

Rights Issue and Distribution

FAQ

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<p>1. Can you elaborate on the transaction?</p> <ul style="list-style-type: none"> • The transaction involves three stages consisting of a rights issue of SR 6 billion, which is followed by a capital reduction, and the distribution of Savola's entire stake of 34.52% in Almarai directly to its shareholders. • All three stages will require EGM and regulatory approvals. • Further material details shall be disclosed once available.
<p>2. What will be the impact on Savola's capital structure?</p> <p>Savola aims to strengthen its financial position, pay down its debt, and continue to invest in the growth of its portfolio.</p> <p>The aim is to achieve a more conservative leverage ratio along with a strong and sustainable financial position.</p>
<p>3. What is the rationale of this transaction?</p> <p>The rationale is to unlock value. Over the past years, Savola's market capitalization is approximately equal to the market value of its stake in Almarai.</p>
<p>4. Why is Savola opting for a rights issue?</p> <ul style="list-style-type: none"> • The proceeds will be used to strengthen Savola's financial position, pay down its debt, and invest in the growth of its portfolio companies. • It also enables Savola to distribute its entire stake in Almarai directly to its shareholders after the planned capital reduction.
<p>5. At what valuation will the rights issue be conducted?</p> <p>The exact valuation has not yet been determined and will be communicated to shareholders after securing regulatory approvals.</p>
<p>6. What will be the impact of the rights issue on Savola's shareholders?</p> <ul style="list-style-type: none"> • Participating shareholders in the rights issue will have no dilution in their percentage ownership in Savola. • Non-participating shareholders in the rights issue will have dilution in their percentage ownership in Savola.
<p>7. Can Savola not meet its current debt obligations through existing cashflows?</p> <ul style="list-style-type: none"> • Savola has sufficient cash flows from operations to meet its existing debt obligation and is well within any debt covenants stipulated by its lenders. • The rights issue will enable Savola to strengthen its financial position, pay down its debt, and continue to invest in the growth of its portfolio in addition to enabling the distribution of Almarai shares. • The objective of the distribution of Almarai shares is to unlock value for Savola's shareholders, who will benefit from direct exposure to the growth potential and future dividend capacity of one of the region's leading food manufacturers while continuing to participate in the future growth and value creation of the Savola portfolio.
<p>8. For shareholders not participating in the rights issue, how much will their holdings be diluted?</p> <ul style="list-style-type: none"> • For shareholders not participating in rights issue: <ul style="list-style-type: none"> ○ There will be a dilution in the percentage of their ownership in Savola. ○ They will receive fewer Almarai shares compared to participating shareholders. ○ They will benefit from the opportunity to sell their letter of rights. The value of which will be determined as the transaction progresses.
<p>9. For shareholders not participating in the rights issue, will they still receive Almarai shares?</p> <p>Yes, they will receive Almarai shares but non-participation will result in the receipt of fewer Almarai shares compared to participating shareholders.</p>
<p>10. How and when can we subscribe to the Rights issue?</p> <p>Savola will communicate the full details once it receives the required approvals.</p>
<p>11. Given that Almarai has been a key asset in Savola's portfolio, please explain the rationale for the distribution.</p> <ul style="list-style-type: none"> • Almarai has been the most successful investment for Savola Group to date, with the value of Savola's investment in the company increasing more than 100-fold since the initial investment in 1991. • Historically, the market capitalization of Savola has closely tracked the market value of the stake held by Savola in Almarai. • Going forward, Savola will focus on investing in the growth of its core food and retail businesses and shareholders will continue to benefit from direct exposure to this growth too.

- Savola will also continue to review strategic options to realize value from portfolio companies that demonstrate attractive distribution and monetization potential

12. How is Almarai accounted for in Savola's books?

Almarai is accounted as an investment in associate. Income from Almarai flows within Savola's operating income.

13. How many Almarai shares per Savola share will Shareholders receive?

This will be determined and communicated following the receipt of the relevant regulatory approvals.

14. When and how will shareholders receive the Almarai shares?

- The distribution of Almarai shares is subject to the relevant regulatory and EGM approvals and will take place following the rights issue.
- Further information will be communicated following the required approvals.

15. What is capital reduction?

- A capital reduction is the process of reducing a company's share capital through the cancellation of a certain number of the existing shares.

16. Why are you planning a capital reduction?

- Following the rights issue, Savola will perform a capital reduction at par value, reducing the number of issued shares, which will optimize Savola's capital structure and enable the distribution of Savola's stake Almarai to its shareholders.

17. What is the investment proposition of Savola following the transaction?

- Post transaction, Savola will continue to operate as a strategic investment holding company, operating in the food and retail sectors in the MENAT region.
- Savola's future unique Investment proposition includes:
 - Market-leading diversified FMCG player across the Kingdom and MENAT region.
 - Resilient business model prioritizing resources to focus on core operating business with growth potential.
 - Strong cash flow generation supporting optimized capital structure and shareholder distributions.
 - Support future M&A strategy, to provide for the necessary liquidity to fund acquisitions.

18. What is Savola's future vision for Panda in light of this transaction?

As a strategic investment holding, Savola continues to assess value creation opportunities through organic and inorganic growth avenues and monetization of assets. Panda is a significant part of the Group portfolio. Shedding light on the strategic direction of Panda is relevant to provide a comprehensive view in the light of this transaction. Savola is considering listing of Panda in the future.