion, focusing on systematic exploration, building readiness, and converting opportunities into future growth pathways, thereby supporting long-term sustainable performance.

### Enhancing Commercial Performance and Strengthening Operational Efficiency – 2025

In 2025, Avalon Pharma focused on enhancing commercial performance and improving the effectiveness of its operational model through an integrated framework that connects team empowerment, accelerated execution, and digital transformation, ensuring sustainable and scalable results.

#### Empowering Teams and Strengthening Execution Excellence

Investment was made in training, development, and capability-building programs for commercial and medical teams, alongside improving coverage models and territory management, supporting execution excellence and enhancing the quality of customer engagement and coverage levels.

#### Strengthening Market Relationships as a Driver of Value and Sustainable Growth

In 2025, market relationships were institutionalized as a strategic function focused on building long-term partnerships and transforming engagement with partners and consumers into actionable insights that strengthen loyalty, enhance market value, and support sustainable growth.

#### Aligning Efforts and Accelerating the Execution Cycle

In 2025, there was a clear strengthening of cross-functional coordination, with a strong focus on execution speed and operational discipline. This contributed to improving delivery and collection processes, accelerating responsiveness to market and brand requirements, and reducing the gap between planning and execution.

#### Data Analytics and Demand-Driven Planning

In 2025, Avalon Pharma integrated business analytics with demand- and seasonality-based planning to guide commercial decisions and provide partners with actionable insights. This approach enhanced forecast accuracy, improved seasonal planning, and aligned business plans with actual demand—strengthening supply chain efficiency, improving product availability, and supporting more sustainable growth.

#### Efficient Distribution and Customer-Centric Delivery

Distribution efficiency was enhanced and timely availability ensured through more targeted commercial campaigns, with a focus on empowering customers with the right knowledge and messaging and developing personalized experiences that strengthen loyalty and retention.

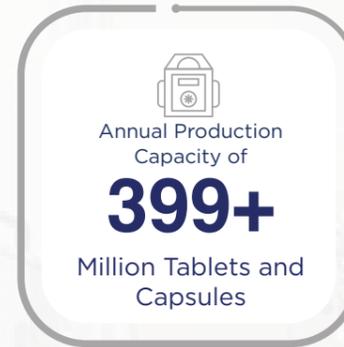
### Private Label Brands: Strategic Partnerships to Maximize Manufacturing and Profitability

In 2025, private label brand partnerships served as a key strategic element in maximizing manufacturing capacity utilization and improving profitability. Through long-term collaborations with major clients, Avalon adopted cooperation models based on joint planning, clear volume commitments, and stable production schedules, contributing to higher production line utilization rates and more efficient distribution of manufacturing workloads.

These partnerships also enabled Avalon to maximize the utilization of fixed costs, improve unit cost efficiency, and achieve stable and scalable margins, while maintaining the highest standards of quality and compliance. This approach underscores the role of Private Label as a value-added partnership, supporting sustainable profitable growth and enhancing manufacturing readiness for future expansion.

Avalon Pharma’s approach in 2025 reflects a practical shift toward more efficient commercial performance, faster execution, and a flexible operational model, supporting sustainable growth and enhancing competitiveness in the medium and long term.

### 02 Manufacturing



### Driving Sustainable Growth and Market Leadership

Avalon Pharma’s manufacturing capabilities form a core pillar of its commitment to delivering high-quality pharmaceutical products. Through advanced facilities, robust production capacity, and strict adherence to the highest standards, Avalon ensures it can meet the growing demand from healthcare providers and consumers.

### Integrated Manufacturing Capabilities

Avalon Pharma is distinguished by the production of over 300 pharmaceutical SKUs, supported by a robust development portfolio of more than 40 active pharmaceutical ingredients under development. This extensive production scale highlights the company’s pivotal role in the pharmaceutical industry and its ability to deliver innovative solutions across a wide range of therapeutic areas.

## Annual Production Capacity:

More than  
**300**  
Pharmaceutical (SKU)



**Creams**  
**45.00**  
Million Units



**Disinfectants**  
**15.00**  
Million Units



**Oral Solid Dosage Forms**  
**399**  
Million Units



**Liquids**  
**34.32**  
Million Units

### Specialized Manufacturing Facilities

Avalon Pharma operates a network of advanced facilities, each designed to meet the needs of healthcare:

<p><b>Avalon Pharma 1</b> Focuses on the production of tablets and capsules, nasal sprays, creams, topical solutions, and cosmetic products.</p>	<p><b>Avalon Pharma 2</b> initially operated as a comprehensive R&amp;D center and analytical development laboratory. Later, solid dosage production lines were added with an annual capacity of 272 million tablets, alongside semi-solid preparations with an annual capacity of 22 million units.</p>  <p>22 Million Units</p>
<p><b>Avalon Pharma 4</b> is a future-ready facility designed to manufacture injectable products, oncology drugs, and ophthalmic preparations, enhancing Avalon's capabilities in specialized healthcare solutions.</p>	 <p><b>Avalon Pharma 3</b> is the largest disinfectant manufacturer in Saudi Arabia, also producing sanitizers, mouthwashes, external-use liquids, and large-size hygiene products.</p>

### Commitment to Sustainability and Compliance

Avalon Pharma maintains strict environmental and regulatory standards, reinforcing its commitment to responsible manufacturing through:

- Obtaining ISO certifications: ISO 14001 for Environmental Management Systems, and ISO 13485 and 9001 for Quality Management Systems.

<p>Certification <b>ISO 9001</b></p>	<p>Certification <b>ISO 13485</b></p>	<p>Certification <b>ISO 14001</b></p>
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- Adhering to Good Manufacturing Practices (GMP) to ensure safe and effective production.
- Transitioning from diesel generators to Saudi electrical power, contributing to reduced environmental impact.
- Implementing water and energy conservation strategies, along with safe disposal and recycling of medical products, and establishing emission monitoring and reduction procedures to ensure environmental compliance and achieve sustainability goals.

### Expertise in Private Label Manufacturing

As a trusted private label manufacturer, Avalon Pharma collaborates with its clients to deliver high-quality products tailored to their specific requirements. Rigorous testing, approval, and validation processes ensure that these products comply with the highest safety and quality standards.

### Advancing Through Research and Development

Innovation is the driving force behind Avalon's manufacturing success, with the R&D center fostering a culture of exploration and innovation, and supporting product development through advanced analytical expertise and technologies. This focus on continuous improvement reinforces Avalon Pharma's position as a leader in healthcare manufacturing.

Avalon's manufacturing excellence not only ensures a stable supply of high-quality products but also underscores its commitment to innovation, sustainability, and meeting the needs of its regional markets.

### 03 Business Development

Avalon's business development initiatives are a key driver of its strategic growth and sustainable success. Through innovative partnerships, licensing opportunities both locally and internationally, and a flexible market expansion approach, Avalon continues to strengthen its leadership in the pharmaceutical and healthcare sector.

### Portfolio Expansion Agreements

The company leverages these agreements to access the latest technologies and expand its product range. Through collaboration with global partners, Avalon integrates advanced technological processes into its modern manufacturing facilities. This approach enables the company to deliver innovative products that address diverse therapeutic needs, strengthening its competitive capabilities.

### Licensing Rights of Avalon's Trusted Products to External Partners

Avalon's strong pharmaceutical formulations attract companies seeking to reduce risk and accelerate market entry, leveraging its expertise in manufacturing and regulatory affairs. Avalon supports its partners in efficiently launching its trusted products into new markets.

Additionally, the production of selected products under private label arrangements contributes to partners' growth, while ensuring the highest standards of quality and safety.

### Excellence in Contract Manufacturing

Avalon has expanded its manufacturing capabilities to become a trusted partner in contract manufacturing (production under formal agreements). Through its flexible and scalable production capacity, the company provides solutions for both pilot-scale production and large-scale commercial manufacturing.

In addition, Avalon collaborates with other contract manufacturers to meet demand for products beyond its existing production lines, ensuring that all partnerships align with its strict quality and compliance standards.

### Strategic Alliances for Long-Term Growth

Avalon’s collaborative and integrated business approach reflects its commitment to building strategic alliances that drive growth. The company actively pursues long-term partnerships founded on mutual trust, transparency, and shared objectives. By integrating resources and strengthening relationships based on mutual interests, Avalon creates sustainable value for its partners, fostering innovation and enhancing its competitiveness at both local and global levels.

During the year, Avalon successfully completed the development and SFDA registration procedures for 12 new products, supporting the expansion of its growth pipeline. In parallel, the company entered into an agreement to develop and commercialize a generic version of (Wegovy) an anti-obesity product within the GLP-1 class of medications—expanding its presence in advanced obesity treatments.

Additionally, Avalon finalized two agreements in the oncology segment, reinforcing the expansion of its specialized product portfolio. The Business Development team continued collaborating with approved development partners to advance oncology products and complex injectable formulations, while also focusing on selected opportunities in the aesthetics segment, including microneedling technology .

### A Structured Partnership Approach

Avalon’s partnership strategy is designed to ensure effective and value-driven collaboration:

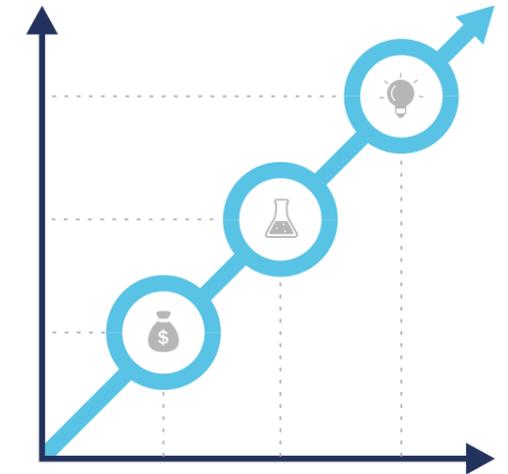


### Growth Vision

Avalon’s business development efforts align with its “ACE” strategy Accelerate, Catalyze ,Expand.

These initiatives include:

- Expanding market reach through strategic alliances and innovative licensing agreements.
- Enhancing manufacturing capabilities to meet the growing demand in the global healthcare sector.
- Maintaining Avalon’s position as a leading player in key therapeutic categories.



Through its dynamic and forward-looking approach, Avalon continues to set new standards in delivering innovative healthcare solutions, while ensuring sustainable growth for its partners and stakeholders.

### Operational Performance Assessment

In 2025, Avalon’s business development efforts played a pivotal role in executing its strategic roadmap, aligned with its ambitious ACE framework (Accelerate, Catalyze, Expand). The focus was on innovation, expanding strategic alliances, and entering new markets.

### Key achievements include:

1. Strengthening Strategic Alliances and External Licensing Agreements: Avalon expanded its collaboration with leading retailers, transitioning from a supplier role to a manufacturer. This enabled the production of private label products and strengthened Avalon’s market presence. These partnerships reinforced Avalon’s position in the Saudi market, demonstrating its ability to deliver specialized solutions that effectively meet customer needs.
2. Market Expansion: The company achieved significant growth in export markets, with successful relaunches in Kuwait and the UAE. These initiatives helped establish Avalon as a regional leader, leveraging support from the Saudi Export Development Authority to access new markets.
3. Innovation-Driven Product Line: Avalon’s R&D efforts produced advanced products supported by strategic technology transfer agreements. These partnerships aim to localize advanced pharmaceutical technologies and strengthen Avalon’s presence in specialized sectors such as oncology and ophthalmology treatments.

Looking ahead, Avalon’s Business Development team is preparing to build on these achievements by focusing on exclusive product launches, expanding regional partnerships, and aligning with Saudi Vision 2030 objectives. This includes strengthening collaborations with local content supporters to localize production and exploring high-value therapeutic sectors to meet the growing demand for healthcare services.



# **Sustainability and Social Responsibility**

# Sustainability

## A Core Pillar of Environmental and Social Governance

Aligned with Saudi Vision 2030, Avalon is firmly committed to creating a sustainable future that benefits all stakeholders. The company continues to explore more sustainable business practices by adopting environmentally friendly approaches, developing talent, and enhancing social responsibility, alongside implementing strong governance measures that reinforce its market leadership. This approach not only improves the work environment but also contributes to building a healthier, happier, and more sustainable community.

## Avalon Environmental Site Project



## Human Capital

Avalon's success lies in its investment in human resources, with significant employee growth in 2025. Avalon's vision is to provide a motivating, healthy, and productive work environment by investing in talent development through continuous professional growth programs.

Job Level	Male Employees		Female Employees	
	2025	2024	2025	2024
Senior Management	17	13	2	1
Middle Management	50	76	3	10
Others	538	470	115	76
Total	605	559	120	87

## Human Capital Management

In 2025, Avalon continued to achieve notable milestones in human capital management, focusing on competency development, building future leadership, and enhancing the work environment, supporting the company's strategic objectives and business sustainability.

## Leadership Development and Capacity Building

Throughout 2025, Avalon implemented advanced leadership development programs and talent succession plans by partnering with prestigious global institutions, including INSEAD, to deliver specialized training programs aimed at enhancing leadership skills and preparing future leaders.

Expanding these training partnerships contributed to sustaining internal talent, supporting succession planning, and reducing reliance on key individuals, thereby reinforcing business continuity.

## Corporate Culture, Diversity, and Inclusion

Avalon continued to foster an inclusive and diverse corporate culture, with a workforce representing over 20 nationalities and using more than 15 languages in the workplace. This cultural and linguistic diversity improved collaboration and the work environment, directly contributing to Avalon receiving the "Best Workplace" award for 2025.

## Digital Transformation in Human Resources

In 2025, Avalon's Human Capital Management launched the SAP Success Factors system to cover key units, including:

- Employee Requests
- Succession Planning
- Compensation

This is aimed at automating administrative procedures, enhancing operational efficiency, and improving the accuracy and speed of transaction processing, thereby contributing to enhancing the employee experience and supporting decision-making.

