



Shareholders' Circular

Savola Group Company

In relation to the Capital Reduction of Savola Group Company of eight billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (8,339,806,840) Saudi Riyals from eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals representing one billion one hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (1,133,980,684) ordinary shares to three billion (3,000,000,000) Saudi Riyals representing three hundred million (300,000,000) ordinary shares by canceling eight hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (833,980,684) ordinary shares

Shareholders' Circular submitted to the Extraordinary General Assembly (the "Circular").

[•]H (corresponding to [•]G)

Financial Advisor



The Company

Savola Group Company

Savola Group Company

Savola Tower - Headquarters

Taha Khusaifan Street, Building No. 2444

Ash Shati District

23511-7333 Jeddah

Kingdom of Saudi Arabia

Phone: +966 (12) 2687800

Fax: +966 (12) 2687828

Website: www.savola.com

Email: CGNour@savola.com



Advisors

Financial Advisor

Riyad Capital

Granada Business 2414, Al Shohda District

Unit No. 69

Riyadh 13241-7279

Kingdom of Saudi Arabia

Phone: +966 (11) 486 5649

Fax: +966 (11) 487 5908

Website: www.riyadcapital.com

Email: ask@riyadcapital.com



Legal Advisor

Baker McKenzie Law Firm

P.O. Box 69103 - Riyadh 11547

Kingdom of Saudi Arabia

Phone: +966 (11) 265 8900

Fax: +966 (11) 265 8999

Website: www.bakermckenzie.com

Email: legal.advisors@bakermckenzie.com



Independent Auditor for the Financial Statements ending on June 30 2024G, and the Independent Limited Assurance Report on the Company's Capital Reduction

KPMG Professional Services (closed joint stock)

Zahrán Business Center

Prince Sultan Street

P.O. Box. 55078

Jeddah 21534

Kingdom of Saudi Arabia

Phone: +966 (12) 2303000

Fax: +966 (12) 2303111

Website: www.kpmg.com.sa

Email: marketingsa@kpmg.com



All the above-mentioned advisors have provided their written consent to the inclusion of their names, logos and statements (as applicable) in the form and content contained in this Circular.



سافولا
SAVOLA

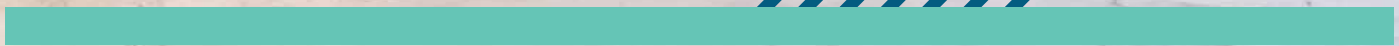


Table of Contents

1.

1.	Terms and Definitions	01
----	-----------------------	----

2.

2.	Purpose of this Circular	04
----	--------------------------	----

3.

3.	Company Overview	06
3.1	Major Developments in the Company's Share Capital	07
3.2	Board Members	09
3.3	Senior Executives.....	10
3.4	Shareholder Names and Ownership Percentages	10
3.5	The Company's Organizational Structure	11

4.

4.	Capital Reduction	13
4.1	Capital Reduction and Distribution of Almarai Stake Procedures	13
4.2	Structure of the Parties Involved in the Capital Reduction.....	14
4.3	General Structure of the Capital Reduction and Distribution of Almarai Stake.....	14
4.4	Reasons for the Board of Directors' Recommendation to Reduce the Share Capital and Management's Discussion and Analysis.....	16
4.5	Impact of the Capital Reduction on the Company's Obligations	16
4.6	Impact of the Capital Reduction on Savola's Total Equity and Equity Accounted Investees	16
4.7	Calculation Method of Share Price after Capital Reduction and Distribution	20

5.

5.	Acknowledgement of Directors	22
----	------------------------------	----

6.

6.	Effective Date of the Capital Reduction Process	24
----	---	----

7.

7.	Potential Risks Associated with the Company's Capital Reduction and Significant Transaction	26
----	---	----

7.1	Risks Related to the Company's Capital Reduction	26
------------	---	-----------

7.1.1	Risks Related to Future Expectations	26
7.1.2	Liquidity Risks	26
7.1.3	Risks Related to Creditor Objections	26
7.1.4	Risks Related to Share Price Fluctuations and the Impact on Fractional Share Compensation	26
7.1.5	Risks Related to Holding a Single Share	26
7.1.6	Risks Related to Near-Term Strategy Implementation	27
7.1.7	Risks Related to Potential Zakat and Tax Liability	27

7.2	Risks Related to the Company's Significant Transaction	27
------------	---	-----------

7.2.1	Risks Related to the Completion of the Significant Transaction	27
7.2.2	Risks Related to Fluctuations in the Market Price of Almarai's Shares Post-Significant Transaction	28
7.2.3	Risks Related to Non-Transferability of Almarai Shares to Savola Shareholders with Inactive Portfolio Accounts or to Shareholders Holding Share Certificates	28

8.

8.	Expected Timeframe for Capital Reduction and Distribution of Almarai Stake	30
----	--	----

9.

9.	Regulatory Approvals Required for Capital Reduction	33
----	---	----

10.

10. Relevant Laws and Regulations

35

11.

11. Auditor Report

37

12.

12. Documents Available for Inspection

39

13.

13. Attachments

41

Tables and Figures

Table (3.1):	Savola's Board Members	09
Table (3.2):	Savola's Senior Executives:	10
Table (3.3):	Savola's Shareholders:	10
Table (4.1):	Savola's Total Equity and Equity Accounted Investees Before and After the Capital Reduction and Distribution*:	17
Table (4.2):	Impact of Capital Reduction and Distribution for a Shareholder with 1,000 Shares:	18
Table (4.3):	Impact of Capital Reduction for a Shareholder owning from 1 to 10 Shares:	19
Table (4.4):	Share Price Calculation Methodology after Capital Reduction and Distribution*	20
Table (6.1):	Stages of the Capital Reduction Process and Distribution of Almarai Stake	24
Table (8.1):	Expected Timeline for Capital Reduction	30

1.

