



Audit Committee Report to General Assembly of SPIMACO for fiscal year 2025

Shareholders of Saudi Pharmaceutical Industries and Medical Appliances

Peace be upon you and God's mercy and blessings

Pursuant to the requirements of the Companies Law, the Corporate Governance Regulations issued by the Capital Market Authority, and the Audit Committee Charter of Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO), the Audit Committee is pleased to present its report to the General Assembly for the fiscal year ended 31 December 2025.

Introduction:

The Audit Committee assists the Board of Directors in discharging its oversight responsibilities with respect to the integrity of the Company's financial reporting, the adequacy and effectiveness of internal controls, the performance and independence of the external auditor, the effectiveness of the internal audit function, and the Company's compliance with applicable laws, regulations, and internal policies.

During 2025, the Committee performed its duties in accordance with its approved Charter and the relevant regulatory requirements. In carrying out its responsibilities, the Committee reviewed periodic financial statements, internal and external audit matters, internal control and compliance updates, and significant matters raised by management, Internal Audit, Compliance, and the external auditor.

Management remains primarily responsible for preparing the financial statements, establishing and maintaining effective internal controls, managing risks, and ensuring compliance with applicable laws and regulations. The role of the Audit Committee is to provide oversight and submit its recommendations to the Board of Directors in relation to these matters.

The formation and meetings of the committee:

The Audit Committee was formed pursuant to the resolution of the General Assembly of the Company for its current term.

During the year 2025, the Committee held **9** meetings. During the year, changes took place in the membership of the Committee. Accordingly, the membership and attendance are presented below in two separate tables for clarity.



1) Former Members of the Audit Committee and attendance (Term # 12 ended on 2nd April 2025)

Committee Member	Position	Tenure / Status During 2025	Meetings Attended	Meetings During Tenure	Attendance
Mr. Khalid bin Abdulrahman Al-Gwaiz	Committee Chairman (12)	Served until end of 12th term	2	2	100%
Dr. Fahad bin Abdulaziz Al-Rabiah	Member	Served until end of 12th term	2	2	100%
Dr. Khalid bin Dawood Al-Faddagh	Member	Served until end of 12th term	2	2	100%
Ms. Kholoud bint Abdulaziz Al-Dakhil	Member	Continued throughout the year	2	2	100%
Dr. Abdullah bin Sghair Al-Husseini	Member	Served until end of 12th term	2	2	100%

2) Current Members of the Audit Committee and Attendance (Term # 13 started on 3rd April 2025)

Committee Member	Position	Tenure / Status During 2025	Meetings Attended	Meetings During Tenure	Attendance
Mr. Farhan bin Waleed Al-Buainain	Committee Chairman (13)	Appointed during the year / 13th term	7	7	100%
Mr. Khalid bin Ibrahim Al-Rabiah	Member	Appointed during the year / 13th term	7	7	100%
Mr. Khaldoon bin Abdullah Al-Fakhry	Member	Appointed during the year / 13th term	7	7	100%
Mr. Obaid bin Salem Al-Qurashi	Member	Appointed during the year / 13th term	7	7	100%
Ms. Kholoud bint Abdulaziz Al-Dakhil	Member	Continued throughout the year	7	7	100%

Main Activities of the Audit Committee During 2025

During 2025, the Committee carried out its responsibilities within its mandate. The principal activities undertaken by the Committee included the following:

Financial Reporting Oversight

The Committee reviewed the Company's interim and annual financial statements prior to their submission to the Board of Directors and discussed them with management and the external auditor. In doing so, the Committee considered the fairness, integrity, and adequacy of presentation and disclosure in the financial



statements in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia.

The Committee also reviewed significant accounting policies, key judgments, material accounting estimates, and matters that could have a material impact on the Company's financial reporting. Based on such review, the Committee submitted its recommendations to the Board of Directors regarding the annual financial statements for the year ended 31 December 2025 for onward submission to the General Assembly.

In addition, the Committee recommended to the Board of Directors the approval of the Finance Management Policy.

External Auditor Oversight

The Committee reviewed the scope of work, audit plan, independence, and objectivity of the external auditor, and verified that the external auditor did not provide services that could impair independence except as permitted under the applicable laws and regulations and subject to appropriate review and approval.

The Committee discussed the external auditor's reports, findings, and recommendations, and followed up with management regarding the actions taken to address the matters raised. The Committee also reviewed any significant issues, limitations, or challenges encountered by the external auditor in the course of the audit.

Following this review, and in accordance with the applicable governance and regulatory requirements, the Audit Committee recommended the renewal of the appointment of KPMG Professional Services as the Company's external auditor for a period of two years commencing from the second quarter of 2025 until the first quarter of 2027, and submitted its recommendation to the Board of Directors and the General Assembly for approval.

Internal Audit Oversight

The Committee reviewed the annual internal audit plan and monitored its implementation. It also reviewed Internal Audit reports issued during the year, including observations related to financial, operational, compliance, governance, information technology, and cybersecurity matters.

Further, the Committee monitored management's corrective action plans in response to internal audit observations and followed up on the status of remediation of identified control weaknesses and deficiencies. The Committee also considered the



adequacy of Internal Audit resources, authority, independence, and access to information necessary to perform its responsibilities effectively.

During the year, the Committee also approved the Internal Audit Charter and the Internal Audit Policies and Procedures Manual.

Internal Control, Risk Management, and Compliance Oversight

The Committee reviewed the adequacy of the Company's internal control environment based on management submissions, Internal Audit reports and follow-up updates, compliance reporting, and external auditor observations.

The Committee also met with the relevant responsible functions to review significant compliance and regulatory matters, internal control enhancement initiatives, and key developments affecting the Company's financial, operational, administrative, information technology, and cybersecurity control environment.

Other Matters Within the Committee's Mandate

The Committee reviewed significant matters raised by Internal Audit, management, Compliance, or the external auditor during the year and, where necessary, submitted appropriate recommendations to the Board of Directors. The Committee also followed up key remediation initiatives and improvement programmes intended to strengthen governance, risk management, and internal controls across the Company.

Audit Committee Assessment of the Adequacy and Effectiveness of Internal Controls

The Audit Committee's assessment is based on the information submitted to it during 2025, including management reports, Internal Audit reports and follow-up results, compliance updates, and the observations and reports of the external auditor.

Based on the foregoing, the Committee noted that the Company continued during 2025 to implement initiatives and corrective actions aimed at strengthening its internal control environment across financial, operational, compliance, information technology, and cybersecurity areas. The Committee also noted that progress was achieved in a number of areas during the year, while certain improvement opportunities remained under remediation as of year-end.

Accordingly, and based on the information presented to the Committee and the work performed within its oversight responsibilities, nothing has come to the attention of the Audit Committee that would indicate the existence of material weaknesses in the



Company's internal control system, financial controls, risk management, or compliance-related controls that would require specific disclosure in this report.

The Audit Committee is of the view that the Company's internal control system, financial controls, risk management, and compliance-related controls operated at a generally acceptable level during 2025, while continued management attention and ongoing improvement remain necessary

The Committee further emphasizes that any internal control system, regardless of the quality of its design and operation, can provide reasonable, but not absolute, assurance with respect to the achievement of its objectives.

Closing

The Audit Committee affirms its continued commitment to supporting the Board of Directors in strengthening governance, enhancing the control environment, improving the quality and transparency of financial reporting, and promoting compliance and accountability across the Company.

May Allah grant success.

**Chairman of the Audit Committee
Mr. Farhan bin Waleed Al-Boainain**

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