## Localization, Compliance, and Governance

Despite challenges related to Saudization requirements and market salary levels, Avalon continued to achieve stable workforce growth. Collaboration between Human Capital Management and Legal Affairs was strengthened to ensure effective management of employee contracts and compliance with relevant regulations.

The company maintained full compliance with the Ministry of Human Resources and Social Development and the General Organization for Social Insurance, with ongoing monitoring of regulatory updates.

### Workforce Analysis

Item / Year	2021	2022	2023	2024	2025
Total Number of Employees	504	533	541	646	725
Percentage of Female Employees	3.6%	7.5%	10.2%	13.5%	16.6%
Percentage of Saudi Employees	28.4%	29.8%	29.4%	28.2%	30.1%

### Employee Distribution by Age Group and Gender:

Age Group	Male Employees			Female Employees			Total		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
18-30 Years	55	109	142	10	55	73	65	165	215
31- 40 Years	60	279	274	4	26	29	64	277	303
41-50 Years	40	141	157	0	6	18	40	171	175
Over 50 Years	0	30	32	1	0	0	1	33	32

Age Group	Male Employees		Female Employees		Total	
	2025	2025	2025	2025	2025	2025
18-30 Years	142	73	215			
31- 40 Years	274	29	303			
41-50 Years	157	18	175			
Over 50 Years	32	0	32			
Total	605	120	725			

### Workforce Years of Service Analysis

Years of Service	Male Employees			Female Employees		
	2023	2024	2025	2023	2024	2025
0-5 Years	245	330	378	15	75	107
6-10 Years	40	98	91	5	12	13
11-15 Years	10	109	112	0	0	0
16-20 Years	5	17	17	0	0	0
Over 20 Years	2	5	7	0	0	0

Years of Service	Male Employees	Female Employees	Total
	2025	2025	2025
0-5 Years	378	107	485
6-10 Years	91	13	104
11-15 Years	112	0	112
16-20 Years	17	0	17
Over 20 Years	7	0	7
Total	605	120	725

### Employees by Region and Job Grade

Region	Senior Management	Middle Management	Others	Total
Central Region	15	40	501	556
Eastern Region	0	1	31	32
Western Region	0	4	92	96
United Arab Emirates (UAE)	4	8	29	41
Total	19	53	653	725

### Women Empowerment

Avalon continued its efforts to empower women and enhance their participation in the workplace. The number of female employees increased in 2025 from 87 employees in 2024 to 120 employees. Women's representation reached 16.6% of the total workforce, compared to 13.5% in the previous year. This growth reflects the company's commitment to implementing policies that support equal opportunities, pay equity, the development of female leadership, and the promotion of work-life balance.

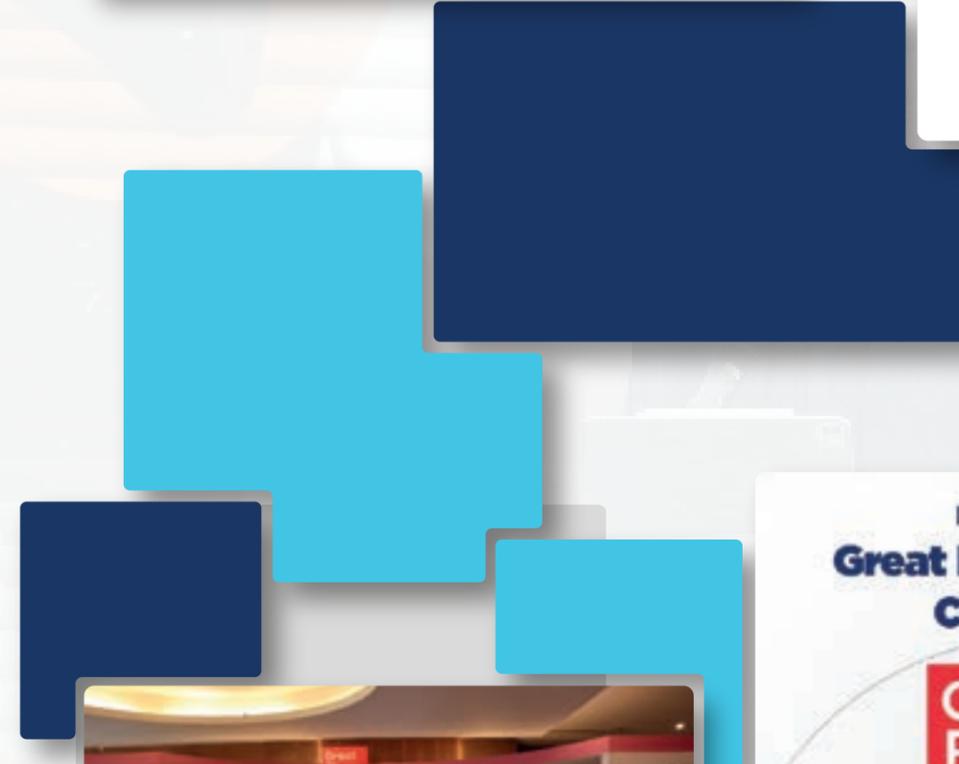
**Social Responsibility**

**Employee Programs and Work Environment**

To strengthen internal communication and foster a positive and motivating work environment, Avalon implemented a series of initiatives and events in 2025, including:

- Health awareness campaigns (diabetes, smoking cessation, breast cancer)
- Blood donation campaigns
- Celebration of national occasions (Saudi National Day 95, Saudi Founding Day)
- Global health
- Volunteer days
- World Elderly Day
- World Mental Health Day
- International Women’s Day
- International Men’s Day
- Global Manager Day
- Mother’s Day
- Father’s Day
- International Coffee Day
- International Arabic Language Day
- Sports and artistic activities
- Charity day during Ramadan (distribution of iftar meals)

These initiatives contributed directly to reducing employee turnover from 11.40% in 2024 to 6.58% in 2025, reflecting the effectiveness of retention policies and improved employee experience.



## Health and Safety

In 2025, Avalon Pharma maintained its commitment to providing a safe and healthy work environment across all facilities by implementing best practices in occupational health and safety, ensuring qualified health and safety specialists in factories and offices, and promoting a culture of prevention and compliance, safeguarding the well-being of employees and visitors.

### Occupational Health, Safety, and Social Responsibility (HSE) - 2025

#### 1. Development of the HSE System

Within the framework of enhancing the occupational health and safety system, Avalon Pharma during 2025 developed and updated standard operating procedures (SOPs) to ensure the standardization of practices and raise institutional compliance levels. This included the preparation and approval of four (4) new SOPs covering accident investigation and reporting, emergency response programs, health, safety, and environmental audits, and first aid. Two existing procedures were also updated and reviewed: fire protection system inspection procedures, and the health, safety, environment, and governance policy, with the standardization of all approved SOP formats.

In addition, work was carried out on four (4) other SOPs still under development and review, including work permit systems, contractor and operator management, personal protective equipment, and risk assessment, aiming to complete a comprehensive framework for occupational health and safety management.

#### 2. Emergency Response Plans and Evacuation Drills

Avalon developed and approved an emergency response plan covering multiple scenarios, clearly defining roles and responsibilities for the emergency team and employees. A mock evacuation drill was conducted at one site to evaluate evacuation time, employee behavior, and derive improvement recommendations. A 2026 annual schedule for evacuation drills and simulated scenarios has also been prepared across all company branches.

#### 3. Safety Training and Procedures

Avalon implemented a comprehensive training plan to raise employee awareness and readiness on approved SOPs, tailored to each department's risk level. Employees were trained to understand and apply procedures practically in their work areas.

#### 4. Emergency Response Team (ERT) Training

The ERT received specialized training in coordination with the Saudi Red Crescent, focusing on basic first aid for 72 employees from various departments. Emergency contact lists were

updated and disseminated, preparing the team to manage incidents until authorities arrive.

#### 5. Project Supervision and Compliance

The HSE department oversaw all company projects from a safety perspective, monitoring employee and contractor compliance, work permit applications, and safety requirements, addressing any issues immediately to maintain a safe work environment.

#### 6. Incident Investigation and Reporting

A structured mechanism was applied to investigate incidents and reports, including root cause analysis, identifying direct and indirect causes, issuing corrective actions, and tracking implementation to prevent recurrence.

#### 7. Occupational Health

Periodic medical examinations were conducted for all employees to ensure fitness for duty, in compliance with occupational health requirements and external regulatory standards.

#### 8. First Aid Kits

All first aid kits across company sites were inspected, restocked according to approved standards, and subjected to monthly checklists to ensure readiness.

#### 9. Digital Transformation and Unified Documentation (SharePoint - HSE)

Avalon activated SharePoint for the HSE department to unify documentation and tracking, including:

- SOP follow-up tool to track observations and corrective actions from registration to closure, assigning responsibilities and time lines.
- Daily security report documentation and trend analysis for improved safety performance.
- Secure, up-to-date storage of employee medical records.
- Central repository for drawings, civil work contracts, and licenses, with version and access control.

## Corporate Social Responsibility (CSR)

CSR programs are managed by a specialized committee chaired by the CEO, with direct support from senior leadership including heads of HR, commercial, and marketing functions. The committee ensures governance, integration, and alignment of initiatives with company strategy to create sustainable societal impact.

### Institutional Achievement

In 2025, Avalon Pharma received the CSR Bronze Award, presented by the Minister of Human Resources and Social Development, Eng. Ahmed bin Suleiman Al-Rajhi, in recognition of the company's commitment to social responsibility.

## Corporate Social Responsibility Initiatives

### 1. Educational Programs and Youth Empowerment

- Conducted a Pharmacy College student visit program at Avalon Pharma's factory to introduce students to Good Manufacturing Practices (GMP) and bridge academic knowledge with practical application.
- Supporting students' career paths and raising awareness of the national pharmaceutical industry.
- Signing a cooperation agreement with King Saud University to support educational and community initiatives and enhance partnership between the academic and industrial sectors.

### 2. Breast Cancer Awareness Initiative (within the company)

During 2025, Avalon Pharma implemented an awareness initiative at the company headquarters on breast cancer, aiming to raise health awareness among employees, highlight the importance of early screening, prevention methods, and the impact of early detection in reducing health risks.

This initiative reflects the company's commitment to promoting a health culture within the workplace and supporting national efforts in chronic disease awareness.

### 3. Supporting Vitiligo Patients

Avalon Pharma implemented an awareness and community initiative in cooperation with FAL Association, aimed at raising awareness of vitiligo, supporting affected individuals, and promoting a culture of social acceptance.

### 4. World Diabetes Day

On the occasion of World Diabetes Day, a health initiative was implemented in cooperation with Enaya Health Association, providing beneficiaries with gifts including glucose meters, test strips, and insulin cases, supporting patients and improving their quality of life.

### 5. General Health Awareness

- Implementing awareness initiatives on World Health Day.
- Organizing a World Blood Donation Day campaign within company facilities to support the healthcare sector.

### 6. Cooperating with Ajwad Association for community services, with a commemorative shield presented to the company for its community contributions.

### 7. Supporting Elderly People

As part of community initiatives aimed at supporting vulnerable groups and promoting social solidarity, Avalon Pharma conducted an event for senior citizens in 2025, providing moral and social support, bringing joy, and promoting respect and care for the elderly. This initiative reflects the company's commitment to comprehensive social responsibility and support for all community groups, reinforcing positive social impact.

### 8. Ramadan and Humanitarian Initiatives

- Supporting productive families during Founding Day events.
- Providing gifts to employees at the start of Ramadan.
- Distributing Iftar meals during Ramadan.
- Organizing a communal Iftar on the occasion of Eid al-Adha.
- Donating ongoing charity on behalf of company employees through the Ehsan platform, reflecting Islamic values and a culture of institutional giving.

### 9. Humanitarian and Relief Initiatives

Avalon Pharma contributed to humanitarian efforts by providing material support to the King Salman Humanitarian Center, reflecting its commitment to supporting local and international humanitarian initiatives.

### 10. Environmental Programs

- Implementing awareness activities on World Environment Day.
- Raising awareness of waste management and sustainable environmental practices within the workplace.

### 11. Breast Cancer Awareness Support (Zahra Association)

In recognition of Avalon Pharma's contributions to breast cancer awareness and related health initiatives, the company was honored by Zahra Association for its support of community awareness campaigns.

## 12. Safety and First Aid

To enhance readiness and emergency response, Avalon Pharma organized a dedicated first aid day, including a specialized training course delivered by a certified expert, aiming to raise employee awareness and preparedness for emergency situations and promote a safety culture within the workplace.

## 13. Health Partnerships:

In 2025, a cooperation agreement was signed with the Saudi Red Crescent, enhancing the company's role in national health and humanitarian initiatives.