TERMS AND DEFINITIONS

970
705
64432
13763
0424458
058963424

1. Terms and Definitions

Term	Definition
The Company or Issuer or Savola	Savola Group Company.
Almarai	Almarai Company, a Saudi joint stock company with Commercial Registration No. 1010084223 issued in the city of Riyadh on 19/12/1411H (corresponding to 01/07/1991G).
KSA	Kingdom of Saudi Arabia.
EGM	Extraordinary General Assembly of the Company's Shareholders.
CMA	Capital Market Authority of the Kingdom of Saudi Arabia
Tadawul	Saudi Tadawul Company established in accordance with the Council of Ministers Resolution on 29/02/1428H (corresponding to 19/03/2007G) in implementation of the Capital Market Law. It is a Saudi closed joint stock company, and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Exchange or Exchange	Saudi Stock Exchange (for stock trading in the Kingdom of Saudi Arabia).
MoC	Ministry of Commerce in the Kingdom of Saudi Arabia.
Companies Law	The Companies Law promulgated by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
OSCOs	Rules on the Offer of Securities and Continuing Obligations issued by CMA's Board pursuant to the Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), as amended.
Listing Rules	Listing Rules issued by Tadawul and approved by virtue of CMA Board Resolution No. 3-123-2017 Dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Decision No. 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G), as amended.
Capital Reduction	Reduction of the Company's Capital from eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals to three billion (3,000,000,000) Saudi Riyals, and consequently, reducing the number of the Company's shares from one billion one hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (1,133,980,684) ordinary shares to three hundred million (300,000,000) ordinary shares by canceling eight hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (833,980,684) ordinary shares, representing a reduction rate of approximately 73.54% and a reduction ratio of approximately 0.7354 shares for each 1 share.
Compensation	Eligible Shareholders will be compensated with a number of Almarai shares having fair value equivalent to the par value of the Company's canceled shares after adjusting for fractional shares, if any. The number of Almarai shares is contingent on the market value of Almarai's shares on Tadawul as at the Eligibility Date.
Auditor's Report	The independent limited assurance report on the Capital Reduction, which outlines the reasons for the Capital Reduction and its impact on the Company's liabilities.
Circular	This Shareholders' Circular prepared by the Company to its Shareholders in relation to the reduction of the Company's capital.
Creditors Objection Period	The period for creditors to object to the Company's Capital Reduction decision, as stipulated under the Companies Law, and which begins from the date the Company announces the start of the creditors' period and continues for at least 45 days before the date of the general assembly meeting of the Company on the Capital Reduction.
Edaa	The Securities Depository Center.

Term	Definition
Eligibility Date	The date of the EGM on the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction.
Eligible Shareholders	Shareholders holding shares by the end of trading on the day of the EGM on the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction, and those who are registered in the Company's shareholders register at Edaa at the end of the second trading day following the EGM, which will be held on [●]H (corresponding to [●]G).
Almarai Stake	Savola's entire shareholding in Almarai with book value of SAR eight billion, eight hundred and seven million, six hundred ninety-five thousand (8,807,695,000) as at 30 June 2024G, consisting of three hundred forty-five million, two hundred eighteen thousand and two hundred and thirty-six (345,218,236) ordinary shares currently listed on the Exchange representing, at the latest practicable date prior to the date of this Circular, amounting to 34.52% of the share capital of Almarai.
Significant Transaction	The significant transaction consists of the proposed distribution of Savola's entire Almarai Stake. This significant transaction will be implemented (1) through Savola's Capital Reduction; and (2) through the distribution of dividend in-kind from the retained earnings, in accordance with applicable KSA law and regulations and in accordance with the mechanism outlined in Section 4.3 (" General Structure of the Capital Reduction and Distribution of Almarai Stake ") of this Circular.
E-voting	A free e-service for companies listed on the Saudi Exchange, which allows shareholders to exercise their rights to vote on the agenda items of the general assemblies without their presence, in person, through the Tadawulat platform of Edaa.

2. PURPOSE OF THIS CIRCULAR



2. Purpose of this Circular

This Circular has been prepared by the Company to include the necessary information to enable the Company's Shareholders to vote with knowledge and awareness on the Capital Reduction at the EGM.

3. COMPANY OVERVIEW



3. Company Overview

Savola Group Company (hereinafter referred to as the “**Company**” or “**Issuer**” or “**Savola**”) is a Saudi joint stock company, established by virtue of Ministerial Decision No. M/21 dated 29/03/1398H (corresponding to 08/03/1978G) and registered under Commercial Register No. 4030019708 issued in the city of Jeddah on 21/07/1399H (corresponding to 16/06/1979G).

The Company's head office is located in Savola Tower in the city of Jeddah, Taha Kusaifan Street, Building No. 2444, Ashati District, 23511-7333 Jeddah, Kingdom of Saudi Arabia.

The Company's current share capital is eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals divided into one billion one hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (1,133,980,684) ordinary shares with nominal value of ten (10) Saudi Riyals per share. Savola's activities pursuant to its Commercial Register No. 4030019708, dated 21/07/1399H (corresponding to 16/06/1979G) consist of carrying out head office activities.

