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Press Release

Middle East Pharmaceutical Industries Company ("Avalon Pharma") Announces the Final Offer Price

Riyadh, Saudi Arabia - 24 January 2024 - Middle East Pharmaceutical Industries Company ("**Avalon Pharma**" or the "**Company**", or the "**Issuer**"), one of the fastest growing home-grown pharmaceutical manufacturing companies in the Kingdom of Saudi Arabia ("**KSA**" or the "**Kingdom**"), today announces the successful completion of the book-building process for participating parties and the Final Offer Price ("**Final Offer Price**") for the Company's Initial Public Offering ("**IPO**" or the "**Offering**").

The Final Offer Price for the Offering has been set at SAR 82 per share, implying a market capitalization of SAR 1.64 billion (USD 437.33 million) at listing. The recorded orders during the institutional book-building stood at around SAR 68.27 billion (USD 18.21 billion), representing a coverage of 138.76 times.

The retail subscription period will last for 3 days, commencing on Tuesday 30 January 2024 and ending on Thursday 1 February 2024.

The Company's prospectus includes all details of the IPO - for additional details please visit the Company's IPO website "ipo.avalonpharmaceutical.com" or the website of the financial advisor "www.aldukheil.com.sa" or the website of CMA "www.cma.org.sa".

BACKGROUND TO THE OFFERING

- On **6 December 2023**, the Capital Market Authority ("**CMA**") approved the Company's application for the offering of 6,000,000 shares (the "**Offer Shares**"), representing 30% of the Company's issued share capital, by way of a sale of existing shares by selling shareholders.
- With respect to the Offering, the Company has appointed Aldukheil Financial Group ("**Aldukheil**") to act as Financial Advisor and Bookrunner ("**Financial Advisor and Bookrunner**").
- Alinma Investment has been appointed as Lead Manager ("**Lead Manager**"), and Alinma Bank and SNB have been appointed as receiving agents (collectively, the "**Receiving Agents**").
- The CMA and Saudi Exchange approvals have been obtained for the offering and listing as outlined below:
 - Avalon Pharma to register its shares and offer of 6,000,000 Ordinary Shares representing 30% of the Company's issued share capital of 20,000,000 shares by way of a sale by the current shareholders.
 - The Shares will be listed on the Main Market of the Saudi Exchange following the completion of the Offering and listing formalities with the CMA and Saudi Exchange.
- The Current Shareholders are subject to a lock-up period of six months, which will begin from commencement of trading of the Shares on the Saudi Exchange.

The Offer Shares will be offered for subscription to two tranches of investors:

Tranche A: Participating Parties: this tranche comprises of investors eligible to participate in the book-building process in accordance with instructions for Book-building Process and Allocation Method in Initial Public Offerings as issued by the Capital Market Authority ("**CMA**"). The number of shares to be provisionally allocated to the Participating Parties is 6,000,000 shares, representing 100% of the total number of Offer Shares. The final allocation will take place after the end of the Individual Investors' (as defined in Tranche B below) subscription period. In case of sufficient demand and in the case that Individual Investors subscribe to all of the Offer Shares allocated thereto, the Bookrunner shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of 5,400,000 shares, representing ninety percent 90% of the total Offer Shares. The number and percentage of the Offer Shares allocated to the Participating Parties shall be determined by the Financial Advisor in consultation with the Company, using the discretionary allocation mechanism.

Tranche B: Individual Investors: this tranche comprises of Saudi Arabian natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or for the benefit of her minor children, provided she proves that she is divorced or widowed and the mother of her minor children, as well as any non-Saudi natural person residing in the Kingdom, or citizens of GCC states who have a bank account with one of the Receiving Agents and are entitled to open an investment account with a Capital Market Institution. Any subscription of a person for the benefit of their divorcee shall be deemed null and void and if it is proven that a transaction

of this nature has occurred, the law shall be applied against the applicant. If a duplicate subscription is made, only one of the subscriptions will be considered. A maximum of 600,000 Offer Shares shall be allocated to Individual Investors, equivalent to 10% of the total Offer Shares. If Individual Investors do not subscribe to the full number of Offer Shares allocated thereto, the Bookrunner has the right to reduce the number of shares allocated to Individual Investors in accordance with the number of shares subscribed for by them.

-ENDS-

For further information, please contact:

Company	Role	Contact
Avalon Pharma	Issuer	Fayez Awadeh Fayez.awadeh@avalon.com.sa
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FGS Global	Media and Communications Advisor	Daniel Yea AvalonIPO@fgsglobal.com

Alinma Investment	Lead Manager
Alinma Bank and SNB	Receiving Entities

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The Offering and the distribution of this announcement and other information in connection with the Offering may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes must inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute an offer to sell the securities of the company referred to or an invitation to buy them by any person in any jurisdiction in which such an offer or invitation would be unlawful. The offer and sale of the shares referred to in the announcement have not been and will not be registered under the applicable securities laws of any country except the Kingdom of Saudi Arabia.

This announcement is being distributed subject to the provisions of the Rules on the Offer of Securities and Continuing Obligations ("**OSCO Rules**") issued by the CMA and should not result in any binding undertakings to acquire shares or subscribe in the Offering. This announcement is for

information purposes only and under no circumstances shall constitute an offer or invitation, or form the basis for a decision, to invest in any securities of the Company. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the Offer Shares on the basis of the CMA approved, issued, and published Arabic language prospectus (the "**Prospectus**"). The information in this announcement is subject to change. In accordance with Article 51 (d) of the OSCO Rules, the Prospectus is available on the websites of the Company at www.avalonpharmaceutical.com, the Financial Advisor at www.aldukheil.com.sa, and the CMA at www.cma.org.sa.

This announcement is not an offer document for the purposes of the OSCO Rules and should not be construed as such. The CMA and the Saudi Exchange do not take any responsibility for the contents of this announcement, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "aim", "anticipate", "believe", "can", "consider", "could", "estimate", "expect", "forecast", "intend", "may", "ought to", "potential", "plan", "projection", "seek", "should", "will", "would", or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward-looking statements or contained in projections, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. Forward-looking statements speak only as of the date they are made. Each of the Company, the Joint Financial Advisors, and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your investment decisions on the Company's intentions in relation to the Offering. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person as their respective client, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor nor any of its respective affiliates, directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.