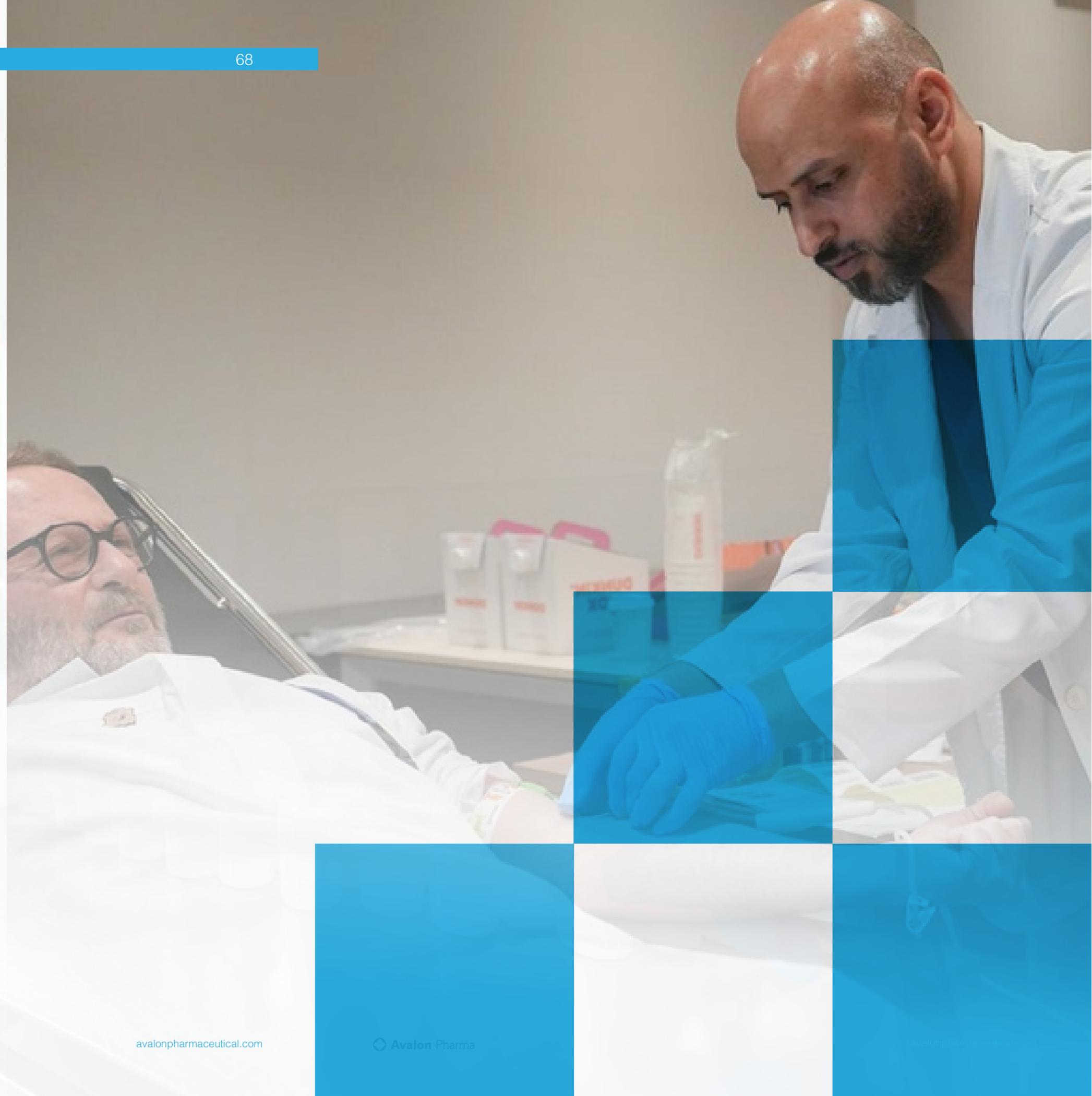
## 14. Activating International Days and Interactive Activities (Internal Communication)

During 2025, Avalon Pharma activated several international days and social activities to strengthen a positive work environment, including:

- Global Manager's Day
- World Ice Cream Day
- International Coffee Day
- International Men's Day, with a chess tournament and a FIFA football tournament organized for employees to promote strategic thinking and healthy competition.

## 15. Sports Activities and Employee Life Quality (Internal Communication)

As part of programs to enhance employee life quality, Avalon Pharma organized a company football league among departments at Al-Ruwad Academy Stadium in a festive atmosphere, fostering team spirit, internal relationships, and increasing employee engagement and job satisfaction.



A person wearing a full-body blue protective suit, including a hood and gloves, is standing in a laboratory or industrial environment. The person is positioned in the center-right of the frame, facing left. The background shows various pieces of equipment, including what appears to be a large piece of machinery with a glass enclosure on the left and a control panel or computer monitor on the right. The lighting is dim and blue-toned, creating a sterile and technical atmosphere. The overall image is overlaid with a dark blue gradient and geometric shapes, suggesting a modern or high-tech theme.

# **Financial Performance**

## Financial Position

### Statement of Assets, Liabilities, and Shareholders' Equity for the last five fiscal years

(S million)

Year	2025	2024	2023	2022	2021	Change Between 2024 - 2025
Current Assets	413.510	355.424	285.491	292.515	269.366	16%
Non-Current Assets	186.280	171.357	167.254	150.736	147.562	9%
<b>Total Assets</b>	<b>599.790</b>	<b>526.781</b>	<b>452.745</b>	<b>443.251</b>	<b>416.928</b>	<b>14%</b>
Current Liabilities	132.284	134.035	121.081	132.391	117.390	-1%
Non-Current Liabilities	51.263	24.536	25.264	30.587	32.456	109%
<b>Total Liabilities</b>	<b>183.547</b>	<b>158.572</b>	<b>146.345</b>	<b>162.978</b>	<b>149.847</b>	<b>16%</b>
<b>Paid-Up Capital</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>60.000</b>	<b>0%</b>
Reserves and Retained Earnings	216.243	168.209	109.400	80.274	207.081	29%
<b>Total Shareholders' Equity</b>	<b>416.243</b>	<b>368.209</b>	<b>306.400</b>	<b>280.274</b>	<b>267.081</b>	<b>13%</b>

### Income Statement for the Last Five Fiscal Years (S million)

Year	2025	2024	2023	2022	2021	Change Between 2024 - 2025
Net Revenue	460.485	394.001	338.440	302.662	287.222	17%
Cost of Sales	173.647	150.638	134.416	118.371	112.644	15%
Gross Profit	286.838	243.362	204.024	184.291	174.578	18%
Net Profit	97.009	79.849	65.827	59.452	66.283	21%
Earnings Per Share (EPS)	4.85	3.99	3.29	2.97	3.31	22%

### Geographical Analysis of the Company and Its Subsidiaries' Revenues (S Millions)

Region	2025	% of Total Revenue	2024	% of Total Revenue	Change 2024-2025	% Change 2024-2025
Saudi Arabia	403.464	87.6%	343.974	87.3%	59.49	17.3%
United Arab Emirates (UAE)	12.379	2.7%	18.058	4.6%	-5.68	-31.5%
Kuwait	13.661	3.0%	10.937	2.8%	2.72	24.9%
Iraq	9.000	2.0%	4.390	1.1%	4.61	105.0%
Yemen	3.814	0.8%	3.887	1.0%	-0.07	-1.9%
Libya	5.574	1.2%	3.409	0.9%	2.16	63.5%
Bahrain	2.833	0.6%	2.664	0.7%	0.17	6.3%
Jordan	2.487	0.5%	2.650	0.7%	-0.16	-6.2%
Others	7.274	1.6%	4.032	1.0%	3.24	80.4%
<b>Total</b>	<b>460.485</b>	<b>100%</b>	<b>394.001</b>	<b>100%</b>	<b>66.48</b>	<b>16.9%</b>

### Revenue by Segment (S Millions)

Sector	2025	% Of Total Revenue	2024	% Of Total Revenue	Change Between 2024 - 2025	% Change 2024 - 2025
Private Sector Customers	310.037	67.3%	268.292	68.1%	41.745	15.6%
Public Sector Customers	93.426	20.3%	75.682	19.2%	17.744	23.4%
Export Customers	57.021	12.4%	50.027	12.7%	6.994	14.0%
<b>Total</b>	<b>460.485</b>	<b>100%</b>	<b>394.001</b>	<b>100%</b>	<b>66.484</b>	<b>16.9%</b>

## Operating Results

Explanation of any material differences compared to the previous year's results or any forecasts announced by the Company.

Item	2025	%	2024	%	Change Between 2024 - 2025	% Change 2024 - 2025
Net Revenue	460.485	100.0%	394.001	100.0%	66.484	16.9%
Cost of Sales	(173.647)	-37.7%	150.638	-38%	23.009	15.3%
Gross Profit	286.838	62.3%	243.362	61.8%	43.476	17.9%
Selling and Distribution Expenses	(116.116)	-25.2%	96.190	-24.4%	19.926	20.7%
General and Administrative Expenses	(59.079)	-12.8%	53.757	-13.6%	5.322	9.9%
Total Selling and Administrative Expenses	(175.195)	-38.0%	149.947	-38.1%	25.248	16.8%
Provision/Loss for Bad Debts	(1.466)	-0.3%	3.537	-0.9%	-2.071	-58.6%
Other Income/Expenses	0.035	0.0%	1.155	0.3%	-1.120	-97.0%
Operating Profit	110.213	23.9%	91.034	23.1%	19.179	21.1%
Finance Costs	(6.473)	-1.4%	4.685	-1.2%	1.788	38.2%
Profit Before Zakat	103.740	22.5%	86.349	21.9%	17.391	20.1%
Zakat Expense	(6.730)	-1.5%	6.500	-1.6%	0.230	3.5%
Net Profit for the Year	97.009	21.1%	79.849	20.3%	17.160	21.5%
Net Profit Margin	21.1%		20.3%			

## Description of the Principal Types of Activities of the Company and Its Subsidiaries

Where two or more types of activity are described, a statement for each activity shall be included, setting out its impact on the Company's business volume and its contribution to the results.

### Principal Activities of the Company:

Avalon Pharma operates in the development, manufacturing, and marketing of generic medicines and pharmaceutical products, including prescription and other medications. The Company's principal activities are as follows:

- Pharmaceutical Products
- Over-the-Counter (OTC) Products

These activities contributed to the Company's business and results as follows:

Principal Activity of the Company	Activity Revenue (S\$ Thousands)	Percentage %
Pharmaceutical Products	261,354.5	57%
Over-the-Counter (OTC) Products	199,130.3	43%
<b>Total</b>	<b>460,484.8</b>	<b>100%</b>

### Principal Activities of the Subsidiaries:

Subsidiary	Activity	Activity Revenue (S\$ Thousands)	Percentage %
Avalon Pharma UK Holdings Limited	Manufacturing of pharmaceuticals, medicated and non-medicated creams, and ointments	0.00	00%

## Compliance with the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).

Clarification of any cases of non-compliance with the standards adopted by the Saudi Organization for Certified Public Accountants and professionals.

There are no conflicts with the standards adopted by the Saudi Organization for Certified Public Accountants and professionals, and our consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia, as well as other standards and issuances issued by the Saudi Organization for Certified Public Accountants and professionals.

## Information on Loans

Information on loans (whether payable on demand or not), including a statement of the total indebtedness of the company and its subsidiaries, the amounts paid by the company to settle loans during the year, the principal amount of the debt, the name of the creditor, the loan term, and the remaining balance. In the absence of any debts, a statement to that effect must be provided.

Financing Entity	Financing Term	Total Financing Amount	Original Loan Amount	Opening Balance as of 1 January 2025	Additions During the Year	Installments Paid During the Year	Closing Balance as of 31 December 2025
Banque Saudi Fransi	Short-term loan (one year)	78,000,000	0	26,303,000	46,650,591	61,423,071	11,530,520
Banque Saudi Fransi	Short-term loan (three years)	0	0	3,169,000	0	3,169,000	0
The Saudi Investment Bank	Short-term loan (one year)	37,231,000	0	5,959,000	4,627,926	5,959,000	4,627,926
Arab National Bank	Short-term loan (one year)	30,000,000	0	17,827,000	12,000,000	17,827,000	12,000,000
Saudi National Bank	Short-term loan (one year)	40,000,000	0	10,000,000	9,230,737	10,000,000	9,230,737
Alinma Bank	Long-term loan (five years)	33,000,000	0	0	3,823,488	191,175	3,632,313
Saudi Industrial Development Fund	Long-term loan	30,000,000	0	0	24,000,000	1,649,062	22,350,938
<b>Total</b>		<b>248,231,000</b>	<b>0</b>	<b>63,258,000</b>	<b>100,332,742</b>	<b>100,218,308</b>	<b>63,372,434</b>

## Statutory Payments

Statement of the value of any regular payments paid or due, including Zakat, taxes, fees, or any other obligations not settled by the end of the fiscal year, with a brief description and reasons for that.

Statement	Paid	Due as of the end of 2025 and not paid	Description
Zakat	6,128,810	6,730,280	Expected amount
Tax	(14,819,404)	(1,168,833)	Expected recoverable VAT
General Organization for Social Insurance	6,759,823	646,406	Expected General Organization for Social Insurance
Visa and Passport Costs	2,183,701	0	-
Labor Office Fees		0	-
Customs Fees	1,536,130	0	-
<b>Total</b>	<b>1,789,060</b>	<b>6,207,853</b>	



# Corporate Governance

 **Avalon** Pharma

### Corporate Governance.

Avalon Pharma is committed to applying the highest standards and best professional practices in governance, adopting and promoting a culture of adherence to the highest levels of integrity and honesty in all its professional practices. The company also integrates concepts of disclosure and transparency across all its activities and operations within its main work channels. Avalon Pharma affirms its compliance with all regulations, rules, and instructions issued by the official authorities relevant to its operations, which preserves its reputation and credibility and enhances the trust of shareholders and partners in its successful approach according to standards of efficiency, quality, and excellence. This report has been prepared and published in accordance with the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

### Governance Practices Framework.

Avalon Pharma seeks to implement the principle of governance within a comprehensive professional framework, following best practices adopted by listed companies and based on a general framework for comprehensive governance as follows:

- 1 Protecting the rights of the company’s shareholders in a manner that ensures the best interest of both them and the company.
- 2 Protecting the rights of stakeholders and providing job stability and sustainability through the company’s strong financial performance.
- 3 Providing accurate, comprehensive, and up-to-date disclosures to the company’s shareholders, related parties, and relevant regulatory authorities.
- 4 Handling, in accordance with approved policies, any cases of conflict of interest that may arise between the company and its stakeholders, which could negatively affect the interests of the company and its shareholders.
- 5 Empowering employees to report any concerns or observed misconduct within the company by providing a reporting mechanism that ensures objectivity, confidentiality, and independence, so that appropriate corrective action can be taken.
- 6 Regulating transactions with related parties, including those conducted between the Company and its employees, members of its Board of Directors and committees, the executive management, its subsidiaries, or any person or entity deemed a related party in accordance with the approved definition.
- 7 Aligning the company’s values and strategy with social and economic needs by ensuring the application of responsible and ethical practices in all company activities while continuing to provide the necessary support to the community.
- 8 Establishing reliable communication channels with investors to enhance the company’s market position and attract shareholders and investments.