Savola's activities, as stated in its Bylaws, are to carry out and implement the following purposes:

- a- Head office activities (oversight and management of other units of Savola or establishment).
- b- Production, marketing and sale of vegetable oils and margarine, purchasing and importing all the machinery, machines, appliances, equipment and means of transportation, building and establishing laboratories and factories necessary for the company's purposes and industries, warehouses to preserve, store and display its products, and other aspects that the company needs to use in manufacturing, storage, sale, purchase, import and export and establish other industries complementary to its industries alone or jointly and jointly with other companies, institutions and individuals.
- c- Manufacturing and trading foodstuffs of all kinds, purchasing and importing all the necessary factories, machinery, equipment, materials and means of transportation, as well as building the necessary laboratories and factories to achieve this purpose, and establishing and purchasing warehouses and refrigerators to preserve, store and display products and foodstuffs.
- d- Manufacturing and trading in glass, plastic, metal and paper containers, packaging covers and other packaging tools related to the company's purposes.
- e- Establishing and managing plant and animal farms related to the realization of the company's objects and reclaiming and investing in agricultural lands.
- f- Production of liquid and compound fertilizers, rare elements, and agricultural and industrial disinfectants.
- g- Wholesale and retail trade in food, household, office and school supplies, clothing, electrical appliances, toiletries, perfumes, automotive supplies, equipment, paints, and and trade them through supermarkets.
- h- Establishing and managing supermarkets, whether for the company or for others.
- i- Establishing and managing restaurants and bakeries.
- j- Establishing and managing cold storage warehouses.
- k- Exporting, importing, commercial undertakings and commercial agencies within the scope of the company's activities after being registered in accordance with statutory requirements.
- l- Buying and selling land, real estate and factories necessary to achieve the company's objectives.
- m- Conducting research and studies related to the company's objectives.

Savola may implement and achieve its objectives within the Kingdom and abroad, including free zones inside and outside the Kingdom, in accordance with applicable regulations and after obtaining the necessary licenses from the competent authorities.

Savola conducts its activities through its head office in the city of Jeddah.

The Company has five (5) directly owned Subsidiaries with operational activities, as follows:

- Savola Foods Company (Savola Foods Company has two material subsidiaries, namely Afia International Company and Savola Industrial Investment Company);
- Panda Retail Company;
- Good Food Company (Al Kabeer Group);
- Al Matoun International for Real Estate Investment Holding Company; and
- Herfy Food Services Company.

3.1 Major Developments in the Company's Share Capital

Date	Event
25/05/1412H (corresponding to 01/12/1991G)	The Company listed and registered one million eight hundred thousand (1,800,000) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share on the Saudi Stock Exchange ("Tadawul"), of which one million two hundred thousand (1,200,000) ordinary shares were offered for public subscription for a nominal value of one hundred (100) Saudi Riyals per share, representing 66.66% of the Company's share capital. Upon the listing of the Company on Tadawul, its share capital amounted to three hundred million (300,000,000) Saudi Riyals, divided into three million (3,000,000) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share.
29/11/1416H (corresponding to 17/04/1996G)	The EGM approved the increase of the Company's share capital from three hundred million (300,000,000) Saudi Riyals, divided into three million (3,000,000) ordinary shares to three hundred fifty million (350,000,000) Saudi Riyals divided into three million five hundred thousand (3,500,000) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share, through the grant of one (1) bonus share for each six (6) shares owned by the shareholders registered on the Company's shareholder register.
27/11/1418H (corresponding to 25/03/1998G)	The EGM approved the increase of the Company's share capital from three hundred fifty million (350,000,000) Saudi Riyals divided into three million five hundred thousand (3,500,000) ordinary shares to four hundred million (400,000,000) Saudi Riyals divided into four million (4,000,000) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share, through the grant of one (1) bonus share for each seven (7) shares owned by the shareholders registered on the Company's shareholder register.
11/09/1419G (corresponding to 25/12/1998G)	The EGM approved the increase of the Company's share capital from four hundred million (400,000,000) Saudi Riyals divided into four million (4,000,000) ordinary shares to five hundred fifty million (550,000,000) Saudi Riyals divided into eleven million (11,000,000) ordinary shares with a nominal value of fifty (50) Saudi Riyals per share through the issuance of three million (3,000,000) new shares, for the purpose of acquiring the shares of shareholders of Alazizia Panda United Company by allocating one (1) share for each six (6) shares in Alazizia Panda United Company.
13/09/1420H (corresponding to 21/12/1999G)	The EGM approved the increase of the Company's share capital from five hundred fifty million (550,000,000) Saudi Riyals divided into eleven million (11,000,000) to six hundred twenty-eight million five hundred seventy-one thousand four hundred (628,571,400) Saudi Riyals divided into twelve million five hundred seventy-one thousand four hundred twenty-eight (12,571,428) ordinary shares with a nominal value of fifty (50) Saudi Riyals per share through the grant one (1) bonus share for each seven (7) shares owned by the shareholders registered on the Company's shareholder register.
05/05/1424H (corresponding to 05/07/2003G)	The EGM approved the increase of the Company's share capital from six hundred twenty-eight million five hundred seventy-one thousand four hundred (628,571,400) Saudi Riyals divided into twelve million five hundred seventy-one thousand four hundred twenty-eight (12,571,428) ordinary shares to eight hundred million (800,000,000) Saudi Riyals divided into sixteen million (16,000,000) ordinary shares with nominal value of fifty (50) Saudi Riyals per share through the grant of one (1) bonus share for each 3.6667 shares owned by the shareholders registered on the Company's shareholder register.
29/03/1425H (corresponding to 18/05/2004G)	The EGM approved the increase of the Company's share capital from eight hundred million (800,000,000) Saudi Riyals divided into sixteen million (16,000,000) ordinary shares to one billion (1,000,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares with a nominal value of fifty (50) Saudi Riyals per share through the grant of one (1) bonus shares for each four (4) shares owned by the shareholders registered on the Company's shareholder register.
09/02/1426H (corresponding to 19/03/2005G)	The EGM approved the increase of the Company's share capital from one billion (1,000,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares to one billion two hundred fifty million (1,250,000,000) Saudi Riyals divided into twenty five million (25,000,000) ordinary shares with nominal value fifty (50) Saudi Riyals per share through the grant of one (1) bonus share for each four (4) shares owned by the shareholders registered on the Company's shareholder register.

