

**Agenda of the Annual General Assembly meeting for the year 2021 for the shareholders of the Saudi Pharmaceutical Industries and Medical Appliances Corp. (SPIMACO)**

#	Agenda of the Annual General Assembly meeting
1	<b>Vote on the Board Report for the fiscal year ending 31<sup>st</sup> of December 2020.</b>
2	<b>Vote on the Financial Statements for the fiscal year ending 31<sup>st</sup> of December 2020.</b>
3	<b>Vote on the Auditors Report for the fiscal year ending 31<sup>st</sup> December 2020.</b>
4	<b>Vote on releasing Board of Directors members from liability for the fiscal year ending 31<sup>st</sup> December 2020.</b>
5	<b>Vote to use an amount of 7,947,176 SAR from the consensual reserve amounted (41,751,842) SAR to complete the amount allocated for dividend for 2020.</b>
6	<b>Vote on the recommendation of the Board of Directors to pay a dividend, for the fiscal year ending 31<sup>st</sup> of December 2020, of SAR (1) per share totaling SAR 120,000,000 million (This proposed cash dividend represents 10% of the par value of the shares) . The eligibility of cash dividend will be to Shareholders who own the company shares on the eligibility date and enrolled in the Company's register at Securities Depository Center Company (Edaa) by the end of the second trading day of the day of the company's General Assembly, which will be announced later. In case the approval of the fifth item.</b>
7	<b>Vote on paying an amount of (1,800,000) SAR of remuneration to the members of the Board of Directors for the fiscal year ending on December 31, 2020.</b>

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8	<p>Vote on the authorizing the Board of Directors to distribute interim dividends in a semi-annual or quarterly manner for the fiscal year 2021, and to determine the due date and disbursement in accordance with the regulatory controls and procedures issued in implementation of the Companies Law, in line with the company's financial position, cash flows, expansion and investment plans.</p>
9	<p>Vote on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.</p>
10	<p>Vote on the business and contracts concluded between the Company and Arac Healthcare Company (a subsidiary company), which Mr. Faisal Mohammed Shaker has an indirect interest as he is a board member of SPIMACO represents the Company in the Board of Directors of ARAC Healthcare Company. The business and contracts represented in the sales and marketing services by Arac Healthcare Company to the products of SPIMACO on an annual basis. The amount of transactions during 2020 reached SAR 652,013,416 in addition to sales and marketing commission contract of SAR 21,167,073, without preferential terms. (attached)</p>
11	<p>Vote on the business and contracts concluded between Arac Healthcare Company (a subsidiary company) and Dammam Pharmaceutical Company (a subsidiary company) which the Chairman of the Board of SPIMACO, His Excellency Mr. Mohammed Talal Al-Nahas, has an indirect interest as he represents the Company in the Board of Directors of Dammam Pharmaceutical Company, and Mr. Faisal Mohammed Shaker has an indirect interest as he is a board member of SPIMACO represents the Company in the Board of Directors of ARAC Healthcare Company. The business and contracts represented in the sales and marketing services by Arac Healthcare Company to the products of Dammam Pharmaceutical Company on an annual basis. The amount of transactions between both companies during 2020 reached SAR 13,006,198 without preferential conditions. (attached)</p>

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**Vote on the business and contracts concluded between the Company and Riyad Bank. The Chairman of the Board of SPIMACO, His Excellency Mr. Mohammed Talal Al-Nahas has an indirect interest as a member of the Board of Directors of Riyad Bank. The business and contracts represented in the renewal of an Islamic financing contract and credit facilities agreement with Riyad Bank with an amount of SAR 330 million. This is in addition to the different banking treasury transactions through the Company's account at Riyad Bank in the ordinary course of business without preferential conditions. (attached)**



## Audit Committee Report

Gentlemen shareholders of Saudi Pharmaceutical Industries  
and Medical Appliances

Peace be upon you and god's mercy and blessings

- Introduction:

The audit committee is responsible for monitoring the company's activities and verifying the Accuracy and integrity of its reports and financial statements and internal control systems, and this report deals with the work carried out by the Audit Committee during the year 2020 according to the tasks and responsibilities mentioned in the audit committee of SPIMACO, which was prepared in accordance with the requirements of the corporate system and the corporate governance regulation issued by the CMA Board.

- The formation and meetings of the committee:

A committee formed by a resolution of the General Assembly of the company, held during the year 2020 nine meetings, and the following is a summary of the most prominent work carried out by the committee during the year 2020 according to the tasks assigned to it: -

- Study of the offers submitted by the firms of chartered accountants to audit the accounts of SPIMACO company for three consecutive years from the first quarter of 2020 until the end of the first quarter of 2023 and evaluate it technically and commercially according to specific controls, three firms have been nominated (Dr. Mohammed Al Omari & Co. Chartered Accountants, BDO Member, Backer tilly & Co., KPMG Al-Fawzan & Co. after verifying its independence and reviewing its scope of work and contract terms.

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- Meeting with the company's auditor to review his plan and verify that no technical or administrative work is being provided outside the scope of the audit.
- Review of the preliminary consolidated financial statements (Q1, Q2 and Q3) and annual for the year 2020 to verify their fairness and transparency in light of the presentation and disclosure of the information contained in the financial statements in accordance with the international accounting standards accepted and approved by the Kingdom of Saudi Arabia prior to its publication on the company's website at "Tadawul" on the date specified by the CmA in addition to the recommendation to the Board of Directors for approval of the annual consolidated financial statements in preparation for its approval to the General Assembly.
- Review the reports and observations submitted by the external auditor and meet with him to review the financial statements before approving them in order to verify his independence, objectivity, fairness and the effectiveness of the audit process as well as to answer his inquiries and to ensure that there are no obstacles that may affect the conduct of his work.
- Strengthening the internal audit department by appointing a chief executive for the group's internal audit, expanding its scope of work and preparing an internal audit plan involving SPIMACO Pharmaceuticals and its subsidiaries.

Accordingly, the Committee considers that the audit work carried out by the internal audit and external references during the year 2020 showed some improvement, but there is still a weakness in the company's internal control system and still needs further strengthening, and work is under way to improve the existing internal control systems and procedures.

God bless