### Governance Implementation Pillars



### What Has Been Implemented and What Has Not Been Implemented from the Corporate Governance Regulations:

The company applies all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except for the provisions specified below:

Paragraph / Article Number	Paragraph Status	Text of the Relevant Paragraph	Reason for Non-Implementation
Article 39	Advisory	Evaluation / Amendment	Under review
Article 67	Advisory	Formation of the Risk Committee	Under review
Article 82	Advisory	Employee Incentives	Under review
Article 84	Advisory	Social Responsibility	Under review
Article 85	Advisory	Social Initiatives	Under review
Article 92	Advisory	Formation of the Corporate Governance Committee	Under review

## Board of Directors

### Members of the Board of Directors

The company is managed by a Board of Directors consisting of five members elected by the Ordinary General Assembly of shareholders for a period not exceeding four years, and re-election of board members is permissible. Additionally, the Transformational General Assembly held on (13/09/1443H) corresponding to (15/04/2022) appointed the first Board of Directors for a term of four years from the date of issuance of the ministerial decision announcing the company's transformation into a joint-stock company. The Board of Directors holds its meetings at least four times a year.

### Board Composition and Classification of Its Members

The company is managed by a Board of Directors consisting of five members, three of whom are independent and two non-independent. The following table illustrates the composition of the Board of Directors and the classification of its members:

Name of Board Member	Position	Membership Status
Ahmad Shaher Al Tabbaa	Chairman of the Board	Non-Executive
Hisham Mohammed Attar	Vice Chairman of the Board	Independent
Mohamed Maher Alghannam	Chief Executive Officer and Managing Director	Executive
Faisal Sulamin Aljamaan	Board Member	Independent
Omar Mohammed Saib Saib Aljaroudi	Board Member	Independent

### Responsibilities and Duties of the Board of Directors

Subject to the powers vested in the General Assembly, the Board of Directors shall have the broadest powers necessary to manage the Company in a manner that achieves its objectives, formulate its policies, determine its investments, oversee its operations and assets, and conduct its affairs inside and outside the Kingdom.

The Board shall also have, including by way of example and not limitation, the authority to sign all types of contracts, documents, instruments, and agreements, including, without limitation, the articles of association of companies in which the Company participates, together with all amendments, annexes, and amendment resolutions thereto, and to sign agreements and instruments before the notary public and competent official authorities.

The duties and competencies of the Board of Directors include the following:

1. As stipulated in the Companies Law and the Company's Articles of Association regarding the duties and authorities of the Board.

2. Establishing the company's plans, policies, strategies, and main objectives, supervising their implementation, and reviewing them periodically through:

 Developing the Company's Overall Strategy, Main Business Plans, Risk Management Policies and Procedures, and Reviewing and Updating Them.

 Determining the Company's Optimal Capital Structure, Its Strategies and Financial Objectives, and Approving Budgets of All Types.

 Overseeing the Company's Capital Expenditures, Ownership of Assets, and Their Disposal.

 Setting Performance Objectives and Monitoring Implementation and Overall Performance in the Company.

 Periodic Review and Approval of the Company's Organizational and Functional Structures.

 Ensuring the Availability of the Human and Financial Resources Necessary to Achieve the Company's Objectives and Main Plans.

3. Establishing systems and controls for internal oversight and general supervision, through:

- Establishing a written policy to address actual and potential conflicts of interest for members of the Board of Directors, Executive Management, and shareholders. This includes the misuse of the company's assets and facilities, and improper conduct resulting from transactions with related parties.

- Ensuring the integrity of the financial and accounting systems, including systems related to financial reporting.

- Ensuring the implementation of appropriate control systems to measure and manage risks by developing a general framework of the risks that may face the company, creating a company-wide culture of risk management awareness, and presenting such matters transparently to stakeholders and related parties.

- Conducting an annual review of the effectiveness of the company's internal control procedures.

4. Developing clear and specific policies, standards, and procedures for Board membership in a manner that does not conflict with mandatory provisions in the regulatory bylaws, and implementing them after approval by the General Assembly.

5. Establishing policies and procedures that ensure the company's compliance with laws and regulations, its commitment to disclosing material information to shareholders and stakeholders, and verifying that the executive management adheres to them.

6. Supervising the company's financial management, cash flows, and its financial and credit relationships with third parties.

7. Proposing to the Extraordinary General Assembly any matters related to increasing or reducing the company's capital, or the early dissolution of the company before the term specified in the Articles of Association, or reporting on its continuity.

8. Proposing to the Ordinary General Assembly any matters regarding the use of the company's reserves if not allocated for a specific purpose in the Company's Articles of Association, or in the case of establishing additional reserves or financial provisions for the company.

9. Preparing and approving the company's interim and annual financial statements before their publication.
10. Ensuring the accuracy and integrity of data and information required to be disclosed in accordance with the applicable disclosure and transparency policies and procedures.
11. Establishing effective communication channels that allow shareholders to continuously and periodically review the company's various activities and any material developments.
12. Forming specialized committees emanating from the Board through resolutions that specify the committee's term, powers, responsibilities, and the Board's oversight, including naming members, defining their tasks, rights, and duties, with periodic evaluation of the performance and work of these committees and their members.
13. Determining the types of rewards granted to company employees, such as fixed bonuses, performance-related bonuses, and stock-based incentives, in a manner that does not conflict with the executive regulations of the Companies Law.
14. Establishing the values and standards that govern work within the company.
15. Preparation of the Board of Directors' Report.

### **Board of Directors Meetings Held During the Fiscal Year 2025**

Board Member	Position	Meetings				Attendance Percentage
		First Meeting 16/03/2025	Second Meeting 10/05/2025	Third Meeting 17-18/09/2025	Fourth Meeting 20/11/2025	
Ahmad Shafer Al Tabbaa	Chairman of the Board	✓	✓	✓	✓	100%
Hisham Mohammed Attar	Vice Chairman of the Board	✓	✓	✓	✓	100%
Mohamed Maher Alghannam	Chief Executive Officer and Managing Director	✓	✓	✓	✓	100%
Faisal Sulamin Aljamaan	Board Member	✓	✓	✓	✓	100%
Omar Mohammed Saib Aljaroudi	Board Member	✓	✓	✓	✓	100%





## Ahmad Shaher Al Tabbaa

Chairman of the Board

### Academic Qualifications

- Bachelor's degree in Economics from the American University in Washington, D.C., USA, 1994.

### Current Positions

- Chairman of the Board, Avalon Pharma, since 2022.
- Chairman of the Board and Managing Director, Tabbaa National Holding Company, since 2022.

### Previous Positions and Work Experience

- Chairman of the Board, Riyadh Renewable Energy Company, Riyadh, 2017-2021, and in a limited liability company operating in renewable energy provision.
- Founder and Chairman of the Board, Middle East Distribution Company, Riyadh, 2000-2018, a limited liability company operating in the distribution of healthcare products and pharmaceuticals.

- Founder and Chairman of the Board, First Pharmaceuticals Company, Riyadh, 2003-2005, a limited liability company operating in pharmacy investment and operations.

- Founder and Chairman of the Board, Middle East Machinery Company, Riyadh, 1998-2000, a limited liability company operating in manufacturing and packaging for pharmaceutical, food, and financial industries.

## Board Members' Biographies



## Hisham Mohammed Attar

Vice Chairman of the Board

### Academic Qualifications

- Bachelor's degree in Business Economics and Public & Private Sector Organizations from Brown University, Rhode Island, USA, 2004.

### Current Positions

- Vice Chairman of the Board, Avalon Pharma, since 2022.
- Member of the Investment Committee, Saudi Company for Development and Technical Investment "Taqnia," Riyadh, since 2022 (operates in IT sector).
- Founder and Partner, Three Future Investment Company, Riyadh, since 2022 (operates in chemical materials and waste management).
- Executive Board Member, Saudi Company for Development and Technical Investment "Taqnia," Riyadh, since 2022, a limited liability company in IT.
- Board Member, Tajouri Company, Riyadh, since 2022, a closed joint-stock company in information management and digital archiving.
- Member of the Compliance Committee, Arab Bank, Jordan, since 2018.
- Member of the Strategy Committee,

- Arab Bank, Jordan, since 2018.
- Board Member, Arab Bank, Jordan, since 2018, a joint-stock company providing financial and banking services.
- Chairman of the Nominations and Remuneration Committee, Saudi-Jordanian Investment Fund Company, Jordan, since 2017.
- Chairman of the Board, Saudi-Jordanian Investment Fund Company, Jordan, since 2017, a joint-stock company operating in diversified investments.
- General Partner and Executive Committee Member, KC AGRO, Romania, since 2013, operating in agriculture and farmland management.
- Founder and Partner, Arena Group, Jeddah, since 2012, operating in fitness centers.
- Founder and Partner, Tibb Al-Farabi Company, Riyadh, since 2010, providing medical services.
- Vice Chairman, Jordanian-Saudi E-Commerce Company, Jordan, since 2006, a limited liability company in online retail.
- A Board Member of KC Agro in Romania since 2013. The company is a limited liability company operating in the agricultural sector and engaged in the cultivation and

management of agricultural lands.

### Previous Positions and Work Experience

- Senior Advisor to the Deputy Governor and Head of Identity Department, MENA, Public Investment Fund, Riyadh, 2021-2022, operating in diversified investments.
- Senior Executive Director, Local Partnership Department, Public Investment Fund, Riyadh, 2019-2021, operating in diversified investments.
- First Deputy President, Saudi Equities Department, Public Investment Fund, Riyadh, 2016-2019, operating in diversified investments.
- President, Amwal Al-Khaleej Investment Company, Riyadh, 2016, financial services.
- Vice President, Amwal Al-Khaleej Investment Company, Riyadh, 2015, financial services.
- Executive Vice President, Sports Clubs Company, Riyadh, 2013-2015, operating in sports and sports equipment.
- Vice President, Amwal Al-Khaleej Investment Company, Riyadh, 2008-

- 2013, financial services.
- Senior Officer, Assets and Liabilities Management, National Commercial Bank, Jeddah, 2006-2008, banking and financial services.
- Marketing and Sales Officer for Investments and Derivatives, National Commercial Bank, Jeddah, 2004-2006, banking and financial services.



**Mohamed Maher Alghannam**  
Managing Director and  
Chief Executive Officer

### Academic Qualifications

- Master's degree in Business Administration from Central California University, California, USA, 2018.
- Bachelor's degree in Business Administration from Damascus University, Syria, 2009.
- HR and Logistics Director, Middle East Pharmaceutical Industries, Riyadh, 2006-2015.
- Procurement and Logistics Director, Middle East Pharmaceutical Industries, Riyadh, 2000-2006

### Current Positions

- Board Member, Power Basbar Company, since December 30, 2024.
- Board Member, Al-Arabi Capital - Al-Fahya Fund, since 2024.
- Managing Director and CEO, Middle East Pharmaceutical Industries (Avalon Pharma), Riyadh, since 2022.

### Previous Positions and Work Experience

- Chief Operating Officer, Middle East Pharmaceutical Industries, Riyadh, 2016-2018.



**Faisal Sulamin Aljamaan**  
Board Member

### Academic Qualifications

- Bachelor's degree in Computer Technology from Brunel University, United Kingdom, 1978.

### Current Positions

- Board Member and Chairman of the Audit and Compliance Committee, Middle East Pharmaceutical Industries (Avalon Pharma), Riyadh, since 2022.
- Board Member, Al-Essaiey Cars Company, Riyadh, since 2020, a closed joint-stock company in the automotive sales sector.
- Chairman of the Audit Committee, Al-Essaiey Cars Company, Riyadh, since 2020.
- Chairman of the Audit Committee, Arabian Tiles Company, Riyadh, since 2019.
- Board Member, Arabian Tiles Company, Riyadh, since 2019, a closed joint-stock company in tile manufacturing and construction supplies.
- CEO, Tawkeelat Finance Company, Riyadh, since 2017.

- Chairman, Al-Tasweeq Al-Shamel Company, Riyadh, since 2007, a limited liability company providing health and pharmaceutical product marketing services.

### Previous Positions and Work Experience

- CEO, United Cars Company, Riyadh, 2000-2017.
- General Manager, Al-Ahlia Advanced Systems Ltd., Riyadh, 1999-2000.
- General Manager, United Arabian Cars Company, Riyadh, 1996-1999.
- General Manager, Integrated Systems Company, Riyadh, 1993-1996.
- General Manager, Saudi Electronic Systems Company, Riyadh, 1979-1993.
- Programming Analyst, Grand Metropolitan Systems, United Kingdom, 1978-1979.
- Research Assistant, University of London, United Kingdom, 1976.
- Programmer, IBC Business Press, United Kingdom, 1974.



## Omar Mohammed Saib Aljaroudi

### Independent Board Member

#### Academic Qualifications

- Master's degree in Economics from Syracuse University, New York, USA, 1984.
- Bachelor's degree in Business Administration from the American University of Beirut, Lebanon, 1983.
- CMEI Certificate (Securities Trading) from the Financial Academy, Riyadh, 2013.