Date	Event
10/06/1426H (corresponding to 16/07/2005G)	The EGM approved the increase of the Company's share capital from one billion two hundred fifty million (1,250,000,000) Saudi Riyals divided into twenty five million (25,000,000) ordinary shares to one billion five hundred million (1,500,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares with nominal value of fifty (50) Saudi Riyals per share through the grant of one (1) bonus share for each five (5) shares owned by the shareholders registered on the Company's shareholder register.
14/10/1426H (corresponding to 16/11/2005G)	The EGM approved the increase of the Company's share capital from one billion five hundred million (1,500,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares to one billion eight hundred million (1,800,000,000) Saudi Riyals divided into thirty-six million (36,000,000) ordinary shares with a value of four hundred (400) Saudi Riyals per share (representing a nominal value of fifty (50) Saudi Riyals and an issuance premium of three hundred and fifty (350) Saudi Riyals), through the issuance of six million (6,000,000) right issue shares at the rate of one (1) share for each five (5) shares owned by the shareholders registered on the Company's shareholder register.
17/03/1427H (corresponding to 15/04/2006G)	The EGM approved the increase of the Company's share capital from one billion eight hundred million (1,800,000,000) Saudi Riyals divided into thirty-six million (36,000,000) ordinary shares to three billion (3,000,000,000) Saudi Riyals divided into three hundred million (300,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share through the grant of one hundred twenty million (120,000,000) bonus shares.
18/09/1427H (corresponding to 11/10/2006G)	The EGM approved the increase of the Company's share capital from three billion (3,000,000,000) Saudi Riyals divided into three hundred million (300,000,000) ordinary shares to three billion seven hundred fifty million (3,750,000,000) Saudi Riyals divided into three hundred seventy five million (375,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share through the grant of one (1) bonus share for each four (4) shares owned by the shareholders registered on the Company's shareholder register.
17/03/1429H (corresponding to 25/03/2008G)	The EGM approved the increase of the Company's share capital from three billion seven hundred fifty million (3,750,000,000) Saudi Riyals divided into three hundred seventy five million (375,000,000) ordinary shares to five billion (5,000,000,000) Saudi Riyals divided into five hundred million (500,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share through the grant of one (1) bonus share for each three (3) shares owned by the shareholders registered on the Company's shareholder register.
01/01/1435H (corresponding to 04/11/2013G)	The EGM approved the increase of the Company's share capital from five billion (5,000,000,000) Saudi Riyals divided into five hundred million (500,000,000) ordinary shares to five billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (5,339,806,840) Saudi Riyals divided into five hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (533,980,684) ordinary shares with a nominal value of ten (10) Saudi Riyals per share through the issuance of thirty-three million nine hundred eighty thousand six hundred eighty-four (33,980,684) New Shares as consideration for the acquisition of the shares owned (directly or indirectly) by AlMuhaidib Holding Company in each of Savola Foods Company (representing 10%) and Alazizia Panda Limited Company (representing 18.6%).
21/02/1446H (corresponding to 25/08/2024G)	The EGM approved the increase of the Company's share capital from five billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (5,339,806,840) Saudi Riyals divided into five hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (533,980,684) ordinary shares to eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals divided into one billion one hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (1,133,980,684) ordinary shares through a rights issue.
[H] (corresponding to [G])	The EGM approved the reduction of the Company's share capital from eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals divided into one billion one hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (1,133,980,684) ordinary shares, to three billion (3,000,000,000) Saudi Riyals, divided into three hundred million (300,000,000) ordinary shares. This reduction was achieved by canceling eight hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (833,980,684) ordinary shares from the Company's issued shares, with a nominal value of ten (10) Saudi Riyals per share. This approval was announced on the Tadawul website.

3.2 Board Members

The Board of Directors is composed of eleven (11) members, appointed for a term of three (3) years starting from 01/07/2022G. The table below sets forth the members of the Board of Directors and their respective holding of the Company's shares as at the date of this Circular:

Table (3.1): Savola's Board Members

Name	Position	Status	Nationality	Age	Shares Owned Before the Capital Reduction				Membership Date
					Direct		Indirect		
					Number	Ownership Percentage	Number	Ownership Percentage	
Sulaiman Abdulkadir Al Muhaidib	Chairman of the Board	Non-executive	Saudi	69	1,000	0.0000882%	-	-	01/07/2022G
Bader Abdullah Mohammed Alissa	Vice Chairman of the Board	Non-executive	Saudi	45	2,176	0.0001919%	-	-	01/07/2022G
Mutaz Kusai Hassan Alazzawi	Board Member	Non-executive	Saudi	52	2,123	0.0001872%	-	-	01/07/2022G
Ahmed Waza Mohammed Alqhtani	Board Member	Non-executive	Saudi	39	-	-	-	-	01/07/2022G
Fahad Abdullah Abdulaziz Alkassim	Board Member	Non-executive	Saudi	58	4,247	0.0003745%	-	-	01/07/2022G
Ahmad Abdulrhman Saleh Al Humaidan	Board Member	Non-executive	Saudi	34	-	-	-	-	01/07/2022G
Issam Majid Abdullatif Al Muhaidib	Board Member	Non-executive	Emirati	52	51,028	0.0044999%	-	-	01/07/2022G
Mohammed Ibrahim Mohammed Alissa	Board Member	Independent	Saudi	40	2,123	0.0001872%	-	-	01/07/2022G
Rakan Abdulaziz Mohammed Al Fadl	Board Member	Independent	Saudi	44	301,682	0.0266038%	-	-	01/07/2022G
Bader Hamad Abdullah Al Rabiah	Board Member	Independent	Kuwaiti	42	5,309	0.0004682%	-	-	01/07/2022G
Waled Abdullah Ghri	Board Member	Independent	Saudi	41	1,433	0.0001264%	-	-	01/07/2022G

Source: The Company and Tadawul

3.3 Senior Executives

The following table sets forth the Company's Senior Executives and their shareholding in the Company as at the date of this Circular:

Table (3.2): Savola's Senior Executives:

Name	Position	Nationality	Membership Date	Shares Owned Before the Capital Reduction			
				Direct		Indirect	
				Number	Ownership Percentage	Number	Ownership Percentage
Waleed Khalid Yassin Fatani	Group CEO	Saudi	01/01/2021G	123,723	0.0109105%	-	-
Bandar Talaat Hamouh	CEO of Panda Retail Company	Saudi	15/01/2017G	98,101	0.0086510%	-	-
Sameh Mahmoud Hassan Mahmoud	CEO of Savola Food Company	Egyptian	02/12/2018G	114,234	0.0100737%	-	-
Wajid Usman Khan	Group CFO	Pakistani	06/04/2006G	50,992	0.0044967%	-	-
Mohammad Jamil Mohammad Nasr	Group CIO	Jordanian	06/01/2019G	21,501	0.0018961%	-	-
Elnour Ali Saad	Chief Governance, Compliance and Legal Officer and Board Secretary	Sudanese	22/12/1998G	58,000	0.0051147%	-	-
Morhaf Mohammed Abdulghani Alsamman	Chief Human Resources Officer	Saudi	21/03/2016G	21,196	0.0018692%	-	-

Source: The Company

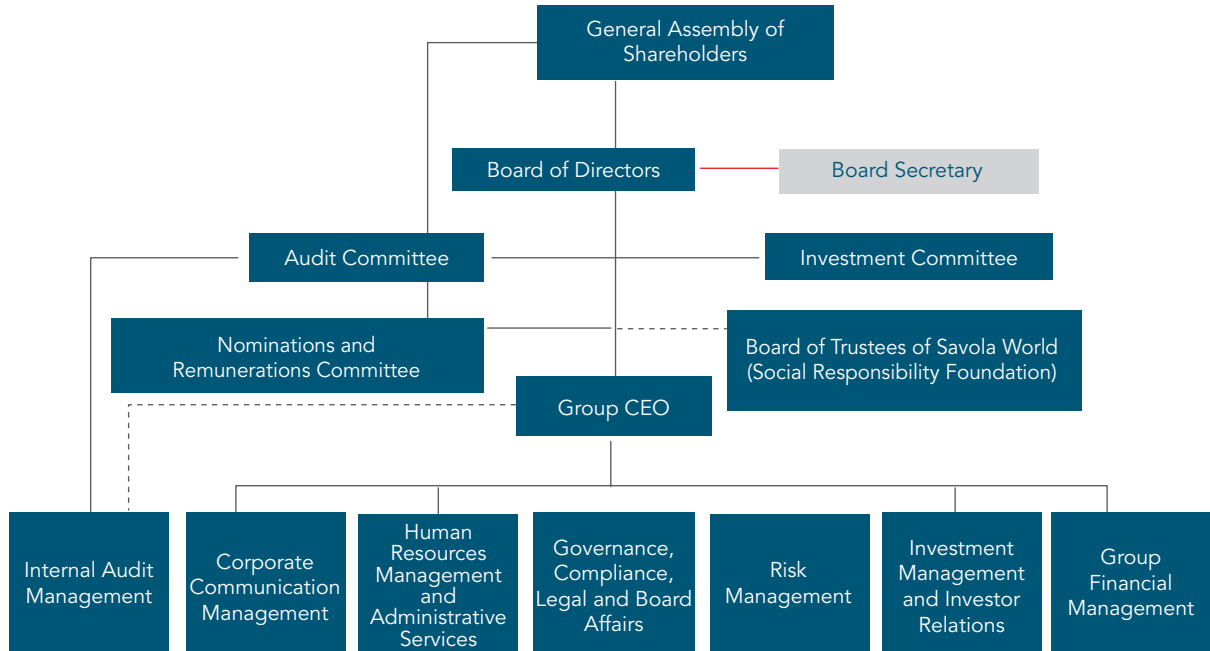
3.4 Shareholder Names and Ownership Percentages