#### Current Positions

- Independent Board Member, Chairman of the Nominations and Remuneration Committee, and Member of the Audit Committee, Middle East Pharmaceutical Industries, since 2022.
- Independent Board Member, Wadi Hanifa Real Estate Development Company (WAHA).
- Owner, Green House Foodstuff Trading LLC.

- Owner, Le Chocolat LLC (UAE).
- Owner, Procurio General Trading.
- Board Member, Home House (London).
- Board Member, Home Grown Club (London).
- Board Member, Actionnaire Uni (Banque Libano-Française).
- Board Member, Albani Real Estate Development Company, since 2013.

#### Previous Positions and Work Experience

- Board Member, Shuaa Capital Saudi Arabia, 2007-2023.
- Head of Investment Banking, Audi Saradar Investment Bank, 2005-2007.
- Senior Business Development Manager, Banque Audi S.A.L., 2000-2005.
- Senior Business Development Manager, Lebanon Investment Company,

1995-2000.

- Investment Advisory and Brokerage Manager, Banque Saudi Fransi, 1984-1995.
- Chairman, Shuaa Capital Hospitality (Shuaa Hospitality Fund).
- Board Member, Jeddah Centro Fund and Dammam Rayhaan Fund.
- Board Member, Remco Company.
- Board Member, Admic Company (Monoprix Franchise - BHV).
- Board Member, Achrafieh 5223 (Lebanon)

**Names of companies inside or outside the Kingdom in which a Board member serves or has previously served as a board member or manager:**

Board Member Name	Names of Companies in which the Board Member Currently Serves as a Board Member or Manager	Inside / Outside the Kingdom	Legal Entity Type
Ahmad Shaher Al Tabbaa Chairman of the Board	Chairman of the Board of Avalon Pharma since 2022	Inside the Kingdom.	Listed joint-stock company
	Vice Chairman of the Board of the Jordanian-Saudi E-Commerce Company, Jordan, since 2006, a limited liability company operating in online retail.	Outside the Kingdom (Jordan)	Limited liability company (LLC)

Names of companies in which the Board member previously served as a board member or manager	Inside / Outside the Kingdom	Legal Entity Type
Chairman of the Board of Riyadh Renewable Energy Company, Riyadh, from 2017 to 2021, a limited liability company operating in the renewable energy sector	Inside the Kingdom	Limited Liability Company
Founder and Chairman of the Board of Middle East Distribution Company, Riyadh, from 2000 to 2018, a limited liability company operating in the distribution of healthcare products and pharmaceuticals	Inside the Kingdom	Limited Liability Company
Founder and Chairman of the Board of First Pharmaceuticals Company, Riyadh, from 2003 to 2005, a limited liability company operating in pharmacy investment and operations	Inside the Kingdom	Limited Liability Company
Founder and Chairman of the Board of Middle East Machinery Company, Riyadh, from 1998 to 2000, a limited liability company operating in the manufacturing and packaging of pharmaceutical, food, and financial industries	Inside the Kingdom	Limited Liability Company

Board Member Name	Names of Companies in which the Board Member Currently Serves as a Board Member or manager	Inside / Outside the Kingdom	Legal Entity
Hisham Mohammed Attar Vice Chairman of the Board	Founder and Partner of Arena Group Company in Jeddah since 2012, operating in the field of fitness centers.	Inside the Kingdom	
	Founder and Partner in Al-Farabi Medical Company in Riyadh since 2010, operating in the field of medical services.	Inside the Kingdom	
	Member of the Investment Committee at Saudi Company for Development and Technical Investment "Taqnia" in Riyadh since 2022, operating in the field of information technology.	Inside the Kingdom	Limited Liability Company
	Member of the Compliance Committee at Arab Bank in Jordan since 2018.	Outside the Kingdom (Jordan)	Joint stock company
	Member of the Strategy Committee at Arab Bank in Jordan since 2018.	Outside the Kingdom (Jordan)	Joint stock company
	Chairman of the Nominations and Remunerations Committee at the Saudi-Jordanian Investment Fund Company in Jordan since 2017	Outside the Kingdom (Jordan)	
	Executive Board Member at Saudi Development and Technical Investment Company "Taqnia" in Riyadh since 2022, a limited liability company operating in the field of information technology.	Inside the Kingdom	Limited Liability Company
	Board Member at Tajouri Company in Riyadh since 2022, a closed joint-stock company operating in information management and digital archiving services.	Inside the Kingdom	Closed Joint-Stock Company

Names of companies in which the Board member previously served as a board member or manager	Inside / Outside the Kingdom	Legal Entity Type
Vice President at Amwal Al-Khaleej Investment Company, Riyadh, in 2015, operating in financial services	Inside the Kingdom	
Executive Vice President at Sports Clubs Company, Riyadh, from 2013 to 2015, operating in sports and sports equipment	Inside the Kingdom	
Vice President at Amwal Al-Khaleej Investment Company, Riyadh, from 2008 to 2013, operating in financial services. First Agent in Assets and Liabilities Management at The National Commercial Bank, Jeddah.	Inside the Kingdom	
First Agent in Assets and Liabilities Management at The National Commercial Bank, Jeddah, from 2006 to 2008, operating in financial and banking services.	Inside the Kingdom	
Investment and Derivatives Sales Marketing Officer at The National Commercial Bank, Jeddah, from 2004 to 2006, operating in financial and banking services.	Inside the Kingdom	

Board Member Name	Names of Companies in which the Board Member Currently Serves as a Board Member or manager	Inside / Outside the Kingdom	Legal Entity Type
<b>Hisham Mohammed Attar</b> Vice Chairman of the Board	Board Member at Arab Bank in Jordan since 2018, a joint-stock company operating in financial and banking services.	Outside the Kingdom (Jordan)	Joint-Stock Company
	Chairman of the Board at the Saudi-Jordanian Investment Fund Company in Jordan since 2017, a joint-stock company operating in diversified investments.	Outside the Kingdom (Jordan)	Joint-Stock Company
	Board Member at KC AGRO in Romania since 2013, a limited liability company operating in agriculture and farmland management.	Outside the Kingdom (Romania)	Limited Liability Company

Names of companies in which the Board member previously served as a board member or manager	Inside / Outside the Kingdom	Legal Entity Type
None		

Board Member Name	Names of Companies in which the Board Member Currently Serves as a Board Member or Director	Inside / Outside the Kingdom	Legal Entity Type
<b>Mohamed Maher Alghannam</b> Board Member (Executive) and Chief Executive Officer	Executive Board Member and Chief Executive Officer at Middle East Pharmaceutical Industries Company in Riyadh since 2022.	Inside the Kingdom	Listed Joint-Stock Company
	Board Member at Al-Arabi Capital – Al-Fayhaa Fund since 2024.	Inside the Kingdom	
	Board Member at Power Passpar Company since December 30, 2024.	Inside the Kingdom	Limited Liability Company
<b>Omar Mohammed Saib Aljaroudi</b> Board Member	Independent Board Member, Chairman of the Nominations and Remunerations Committee, and Member of the Audit Committee at Middle East Pharmaceutical Industries Company since 2022	Inside the Kingdom	Listed Joint-Stock
	Independent Board Member at Wadi Hanifa Real Estate Development Company (WAHA)	Inside the Kingdom	

Names of companies in which the Board member previously served as a board member or director	Inside / Outside the Kingdom	Legal Entity Type
Chief Executive Officer at Middle East Pharmaceutical Industries Company in Riyadh from 2018 to 2022.	Inside the Kingdom	Listed Joint-Stock Company
Chief Operating Officer at Middle East Pharmaceutical Industries Company in Riyadh from 2016 to 2018	Inside the Kingdom	Listed Joint-Stock Company
Human Resources and Logistics Director at Middle East Pharmaceutical Industries Company in Riyadh from 2006 to 2015	Inside the Kingdom	Listed Joint-Stock Company
Procurement and Logistics Director at Middle East Pharmaceutical Industries Company in Riyadh from 2000 to 2006	Inside the Kingdom	Listed Joint-Stock Company
Board Member at Shuaa Capital Saudi Arabia from 2007 to 2023	Inside the Kingdom	Closed Joint-Stock Company
Head of Investment Banking at Audi Saradar Investment Bank from 2005 to 2007	Outside the Kingdom (Lebanon)	

Board Member Name	Companies in which the Board Member Currently Serves as a Board Member or manager	Inside / Outside the Kingdom	Legal Entity Type		Names of companies in which the Board member previously served as a board member or manager	Inside / Outside the Kingdom	Legal Entity Type
Omar Mohammed Saib Aljaroudi Board Member	Owner of Green House Trading Company LLC (Food Products)	Inside & Outside the Kingdom (UAE & Saudi Arabia)			Senior Business Development Manager at Lebanon Invest Company (1995-2000)	Outside the Kingdom (Beirut-Paris-Geneva)	
	Owner of Le Chocolat LLC (UAE)	Inside & Outside the Kingdom (UAE & Saudi Arabia)			Investment Advisory and Brokerage Manager at Banque Saudi Fransi (1984-1995)	Inside the Kingdom	Joint-Stock Company
	Owner of Procurio General Trading Company	Inside & Outside the Kingdom (UAE & Saudi Arabia)			Chairman of Shuaa Capital Hospitality Board at Shuaa Hospitality Fund	Inside the Kingdom	Closed Joint-Stock Company
	Board Member at Home House (Lebanon)	Outside the Kingdom (Lebanon))			Board Member at Jeddah Centro Fund and Dammam Reyhan Fund	Inside the Kingdom	
	Board Member at Home Grown Club (Lebanon)	Outside the Kingdom (Lebanon)			Board Member at Remco Company	Outside the Kingdom (Lebanon)	
	Board Member at Actionnaire Uni (Bank of Lebanon and the Diaspora)	Outside the Kingdom (Lebanon)			Board Member at Admic Company (BHV Franchise - Monoprix)	Outside the Kingdom	
	Board Member at Albani Real Estate Development Company since 2013	Inside the Kingdom					
	Senior Business Development Manager at Bank Audi S.A.L.	Outside the Kingdom (Beirut-Paris-Geneva)			Board Member at Ashrafieh 5223 (Lebanon)	Outside the Kingdom (Lebanon)	

Board Member Name	Companies in which the Board Member Currently Serves as a Board Member or Director	Inside / Outside the Kingdom	Legal Entity Type
Faisal Sulamin Aljamaan Board Member	Board Member and Chairman of the Audit and Compliance Committee at Middle East Pharmaceutical Industries Company in Riyadh since 2022	Inside the Kingdom	Listed Joint-Stock Company
	Board Member at Al-Essa Automotive Company in Riyadh since 2020, a closed joint-stock company in car sales	Inside the Kingdom	Closed Joint-Stock Company
	Chairman of the Audit Committee at Al-Essa Automotive Company in Riyadh since 2020	Inside the Kingdom	Closed Joint-Stock Company
	Chairman of the Audit Committee at Arab Ceramics Company in Riyadh since 2019	Inside the Kingdom	Closed Joint-Stock Company
	Board Member at Arab Ceramics Company in Riyadh since 2019, a closed joint-stock company in tile and construction materials	Inside the Kingdom	Closed Joint-Stock Company
	Chief Executive Officer at Tawkeelat Finance Company in Riyadh since 2017	Inside the Kingdom	Closed Joint-Stock Company
	Chairman of Al-Tasweeq Al-Shamel Company in Riyadh since 2007, a limited liability company providing health and pharmaceutical marketing services	Inside the Kingdom	Limited Liability Company

### The procedures taken by the Board of Directors to inform its members particularly the non-executive members of shareholders' proposals and observations regarding the Company and its performance

The Investor Relations Unit serves as the link between the Board of Directors and the shareholders. The Company's governance regulations also include the Board of Directors' working procedures, which give special attention to receiving and responding to shareholders' proposals and inquiries through email at [investor.relations@avalon.com.sa](mailto:investor.relations@avalon.com.sa) and by telephone at **+966118365000**, extension **3374**.

Names of companies in which the Board member previously served as a board member or director	Inside / Outside the Kingdom	Legal Entity Type
Chief Executive Officer at United Motors Company in Riyadh (2000-2017)	Inside the Kingdom	
General Manager at Al-Ahlia Advanced Systems Ltd. in Riyadh (1999-2000)	Inside the Kingdom	Limited Liability Company
General Manager at Arab United Motors Company in Riyadh (1996-1999)	Inside the Kingdom	
General Manager at Integrated Systems Company in Riyadh (1993-1996)	Inside the Kingdom	
General Manager at Saudi Electronic Systems Company in Riyadh (1979-1993)	Inside the Kingdom	
Programmer Analyst at Grand Metropolitan Systems in the UK (1978-1979)	Outside the Kingdom (UK)	
Research Assistant at University of London, UK (1976)	Outside the Kingdom (UK)	
Programmer at IBC Business Press in the UK (1974)	Outside the Kingdom (UK)	



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## Executive Management

Middle East Pharmaceutical Industries Company comprises several key departments that manage and develop the Company's operations, each according to its designated role. Each department is responsible for carrying out its duties and responsibilities to enhance the Company's overall performance and to achieve its vision, mission, objectives, and strategies in both the short and long term.

### Executive Management Members

### Executive Management Biographies



## Mohamed Maher Alghannam

Chief Executive Officer & Managing Director

### Academic Qualifications

- Holds a Master's degree in Business Administration from Central California University, California, United States, in 2018.
- Holds a Bachelor's degree in Business Administration from the University of Damascus, Syria, in 2009.

### Current Positions

- Chief Executive Officer and Managing Director of Middle East Pharmaceutical Industries Company in Riyadh since 2022.
- Board Member at Power Baspar since 30 December 2024.
- Board Member at Al Arabi Capital - Al Ahyaa Fund since 2024.
- Managing Director and Chief

Executive Officer of Middle East Pharmaceutical Industries Company (Avalon Pharma) in Riyadh since 2022.