Table (3.3): Savola's Shareholders:

Name	Before Capital Reduction		After Capital Reduction		Ownership percentage before capital reduction	Ownership percentage after capital reduction
	Number of Shares	Value (SAR)	Number of Shares	Value (SAR)		
Assila Investments Company (Closed JSC)	127,418,167	1,274,181,670	33,709,084	337,090,840	11.24%	11.24%
Abdulkader AlMuhaidib and Sons Company (Closed JSC)	94,368,015	943,680,150	24,965,509	249,655,090	8.32%	8.32%
Mohammed Abdullah Al Rabiah & Partners Company	93,211,699	932,116,990	24,659,600	246,596,000	8.22%	8.22%
AlMuhaidib Holding Company	72,162,607	721,626,070	19,090,962	190,909,620	6.36%	6.36%
Others	746,820,196	7,468,201,960	197,574,845	1,975,748,450	65.86%	65.86%
Total	1,133,980,684	11,339,806,840	300,000,000	3,000,000,000	100.00%	100.00%

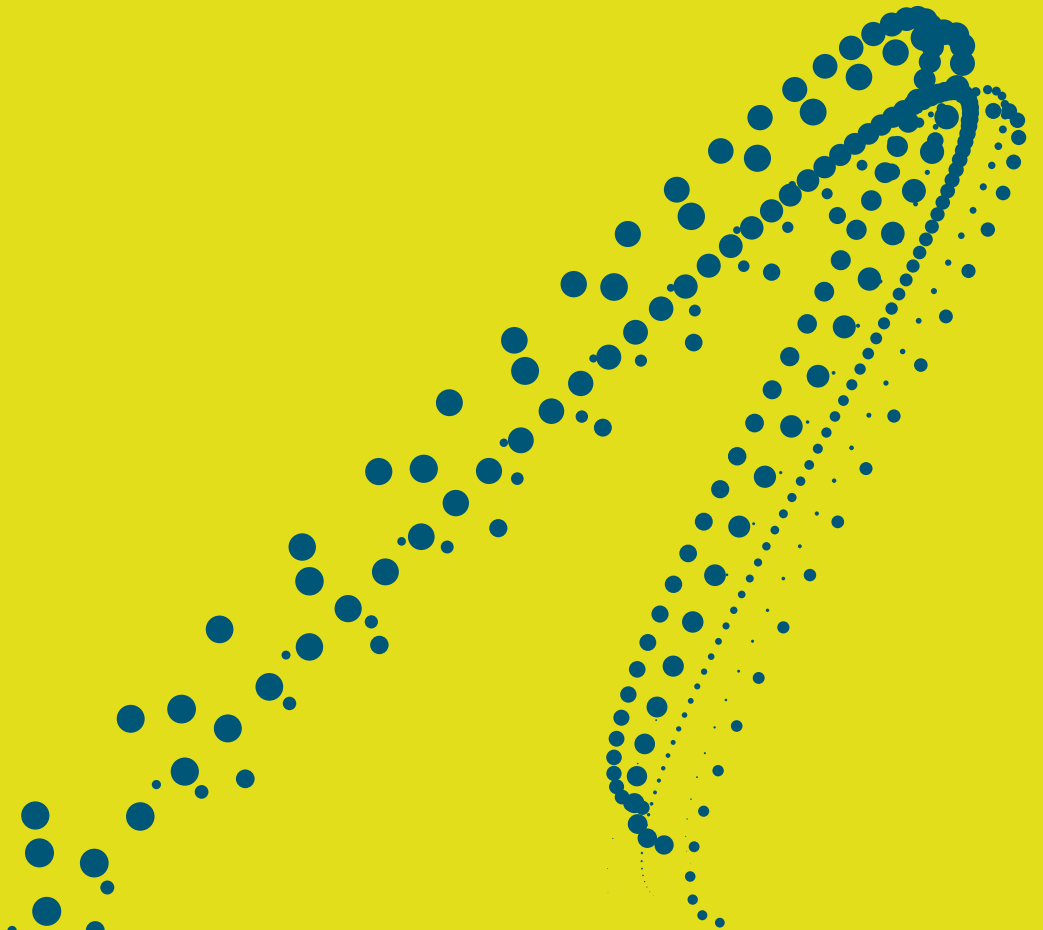
Source: The Company

3.5 The Company's Organizational Structure



Source: The Company

4. CAPITAL REDUCTION



4. Capital Reduction

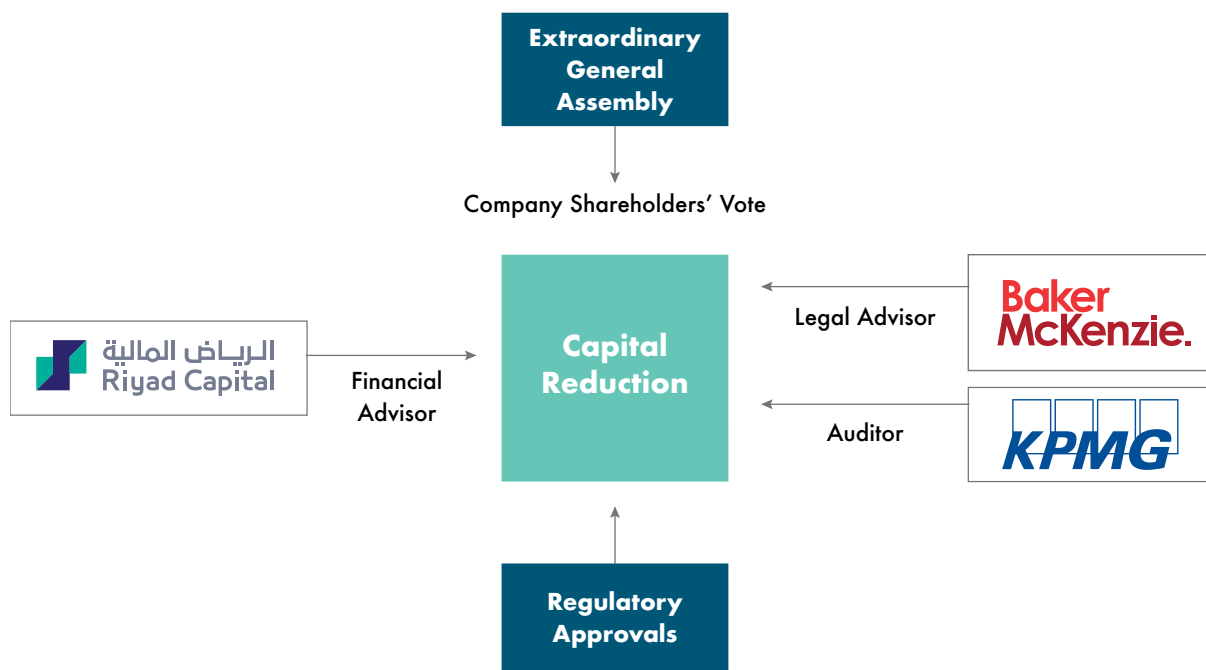
4.1 Capital Reduction and Distribution of Almarai Stake Procedures

The Capital Reduction process is subject to the following procedures:

- The Board of Directors recommending the Capital Reduction.
- The appointment of a financial advisor for the Capital Reduction process.
- The appointment of an auditor for the preparation of the Auditor's Report for the Capital Reduction process.
- The Creditors Objection Period, commencement of which will be announced by the Company on Tadawul's website.
- The preparation of a Capital Reduction application and its submission to the CMA in accordance with Article 76 of the OSCOs, with respect to the terms of the Capital Reduction.
- The CMA approval of the Company's Capital Reduction application.
- The notification of Tadawul in the form set out in Annex 5 of the Listing Rules.
- Approval by the EGM of the Company's Capital Reduction and the Significant Transaction.
- The suspension by Tadawul of the trading of the Company's shares for two consecutive trading sessions from the day following the EGM's approval of the Capital Reduction and the Significant Transaction.
- The Company's Capital Reduction shall become effective by adjusting the number of shares owned on the day of the EGM by the shareholders who appear in the Company's registry at Tadawul at the end of trading on the second day following the EGM on the Capital Reduction and the Significant Transaction.
- The in-kind distribution of Almarai shares from the retained earnings will be effective upon the EGM approval of the Significant Transaction.
- The deposit of the proceeds from the sale of the Savola's and Almarai's fractional shares resulting from the in-kind distribution of the full Almarai Stake to the Eligible Shareholders, whether the fractional Almarai shares were resulting from the Capital Reduction or from the in-kind distribution from the retained earnings (if any) to Eligible Shareholders within thirty (30) days from the date the EGM approves the Capital Reduction and Significant Transaction.