### Previous Positions and Professional Experience

- Chief Executive Officer of Middle East Pharmaceutical Industries Company in Riyadh (2018-2022).
- Operations Manager at Middle East Pharmaceutical Industries Company in Riyadh (2016-2018).
- Human Resources and Logistics Manager at Middle East Pharmaceutical Industries Company in Riyadh (2006-2015).
- Procurement and Logistics Manager at Middle East Pharmaceutical Industries Company in Riyadh (2000-2006).



**Moazzam Ali Shah**  
(Chief Financial Officer)

### Academic Qualifications

- Member of the Australian Institute of Company Directors (MAICD) since 2019.
- Fellow Chartered Accountant (FCA) since 2013 - Chartered Accountants Australia and New Zealand.
- Chartered Global Management Accountant (CGMA) since 2012 - Chartered Institute of Management Accountants (CIMA).
- Fellow Chartered Certified Accountant (FCCA) since 2009 - Association of Chartered Certified Accountants (ACCA), United Kingdom.
- Certified Public Accountant (CPA) since 2008 - American Institute of Certified Public Accountants (AICPA), United States.
- Certified Internal Auditor (CIA) since 2006 - Institute of Internal Auditors (IIA), United States.
- Bachelor's Degree (with Honours) in Applied Accounting from Oxford Brookes University, Oxford, United Kingdom, 2003.

### Current Position

- Chief Financial Officer (CFO).

### Previous Positions and Professional Experience

- Non-Executive Director at Anglican NSW South, NSW West, ACT since April 2024.
- Chair of the Finance, Audit and Risk Committee at Aspen Medical Indonesia Pty Ltd since 2024.
- Regional Councilor - ACT and Chair of the Corporate Advisory Panel at Chartered Accountants Australia and New Zealand since January 2021.
- Member of the Investment Committee at Aspen Medical Pty Ltd since 2022.
- Non-Executive Director and Chair of the Finance, Audit and Risk Committee at Healthcare Fiji Pte. Since October 2019.
- Non-Executive Director and Treasurer at Therapeutic Engagement Support Services Inc. (April 2019 - February 2021).

- Chair of the Finance, Audit and Risk Committee at Aspen Medical UAE (April 2019 - February 2021).
- Group Chief Financial Officer at Aspen Medical Pty Ltd (August 2019 - Present).
- Chief Financial Officer at Zamil for Industry, Trade & Transport (March 2015 - December 2018).
- Chief Financial Officer at Gulf Union Foods Company (October 2012 - February 2015).
- Senior Group Chief Financial Officer at Supreme Foods Group, Riyadh, Saudi Arabia (September 2009 - September 2012).
- Senior Analyst (Audit) at Deloitte & Touche, Perth, Australia (October 2008 - February 2009).
- Senior Auditor at KPMG LLP, New York, United States (July 2007 - August 2008).

- Senior Associate (Audit) at PricewaterhouseCoopers LLC, New York, United States (December 2005 - July 2007).
- Senior Auditor at Hamsun & Hogate, London, United Kingdom (January 2004 - August 2005).
- Internal Audit Manager at Mitchell's Fruit Farms Ltd, Lahore, Pakistan (September 2002 - 2003).



**Rashid Abdulaziz Al-Rashid**  
(Chief Operating Officer)

#### Academic Qualifications

- Bachelor's Degree in Pharmacy from King Saud University.

#### Current Position

- Chief Operating Officer (COO).

#### Previous Positions and Professional Experience

- Medical Representative at MSD (August 2001 – March 2003).
- Technical Manager and Government Sales Manager (April 2003 – January 2011).
- Executive Director – Technical (January 2011 – January 2016).
- Executive Director – Technology and Manufacturing (January 2016 – June 2023).



**Hamoud Disan Al-Anazi**  
(Chief Administrative Officer)

#### Academic Qualifications

- Master of Business Administration (MBA) from Buckinghamshire New University.

#### Current Position

- Head of Administrative Affairs.

#### Previous Positions and Professional Experience

- Board Member at Siraj Al Madinah Trading Company (1 January 2012 – 1 January 2017).
- Public Relations Manager at Avalon Pharma (2011 – 2014).
- Administration Manager at Avalon Pharma (2011 – 2019).
- Human Resources and Administrative Affairs Manager at Avalon Pharma (2019 – 2023).
- Board Member at Reem Al Wusta Trading Services Company (15 March 2015 – 10 June 2023).



**Fayez Bassem Awadeh**  
(Chief Marketing Officer)

#### Academic Qualifications

- Master of Business Administration (MBA) – Marketing and Finance.

#### Current Position

- Chief Marketing Officer (CMO).

#### Previous Positions and Professional Experience

- Regional Marketing Manager at Novartis Consumer Health.
- Regional Category Manager at Novartis Consumer Health.
- Regional Marketing Head at GSK.
- Regional Marketing Head – MENAP at Johnson & Johnson.



**Mohammed Metwally**  
(Chief Commercial Officer)

#### Academic Qualifications

- Executive Master of Business Administration (EMBA) from Heriot-Watt University, United Kingdom, 2018.
- Master of Business Administration (MBA) from the American University in Cairo, 2011.
- Bachelor's Degree in Dental Medicine and Surgery from Ain Shams University, 2006.

#### Current Position

- Chief Sales Officer (CSO).

#### Previous Positions and Professional Experience

- Global Sales Manager at Abbott (2007 – 2011).



**Wael Madbouly Hassanein**  
(Internal Audit Manager)

### Academic Qualifications

- Bachelor of Commerce (Accounting Major) from Cairo University, Egypt, 2005.
- Certified Internal Auditor (CIA) from the Institute of Internal Auditors, USA, 2020.
- Certified Management Accountant (CMA) from the Institute of Management Accountants, USA, 2013.

### Current Position

- Internal Audit Manager at Middle East Pharmaceutical Industries Company since 2023

### Previous Positions and Professional Experience

- Internal Audit Director at Saudi Manpower Solutions Company "Samasco," Riyadh (2022 - 2023).
- Internal Audit Director at Al Jazira Services Company, Al Khobar (2019 - 2022).
- Internal Audit Supervisor at Alkifah Holding Company, Al Khobar (2014 - 2018).
- External Audit Manager at Mazars Accounting and Auditing, Cairo, Egypt (2009 - 2014).
- Auditor at Dr. Raouf Auditing and Taxation Company, Cairo, Egypt (2007 - 2009).
- Auditor at IBSF, Orascom Group, Cairo, Egypt (2005 - 2007).



**Abdullah Abdulaziz Al-Omari**  
(Compliance Manager)

### Academic Qualifications

- Bachelor's Degree in Business Administration from King Faisal University.
- General Certificate for Securities Trading (CME1).
- Compliance, Anti-Money Laundering, and Counter-Terrorist Financing Certificate (CME2).
- Local Stock Brokerage Certificate (CME3).
- Certified Compliance Officer (CCO).
- Disclosure Certificate (IFSAH).

### Current Position

- Compliance Manager

### Previous Positions and Professional Experience

- Compliance Manager - Albilad Capital.
- Local Brokerage - Albilad Capital.
- Retail Banking Division - Samba Financial Group.

## Board of Directors Committees

### Committee Members' Biographies:

#### Audit and Compliance Committee Members

The Audit and Compliance Committee consists of three (3) members, as outlined below:



#### Faisal Sulamin Aljamaan

Chairman of the Audit and Compliance Committee – Independent Member

Please refer to the above-mentioned Board of Directors' biographies for detailed information about Faisal Sulamin Aljamaan.



#### Omar Mohammed Saib Aljaroudi

Member of the Audit and Compliance Committee – Independent Member

Please refer to the above-mentioned Board of Directors' biographies for detailed information about Omar Mohammed Saib Aljaroudi.



#### Yanal Mowafaq Al-Soudi

Member of the Audit and Compliance Committee

#### Academic Qualifications

- Bachelor's Degree in Business Administration from University of Oklahoma, United States, 1985.
- Certified Public Accountant (CPA) from the United States Board of Accountancy, 1992.
- Strategic Management Program – Harvard University, United States, 2014.
- Leadership Development Program – Northwestern University, United States, 2008.

#### Current Positions

- Audit Committee Member – Arabian Centers Company (Cenomi Center) (Public Joint Stock Company), since June 2025.
- Audit Committee Member – Saudi Reinsurance Company, Riyadh, since 2023.
- Chairman of the Audit Committee – National Finance Company, since 2023.
- Member of the Nominations & Remuneration Committee and Audit Committee – Avalon Pharma, since 2022.
- Chairman of the Audit Committee – Rafal Real Estate Development Company, Riyadh, since 2022.
- Board Member and Chairman of

the Audit Committee – Baan Holding Group, since 2024.

- Audit Committee Member – Al-Maghrabi Hospitals & Centers Company, since 2023.

#### Previous Positions and Professional Experience

- Member of the Advisory Partners – Europe & Middle East – Ernst & Young, 2014–2018.
- Head of Audit Services Department – Riyadh – Ernst & Young, 2013–2017.
- Head of Independence (Risk Management) Department – Middle East & North Africa – Ernst & Young, 2013–2016.
- Board Member and Chairman of the Governance Committee – Jordan Government Investments Company, 2023–2025.
- Board Member, Audit Committee Member, and Nominations & Remuneration Committee Member – Tarfa Al-Ibda'a Company for Exhibitions & Event Management, 2024–2025.
- Chairman of the Audit Committee – Hona Food Industries Company, 2022–2025.

# Members of the Nomination and Remuneration Committee



**Omar Mohammed Saib Aljaroudi**

Chairman of the Nomination and Remuneration Committee - Independent

Please refer to the above-mentioned Board members' CVs for detailed information Omar Mohammed Saib Aljaroudi.



**Ahmed Shafer Al Tabbaa**

Member of the Nomination and Remuneration Committee Non-Executive

Please refer to the above-mentioned Board members' CVs for detailed information Ahmed Shafer Al Tabbaa.



**Yanal Mowafaq Al-Soudi**

Member of the Nomination and Remuneration Committee - Independent (External Member, Non-Board)

Please refer to the above-mentioned Board members' CVs for detailed information yanal mowafaq al -soudi.



## Executive Committee Members



**Ahmed Shafer  
Al Tabbaa**

Executive Committee Member

Please refer to the above-mentioned Board members' CVs for detailed information Ahmed Shafer Al Tabbaa.



**Hisham Attar**

Chairman of the Executive Committee

Please refer to the above-mentioned Board members' CVs for detailed information Hisham Attar.



**Mohamed Maher  
Alghannam**

Executive Committee Member

Please refer to the above-mentioned Board members' CVs for detailed information Mohamed Maher Alghannam.



**Taghreed Al-Shannar**

Resigned - Executive Committee Member  
Non-Board Member

### Academic Qualifications

- Master's Degree in Change Consulting and Coaching from INSEAD, Fontainebleau, France (2010-2013).
- Executive Master's in Business Administration (EMBA) from INSEAD, Fontainebleau, France & Singapore (2006-2007).
- Recognized by 58 peers as the "Best CEO to Work With."
- Selected as a featured personality to promote INSEAD's Executive MBA program in Abu Dhabi and Asia.
- Bachelor's Degree in Pharmacy from the University of Jordan, Amman, Jordan (1982-1988) - Dean's Honor List.

### Current Positions

- Member of the Executive Committee

### Previous Positions & Professional Experience

- Board Member, Dar Al Dawa (DAD), Amman, Jordan (2023 - Present).
- Chairperson, Pharmaceutical Research Unit (PRU), Amman, Jordan (Jan 2022 - Present).
- Non-Executive Chairperson, Advanced Marketing Statistics (AMS),

Amman, Jordan (Sep 2018 - Dec 2021).

- Board Member, Medis Tunisia Laboratories, Tunisia (Jul 2018 - Present).
- Senior Independent Director, NewBridge Pharma Ltd., Dubai, UAE (Feb 2016 - Present).
- Founder & CEO, Effective Professional Solutions, Amman, Jordan (Apr 2011 - Present), Key Achievements: Strategic, operational, and managerial expertise.
- Strategic Healthcare Consultant, First Energy Bank, Abu Dhabi, UAE (Jan 2016 - Dec 2016).
- Executive Vice President - Strategic Business Development, Hikma Pharmaceuticals, Amman, Jordan (Jan 2010 - Mar 2011), Key Achievements: Strategic, operational, and managerial leadership.
- Vice President - Branded Pharmaceuticals, MENA Region, Hikma Pharmaceuticals, Amman, Jordan (2005 - 2009).
- Held various senior roles at Hikma Pharmaceuticals, Amman, Jordan (1988 - 2005), including Marketing Planning Manager and General Manager, Hikma Pharmaceuticals Ltd., Jordan.

## Committee Meetings, Roles, and Responsibilities

### Executive Committee

The Executive Committee was established on 22/08/2024. The Committee is appointed by the Board of Directors to act on its behalf in situations requiring proactive decisions to facilitate and support the Company's activities. The Committee may exercise the powers and authorities delegated by the Board, subject to any restrictions imposed by the Board, the Company's Articles of Association, and/or applicable laws and regulations.

In addition, the Committee is required to perform additional functions assigned by the Board from time to time or as needed to comply with applicable laws and regulations. The Committee focuses on providing strategic leadership, management, and guidance, ensuring that the Company's functions are managed according to its priorities. The Committee has also approved an updated Charter, which defines its duties, procedures, and members' remuneration.