- Completion of the procedures with MoC to obtain the updated commercial register and Company Bylaws.

It is worth noting that implementation of Savola's Capital Reduction forms the third of four interlinked transactions, which consist of, namely: (1) a rights issue; (2) debt repayment; (3) capital reduction; and (4) distribution of the entire Almarai Stake of 34.52% held in Almarai to Savola's Eligible Shareholders, in accordance with the applicable KSA laws and regulations (i.e., the Significant Transaction). The Capital Reduction, which entails canceling shares of Savola as a result of excess capital along with the gain in retained earnings based on the difference between the fair value and carrying value of Savola's stake held in Almarai will enable the distribution of Almarai Stake. The rights issue has been approved by the EGM dated 21/02/1446H (corresponding to 25/08/2024G) whereas the proposed Capital Reduction and Significant Transaction would be approved simultaneously at the same EGM to be held for this purpose.

4.2 Structure of the Parties Involved in the Capital Reduction



4.3 General Structure of the Capital Reduction and Distribution of Almarai Stake

The Company's share capital is currently eleven billion three hundred thirty-nine million eight hundred six thousand, eight hundred forty (11,339,806,840) Saudi Riyals, divided into one billion one hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (1,133,980,684) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.

- Eight hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (833,980,684) ordinary shares with a nominal value of eight billion, three hundred and thirty-nine million, eight hundred and six thousand, eight hundred and forty (8,339,806,840) Saudi Riyals, representing approximately 73.54% of the Company's share capital, will be canceled at a cancellation ratio of approximately 0.7354 share for each one (1) share. This cancellation will reduce the Company's capital to three billion (3,000,000,000) Saudi Riyals, divided into three hundred million (300,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.
- As a result of the cancellation of the eight hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (833,980,684) shares of the Company for excess capital, the Eligible Shareholders will receive the Compensation (as defined in Section 1 ("**Terms and Definitions**") of this Circular). In addition, the remaining Almarai Stake will be distributed to the Eligible Shareholders from the retained earnings as in-kind dividends.
- On 23/03/1446H (corresponding to 26/09/2024G), the Company announced the commencement of the Creditors Objection Period, which shall start from 23/03/1446H (corresponding to 26/09/2024G) and remain open for a period of forty-five (45) days ending at the end of 08/05/1446H (corresponding to 10/11/2024G). Further, on 25/04/1446H (corresponding to 28/10/2024G), the Company announced the continuation of the Creditors Objection Period until 10/06/1446H (corresponding to 11/12/2024G).