### Executive Committee Members

By the end of 2025, the Executive Committee consists of three members. The following table outlines the members:

Name	Position	Board Affiliation
Hisham Mohammed Attar	Chairman of Executive Committee	Board Member
Ahmed Shafer Al Tabbaa	Executive Committee Member	Board Member
Mohamed Maher Alghannam	Executive Committee Member	Board Member
Taghreed Al-Shannar*	Executive Committee Member	Non-Board Member

\* Resigned on 13/07/2025

### Roles and Responsibilities of the Executive Committee

- Recommend the development of policies and strategies at its discretion.
- Ensure a coherent vision for any project or business aligned with the Company's objectives.
- Ensure timely completion of projects according to expected deadlines.
- Recommend to the Board potential amendments to the budget, changes to the budget, or items not included in the budget.
- Review and advise on material matters before submission to the Board.
- Appoint and terminate consultants assigned to various matters, negotiate, and approve consultants' fees.
- Evaluate bids and tenders within the approved budget and recommend the selected vendor to the Board.
- Report to the Board without delay at the next regular Board meeting on all decisions and actions taken by the Committee.
- Review and recommend any strategic investment transaction proposed by Management,

including acquisitions, mergers, divestitures, or new projects.

- Review and recommend strategies, policies, and reports related to corporate social responsibility (CSR) and ESG initiatives and objectives.
- Provide the Board with updates on critical Company matters, such as banking information, and ensure continuous updates on relevant topics aligned with Company operations.
- Hold periodic meetings with the Company's Executive Management to assess progress, address obstacles, and review critical operational information.
- Ensure the Executive Management operates according to Board-approved policies.
- Review, assess, and recommend the Company's annual budget for Board approval.
- Evaluate current business performance against established targets.
- Take immediate action and recommend appropriate decisions and steps for urgent matters.
- Recommend overall strategy for Board approval.
- Review any proposal submitted to the Board for approval within the Committee's delegated authority.
- Hold pre-Board meetings to discuss the agenda and any other matters the Committee deems necessary or appropriate.
- Refer matters of significant importance to the Board.
- Exercise business judgment in performing their duties in a manner that serves the Company and its shareholders' best interests.
- Request any Company employees, consultants, or auditors to attend Committee meetings if deemed appropriate and necessary.
- The Committee Chairperson is responsible for managing the Committee Charter and ensuring its flexibility to adapt to regulatory changes and requirements.
- The Committee may not delegate its duties to any sub-committee.

### Executive Committee Meetings Attendance

Member Name	Position	Meetings					
		1st Meeting 16/02/2025	2nd Meeting 17/04/2025	3rd Meeting 04/05/2025	4th Meeting 19/05/2025	5th Meeting 22/10/2025	6th Meeting 16/11/2025
Hisham Mohammed Attar	Chairperson of the Executive Committee	✓	✓	✓	✓	✓	✓
Ahmed Shafer Al Tabbaa	Executive Committee Member	✓	✓	✓	✓	✓	✓
Mohamed Maher Alghannam	Executive Committee Member	✓	✓	✓	✓	✓	✓
*Taghreed Al-Shannar	Executive Committee Member	✓	✓	✓	✓	✗	✗

\*Resigned on 13/07/2025

## Audit Committee

The Audit Committee was established in accordance with Article (51) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA). The formation of the Audit Committee was approved by the Ordinary General Assembly in its meeting held on 15/11/1443 (corresponding to 14/06/2022).

The term of the Audit Committee begins at the start of the Board of Directors' term and ends at the conclusion of the Board's term. Additionally, the Extraordinary General Assembly, in its meeting held on (26/11/1444) corresponding to (15/06/2023), approved the updated charter of the Committee, defining its roles, procedures, and members' remuneration.

### Audit Committee Members

Name	Position	Board Member / Non-Board Member
Faisal Sulamin Aljamaan	Chairman of the Audit Committee	Board Member
Omar Mohammed Saib Aljaroudi	Audit Committee Member	Board Member
Yinal Mowafaq Al-Soudi	Audit Committee Member	Non-Board Member

### Roles and Responsibilities of the Audit Committee:

The Audit Committee is responsible for overseeing and ensuring the accuracy and integrity of the Company's financial reports, financial statements, and internal control systems. It reviews the interim and annual financial statements before submission to the Board of Directors and provides its views and guidance thereon. The Committee also reviews the external auditor's observations on the financial reports and statements, examines the external audit plan, and provides its comments thereon. In addition, the Audit Committee conducts periodic assessments to evaluate the efficiency and effectiveness of control activities and ensure compliance with applicable laws and regulations. The Committee's specific responsibilities include the following:



## Audit Committee Meetings

Member Name	Position	Meeting						
		Meeting (1) 21/01/2025	Meeting (2) 12/03/2025	Meeting (3) 18/03/2025	Meeting (4) 08/05/2025	Meeting (5) 05/08/2025	Meeting (6) 13/08/2025	Meeting (7) 02/11/2025
Faisal Sulamin Aljamaan	Chairperson of the Audit Committee	✓	✓	✓	✓	✓	✓	✓
Omar Mohammed Saib Aljaroudi	Audit Committee Member	✓	✓	✓	✓	✓	✓	✓
Yinal Mowafaq Al-Soudi	Audit Committee Member	✓	✓	✓	✓	✓	✓	✓

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed pursuant to a resolution of the Board of Directors in its meeting held on 19/02/2023. Additionally, the Ordinary General Assembly, in its meeting held on 13/09/2023, approved the Committee's Charter, which defines its roles, operational guidelines, and members' remuneration. The Nomination and Remuneration Committee is responsible for overseeing and providing recommendations to the Board regarding Board membership nominations in accordance with approved policies and standards, as well as developing clear policies for compensation and remuneration for Board members, sub-committees, and senior executives, and reviewing them periodically.

### Nomination and Remuneration Committee Members

Name	Position	Board Member / Non-Board Member
Omar Mohammed Saib Aljaroudi	Chairman of the NRC	Member from the Board
Ahmed Shafer Al Tabbaa	Committee Member	Member from the Board
Yinal Mowafaq Al-Soudi	Committee Member	Member from outside the Board

**Roles and Responsibilities of the Nomination and Remuneration Committee:**

1. Developing a clear remuneration policy for members of the Board of Directors, Board committees, and executive management, and submitting it to the Board of Directors for consideration prior to presenting it to the General Assembly for approval, provided that the policy takes into account performance-related standards, disclosure requirements, and verification of its implementation.
2. Periodically review the remuneration policy and assess its effectiveness in achieving the intended objectives.
3. Recommend to the Board the remuneration of Board members, sub-committee members, and senior executives in accordance with the approved policy.
4. Propose clear policies and criteria for Board membership and executive management.
5. Recommend to the Board the nomination and re-nomination of its members in accordance with approved policies and criteria.
6. Prepare a description of the skills and qualifications required for Board membership and executive management positions.
7. Determine the time each Board member should dedicate to Board affairs.
8. Conduct an annual review of the necessary skills and experience required for Board membership and executive management positions.
9. Review the structure of the Board and executive management and provide recommendations for potential changes.
10. Conducting an annual verification of the independence of independent Board members and ensuring that no conflict of interest exists where a member holds board membership in another company.
11. Develop job descriptions for executive, non-executive, independent members, and senior executives.
12. Establish procedures in the event of a vacancy in a Board or executive management position.
13. Identify strengths and weaknesses within the Board and propose solutions to address them in alignment with the Company's best interests.

**Nomination and Remuneration Committee Meetings:**

Member Name	Position	Meeting						
		(1) Meeting 26/01/2025	(2) Meeting 02/02/2025	(3) Meeting 16/04/2025	(4) Meeting 08/05/2025	(5) Meeting 31/08/2025	(6) Meeting 03/11/2025	(7) Meeting 09/11/2025
Omar Mohammed Saib Aljaroudi	Chairperson of the Nomination and Remuneration Committee	✓	✓	✓	✓	✓	✓	✓
Ahmed Shafer Al Tabbaa	Committee Member	✓	✓	✓	✓	✓	✓	✓
Yinal Mowafaq Al-Soudi	Committee Member	✓	✓	✓	✓	✓	✓	✓



## Remuneration Policy for Board Members, Committees, and Executive Management

### 1- Board Members' Remuneration

The remuneration of the members of the Board of Directors in the Company consists of a specified amount, or an attendance allowance for meetings, or an expense allowance, or in-kind benefits, or a percentage of profits. And It is permissible to combine two or more of these benefits, provided that this does not exceed what is stipulated in the Companies Law and its regulations, in accordance with the schedule included in this policy and any subsequent amendments to that schedule. Such remuneration shall be approved in accordance with the applicable regulations.

Such remuneration may vary in amount in light of a policy issued by the Remuneration and Nomination Committee and approved by the General Assembly. The annual report of the Board of Directors to the General Assembly of shareholders must include a comprehensive statement of all remuneration, expense allowances, and other benefits received by the members of the Board during the financial year. It must also include a statement of what Board members received in their capacity as employees or executives, or in consideration for technical, administrative, or consultancy services (if any). It shall also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last General Assembly meeting.

#### Statement of the details of the remuneration of Board members

Attendance allowance per meeting	None
Additional allowance (travel and transportation) for those from outside Riyadh	None
Annual fixed remuneration for each Board member	250,000 ٫
Annual fixed remuneration for the Chairman of the Board	350,000 ٫

- **Profit-related remuneration:** If this option is approved, a specific percentage of net profits shall be determined based on a recommendation from the Remuneration and Nomination Committee in the event that the Company achieves profits after fulfilling the statutory conditions and requirements, taking into account the Implementing Regulations of the Companies Law.
- The amount of the annual fixed remuneration for a Board member referred to above may be reviewed from time to time based on a recommendation from the Remuneration and Nomination Committee in light of performance-related variables, subject to obtaining the approval of the General Assembly of shareholders.

### 2- Board Members' Remuneration

The Board of Directors shall determine and approve the membership remuneration, attendance allowances, and other entitlements based on a recommendation from the Remuneration and Nomination Committee. The membership remuneration for the committees formed by the Board of Directors shall consist of an annual fixed amount (and attendance allowances and other entitlements as specified in this policy and according to the following table:

Single session attendance allowance	None
Annual fixed amount for a single member	٫150,000
Annual fixed allowance determined after evaluation by the Nominations and Rewards Committee for owners of specialized expertise from subcommittee members	٫ 50,000

### 3- Executive Management Rewards

The Rewards and Incentives Committee reviews the payroll of all employees and senior executives, as well as savings programs and plans continuously and approves them based on the recommendation of the executive management. Executive management rewards include the following:

- Basic salary (paid at the end of each Gregorian month).
- Allowances include, for example but not limited to, housing allowance, transportation allowance, children's education allowance, and phone allowance.
- Medical insurance for the employee and their family.
- Life insurance policy, including work injuries, partial and total disability, and death during employment.
- Annual bonus linked to performance indicators according to the annual evaluation conducted for this purpose.
- Short-term incentive plans linked to exceptional performance, and long-term incentive plans such as stock option programs (where available).

#### Other expenses and benefits:

- The company bears the cost of travel tickets for board members and committee members residing outside Riyadh.
- The company bears the cost of accommodation and travel tickets for all board members, committees, and executive management in the event of a meeting held outside Riyadh.
- All travel tickets (round-trip) for board members and committees are of first class or business class, providing the best possible domestic transportation according to availability.

## **General Standards for Compensation.**

It is the responsibility of the Compensation and Nomination Committee to recommend to the Board the compensation for Board members, committee members, and senior executives in the company, in accordance with the approved standards, as follows:

- The compensations shall be proportional to the company's activities and the skills required to manage it.
- Taking into account the link between the variable portion of compensation and long-term performance.
- Ensuring that the company aligns compensations with its strategy and objectives, as well as with its size, nature, and level of risk.
- Considering practices of other companies and prevailing labor market conditions in determining compensations, while avoiding any unjustified increases in rewards and benefits.
- Determining compensations based on job level, assigned duties and responsibilities, academic qualifications, practical experience, skills, and performance level.
- That the compensations be fair and proportional to the member's specializations, tasks, and responsibilities undertaken by the members of the Board of Directors or committees, in addition to the specific objectives set by the Board of Directors intended to be achieved during the financial year.
- Taking into account the sector in which the company operates, its size, and the experience of the Board members.
- That the compensations be sufficient in a reasonable manner to attract Board members with appropriate competence and experience, motivate them, and retain them.
- It is permissible for Board members' compensations to vary in amount to reflect the member's experience, specialization, assigned tasks, independence, and the number of sessions attended, as well as other considerations.
- Payment or recovery of the compensation shall be suspended if it becomes apparent that it was determined based on inaccurate information provided by a member of the company's Board or the Executive Management, or based on regulations and relevant financial market authority rules. This is to prevent exploitation of the position to obtain undeserved compensations.
- In the case of developing a share grant program in the company for Board members, Executive Management, and their employees, whether by issuing new shares or shares already purchased by the company, this shall be under the supervision of the Compensation and Nomination Committee and in accordance with the Articles of Association.

## **The Relationship Between the Granted Remuneration and the Applicable Remuneration Policy**

- The granted remuneration is in line with the approved remuneration policies.
- The principles and criteria related to the calculation and entitlement of remuneration have been taken into consideration



**Statement of Board Members' Remuneration:**

Board Members	Fixed Remuneration							Total									
	Annual Remuneration	Specified Monetary Amount	Total Committee Meeting Attendance Allowance	Total General Assembly Attendance Allowance	Remuneration for Technical, Administrative, and Advisory Work	In-Kind Benefits	Percentage of Profits		Periodic Remuneration	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares	Expenses	Total	End-of-Service Remuneration	Total Amount	Expense Allowance
<b>Non-Executive – Non-Independent Member</b>								<b>Non-Executive – Non-Independent Member</b>									
Ahmed Shafer Al Tabbaa	350,000						350,000								350,000		
<b>Total</b>	<b>350,000</b>						<b>350,000</b>								<b>350,000</b>		
<b>Non-Executive – Independent Member</b>								<b>Non-Executive – Independent Member</b>									
Hisham Attar	250,000						250,000								250,000		
Faisal Sulamin Aljamaan	250,000						250,000								250,000		
Omar Mohammed Saib Aljaroudi	250,000						250,000								250,000		
<b>Total</b>	<b>750,000</b>						<b>750,000</b>								<b>750,000</b>		
<b>Executive – Non-Independent Member</b>								<b>Executive – Non-Independent Member</b>									
Mohamed Maher Alghannam	250,000						250,000								250,000		
<b>Total</b>	<b>250,000</b>						<b>250,000</b>								<b>250,000</b>		
<b>Total Amount</b>	<b>1,350,000</b>						<b>1,350,000</b>								<b>1,350,000</b>		

**Statement of Remuneration Paid to the Top Five Senior Executives:**

		Amount (S)
Fixed Remuneration	Salaries	5,050,431.67
	Allowances	2,352,014.87
	In-Kind Benefits	-
<b>Total</b>		<b>7,402,446.54</b>
Variable Bonuses	Periodic Bonuses	4,004,425.00
	Profits	-
	Short-Term Incentive Plans	-
	Long-Term Incentive Plans	-
	Granted Shares	-
<b>Total</b>		<b>4,004,425.00</b>
End-of-Service Benefits		-
Total Executive Board-Related Bonuses, If Any		330,000.00
<b>Grand Total</b>		<b>11,406,871.54</b>

**Details of any agreement or arrangement under which any Board member or senior executive has waived any remuneration due to them**

There are no arrangements or agreements under which any Board member or any senior executive has waived any salaries or remuneration.

**Statement of Remuneration for Board Committees' Members:**

Member Name	Fixed Remuneration (Excluding Meeting Attendance)	Meeting Attendance Allowance	Total
<b>Audit Committee Members</b>			
Faisal Sulamin Aljamaan	150,000	-	150,000
Omar Mohammed Saib Aljaroudi	150,000	-	150,000
Yinal Mowafaq Al-Soudi	150,000	-	150,000
<b>Total</b>	<b>450,000</b>	<b>-</b>	<b>450,000</b>
<b>Nomination and Remuneration Committee Members</b>			
Omar Mohammed Saib Aljaroudi	150,000	-	150,000
Ahmed Shafer Al Tabbaa	150,000	-	150,000
Yinal Mowafaq Al-Soudi	150,000	-	150,000
<b>Total</b>	<b>450,000</b>	<b>-</b>	<b>450,000</b>
<b>Executive Committee Members</b>			
Ahmed Shafer Al Tabbaa	150,000	-	150,000
Hisham Attar	150,000	-	150,000
Mohamed Maher Alghannam	150,000	-	150,000
Taghreed Al-Shannar*	100,000	-	100,000
<b>Total</b>	<b>550,000</b>	<b>-</b>	<b>550,000</b>

\* Resigned on 13/07/2025

## Shareholders

### General Assembly Meetings of Shareholders During 2025

No.	Member Name	Position	Meeting Date 29/05/2025
1	Ahmed Shafer Al Tabbaa	Chairperson of the Board	✓
2	Hisham Mohammed Attar	Vice Chairperson of the Board	✓
3	Faisal Sulamin Aljamaan	Board Member	✓
4	Omar Mohammed Saib Aljaroudi	Board Member	✓
5	Mohamed Maher Alghannam	Chief Executive Officer and Managing Director	✓

### Number of the Company's requests for shareholders' records, their dates, and reasons.

Number	Request Date	Reason for Request
1	07/05/2025	Cash Dividend Distribution
2	29/05/2025	General Assembly of Shareholders
3	30/06/2025	External Auditor
4	02/07/2025	External Auditor

### Penalties and Sanctions

Details of any penalties or preventive measures imposed by regulatory or judicial authorities on the Company, including an explanation of the reasons for the violation, the authority responsible for imposing the penalty, and the steps taken to rectify the situation and prevent recurrence in the future.

No penalties, preventive measures, or sanctions were imposed on the Company during the year 2025 .



## The Means Adopted by the Board of Directors to Evaluate Its Performance, as well as the Performance of Its Committees and Members

The Extraordinary General Assembly, in its meeting on 30/6/ 2024, approved the Charter of the Nomination and Remuneration Committee, which aims to assist the Board in evaluating its performance, the performance of its committees and executive management, identifying strengths and weaknesses, and proposing solutions to address them in alignment with the Company's best interests.

### Internal Audit

#### Results of the annual assessment of the effectiveness of the Company's internal control procedures, including the Audit Committee's opinion on the efficiency and adequacy of the internal control system

The Audit Committee conducts periodic oversight of the Company's internal audit activities to ensure the overall adequacy and effectiveness of the internal control system, particularly regarding the fairness of the financial statements, providing continuous evaluation of the internal control system and following up on any observations and addressing them.

This aligns with the Board of Directors' objective of obtaining reasonable assurance regarding the soundness and effectiveness of the Company's internal control, financial performance, and risk management systems. Based on the results of the annual assessment of the effectiveness of internal control procedures, nothing has come to the attention of the Audit Committee that would lead it to believe there is a material deficiency requiring disclosure. This provides the Audit Committee with acceptable assurance of the effectiveness and efficiency of the internal control system.

Since no party can provide an absolute opinion on any internal control system, the Company, under the supervision of the Audit Committee, continues periodic evaluation and review of the control system to ensure the achievement of internal control objectives, improve operational efficiency and effectiveness, and ensure compliance with applicable laws and regulations.

### Audit Committee Recommendations

**The Audit Committee's opinion regarding the appointment of an internal auditor for the Company, if the Committee issued a recommendation on this matter during the previous financial year.**

No internal auditor was appointed during 2025.

**Recommendations of the Audit Committee that conflict with the Board of Directors' decisions, or those that the Board has refused to adopt regarding the appointment and dismissal of the company's external auditor, determination of their fees, evaluation of their performance, or the appointment of the internal auditor, along with the rationale for these recommendations and the reasons for not adopting them.**

There is no conflict between the Audit Committee's recommendations and the Board of Directors' decisions.

## Subsidiaries

**The name of each subsidiary, its capital, the Company's ownership percentage, its main activity, the country of its main operations, and the country of its incorporation.**

Company Name	Capital	Ownership Percentage	Main Activity	Place of Operations	Place of Incorporation
Avalon Pharma UK Holdings Limited	1 (GBP)	100% Direct	Manufacturing of pharmaceuticals, medical and non-medical creams, and ointments	United Kingdom	United Kingdom

### Details of Shares and Debt Instruments Issued by Each Subsidiary

No shares or credit instruments have been issued by any subsidiary.

### The Company's Key Strategic Plans and Decisions

To strengthen its leadership position in the Saudi market, Avalon Pharma adopts a developmental strategy aimed at maximizing revenue from its current project portfolio, in addition to expanding this portfolio by launching new brands in fast-growing sectors with limited competition, while seeking to extend its geographical presence by entering new markets outside the Kingdom.



## Information on Risks Facing the Company (Operational, Financial, or Market-Related) and Policies for Their Management and Monitoring

The main risks facing the Company and the policies followed to manage and monitor them are as follows:

- Financial Risks:** These include liquidity risk, credit risk, and fluctuations in interest rates. They are monitored through periodic reporting, cash flow forecasting, and oversight by the Finance Department or Executive Management.
- Market Risks:** Includes competition, changes in customer demand, and economic or regulatory changes. These are monitored through regular market and competitor analysis and continuous strategy updates.
- Compliance and Regulatory Risks:** Includes adherence to local and international laws and regulations. Monitoring is done through compliance programs, periodic follow-up, and continuous employee training.
- Information Technology and Cybersecurity Risks:** These include cyberattacks, data loss, and system disruptions. They are managed through stringent security controls, periodic backup procedures, and continuous security testing.

### Risk Factors

The Board of Directors of Avalon Pharma adopts well-considered measures to address various risks that may affect the Company's operational and production performance. The Board seeks to strengthen a culture of awareness among all relevant parties within the Company, ensuring full understanding of their responsibilities. At the same time, the Company continues to enhance internal control effectiveness and implement corporate governance measures according to the highest standards of transparency.

The Company's risk management policy is based on the following principles:

- Effective self-monitoring.**
- Sense of responsibility.**
- Accuracy and transparency.**
- Initiative**

### Risk Management Mechanis:

In pursuit of achieving the highest possible efficiency in risk management while maintaining a balance between achieving objectives and preserving value and sustainability, the Company follows the following mechanism:

- Identification of Potential Risks and Identify all potential risks facing the Company, including financial, operational, environmental, and other types of risks.
- Risk Assessment: Measure the impact of risks and the likelihood of their occurrence, then classify risks according to priority as high, medium, or low.
- Development and Implementation of Risk Management Strategies: Determine appropriate control measures to mitigate the impact of risks, reduce their likelihood, and allocate the necessary resources to implement these strategies.

### Description of the Dividend Distribution Policy

The Company distributes its annual net profits according to the following policy:

- The General Assembly, based on the Board of Directors' proposal, may allocate a portion of the net profits to form a statutory reserve and designate it for purposes determined by the Assembly.

- The General Assembly may also decide to establish other reserves to the extent that serves the Company's interest or ensures the distribution of as consistent a dividend as possible to shareholders. The Assembly may additionally deduct amounts from the net profits to establish social institutions for the Company's employees or to support existing such institutions.
- The Company's cash position and capital adequacy ratios are reviewed, and if sufficient, a first installment of up to 50% of the distributable net profits may be paid to shareholders.
- The Board of Directors may distribute interim dividends during the year based on the Company's results, retained earnings balance, liquidity position, and future cash flow requirements, after obtaining an annual authorization from the General Assembly.
- Dividend distribution is restricted to accumulated retained earnings from previous years or distributable reserves formed from profits, or both. The Company must consider the sequence and regularity of distribution based on the available capacity and liquidity. The Board of Directors is required to disclose and announce the regular dividend percentages decided for distribution to shareholders on their scheduled dates.

### Dividends Distributed to Shareholders

The Percentage of Dividends Distributed to Shareholders During Different Periods of the Financial Year, in Addition to the Proposed Dividend Percentage at the End of the Financial Year and the Total Dividends.

Financial Indicator	31 December 2022 (¥)	31 December 2023 (¥)	31 December 2024 (¥)	31 December 2025 (¥)
Net Profit for the Year / Period	59,451,749	65,827,349	79,848,920	97,009,465
Earnings per Share (EPS)	2.97	3.29	3.99	4.85
Declared Dividends	36,347,454	36,000,000	15,000,000	47,000,000
Dividends Paid	(36,347,454)	(36,000,000)	(15,000,000)	(46,979,517)
Total Retained Earnings	23,104,295	29,827,349	64,848,920	50,029,948
Ratio of Declared Dividends to Net Profit for the Year / Period	61%	55%	19%	48%

### Details of Any Agreement or Arrangement Under Which Any Shareholder of the Company Has Waived Their Dividend Rights.

There are no arrangements or agreements under which any of the Company's shareholders have waived their dividend rights.

### If the Board of Directors has recommended replacing the external auditor before the end of its term, the report must clarify this and state the reasons that prompted such a recommendation

No requests were made to replace the external auditor during the year, as the General Assembly of Shareholders held in May 2025 approved the appointment of Ernst & Young Professional Services to audit the preliminary financial statements for the second and third quarters of 2025, review the annual financial statements for 2025, and audit the preliminary financial statements for the first quarter of 2026, following the expiry of the engagement term of the previous external auditor, KPMG.

## Board of Directors' Declarations

### The Board of Directors of the Company acknowledges the following:

1. The Company's account records have been properly prepared.
2. The internal control system has been established on sound foundations and implemented effectively.
3. There are no doubts about the Company's ability to continue as a going concern.
4. The Company has no transactions or contracts with any related party.
5. There are no competitive activities conducted by the Company or any of its business branches by any member of the Board of Directors.
6. There is no conflict between the Audit Committee's recommendations and the Board's decisions regarding the appointment of the Company's auditor and determination of its fees for the financial year 2025.
7. The Company's consolidated financial statements for the financial year 2025 have been prepared in accordance with the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
8. No shares or debt instruments have been issued to any subsidiary.
9. The Company does not hold any interest in the voting shares of persons (other than the Company's Board members, senior executives, and their relatives) who notified the Company of such holdings in accordance with Article 85 of the Securities Offering and Continuing Obligations Rules, nor any changes in such holdings during the last financial year.
10. The Company does not own any class or number of convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights issued or granted by the Company during the financial year.
11. The Company does not possess any conversion or subscription rights under convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights issued or granted by the Company.
12. There are no arrangements or agreements under which any Board member or executive officer has waived any salaries or compensation.
13. There are no arrangements or agreements under which any of the Company's shareholders have waived their dividend rights.
14. No investments or reserves have been established for the benefit of the Company's employees.
15. The Board of Directors has not issued any recommendation to replace the auditor before the end of their term.
16. No treasury shares are owned.
17. No transactions were conducted between the Company and any related party, nor any dealings between the Company and any related party.
18. The internal auditor's report did not include any reservations on the Company's annual financial statements.
19. There were no redemptions, purchases, or cancellations by the Company or any of its subsidiaries of any redeemable debt instruments.
20. No interests, contractual securities, or subscription rights are held by the members of the Company's Board of Directors, senior executives, or their relatives in the shares or debt instruments of the Company or any of its subsidiaries.

## The Company's Financial Statements for the Fiscal Year Ended 31 December 2025

Reviewing and discussing the Company's financial statements for the fiscal year ended 31 December 2025.



The Company's Financial Statements for the Fiscal Year Ended 31 December 2025