- The Significant Transaction (as defined in Section 1 (“**Terms and Definitions**”) of this Circular) would be executed as follows:

The distribution of Savola’s entire shareholding in Almarai with book value of eight billion, eight hundred and seven million, six hundred ninety-five thousand (8,807,695,000) Saudi Riyals as at 30 June 2024G, consisting of three hundred forty-five million, two hundred eighteen thousand and two hundred and thirty-six (345,218,236) ordinary shares currently listed on the Exchange representing, at the latest practicable date prior to the date of this Circular, amounting to 34.52% of the share capital of Almarai, as follows:

- Distributing part of Savola’s Almarai Stake to the Eligible Shareholders (number of shares will be determined on the Eligibility Date) through the Capital Reduction; and
 - Distributing the remaining of Almarai Stake to the Eligible Shareholders from the retained earnings as dividends in-kind.
 - The Company will record a one-time gain / capital gain, after deducting the transaction costs incurred by the Company for the distribution of its entire Almarai Stake, which will be measured as the difference between fair value based on the prevailing market price of Almarai shares on Tadawul and carrying value as at the Eligibility Date (for more information, please refer to Section 4.6 (“**Impact of the Capital Reduction on Savola’s Total Equity and Equity Accounted Investees**”) of this Circular).
- After the EGM’s approval of the Capital Reduction and the Significant Transaction, the reduction resolution will become effective and trading in the Company’s shares will be suspended on the website of Tadawul for two trading days starting from the day following the EGM’s approval of the Capital Reduction and the Significant Transaction. For more information on the share price calculation methodology after Capital Reduction and distribution, please refer to Table 4.4 (“**Share Price Calculation Methodology after Capital Reduction and Distribution**”) of Section 4.7 (“**Calculation Method of Share Price after Capital Reduction and Distribution**”) of this Circular.
 - Fractional shares of Savola (if any) resulting from the Capital Reduction will be collected in one portfolio to be sold on the Exchange at the prevailing market price at the time. The sale proceeds will then be distributed to the Eligible Shareholders in proportion to their ownership within thirty (30) days from the date the EGM approves the Capital Reduction and the Significant Transaction. In addition, the fractional shares of Savola in Almarai (if any) resulting from the in-kind distribution of the remaining Almarai Stake will be combined into one portfolio to be sold in the stock market at the prevailing market price at the time. The proceeds from the in-kind distribution will then be distributed to Eligible Shareholders according to their ownership within thirty (30) days from the date of the EGM’s approval of the Capital Reduction and the Significant Transaction.
 - The financial statements used for the purpose of the Capital Reduction are the financial statements for the period ended on June 30 2024G taking into account the impact of the capital increase via rights issue whereby the Company’s capital increased from five billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (5,339,806,840) Saudi Riyals to eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals.

On 26/07/1445H (corresponding to 07/02/2024G), the Company, through the Tadawul website, announced the recommendation of its Board of Directors during its meeting held on 25/07/1445H (corresponding to 06/02/2024G) to increase its capital by six billion (6,000,000,000) Saudi Riyals through a rights issue to strengthen its financial position and support its future investment portfolio by repaying its debts and distributing the Almarai Stake after completing the rights issue transaction. According to a subsequent announcement published on the Tadawul website on 02/08/1445H (corresponding to 12/02/2024G), the Board clarified that the recommended transaction includes four main interlinked elements: (capital increase through the issuance of rights, debt repayment, capital reduction, and distribution of the Almarai Stake to Savola’s Eligible Shareholders).

4.4 Reasons for the Board of Directors' Recommendation to Reduce the Share Capital and Management's Discussion and Analysis

On 26/07/1445H (corresponding to 07/02/2024G), the Company, through the Tadawul website, announced the recommendation of its Board of Directors during its meeting held on 25/07/1445H (corresponding to 06/02/2024G) to increase its capital by six billion (6,000,000,000) Saudi Riyals through a rights issue to strengthen its financial position and support its future investment portfolio by repaying its debts and distributing the Almarai Stake after completing the rights issue process. According to a subsequent announcement published on the Tadawul website on 02/08/1445H (corresponding to 12/02/2024G), the Board clarified that the recommended transaction includes four main interlinked elements: (1) a rights issue; (2) debt repayment; (3) capital reduction; (4) distribution of Savola's entire stake of 34.52% held in Almarai to Savola's Eligible Shareholders, in accordance with applicable KSA laws and regulations (i.e., the Significant Transaction). The rights issue has been approved by Savola's Extraordinary General Assembly dated 21/02/1446H (corresponding to 25/08/2024G) whereas the proposed Capital Reduction and Significant Transaction would be approved simultaneously at the same EGM to be held for this purpose.

On 23/03/1446H (corresponding to 26/09/2024G), the Company, through the Tadawul website, announced the recommendation of its Board of Directors [during its meeting held] on 23/03/1446H (corresponding to 26/09/2024G) to reduce the Company's capital from eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals to three billion (3,000,000,000) Saudi Riyals by canceling eight hundred thirty-three million nine hundred eighty thousand six hundred eighty-four (833,980,684) ordinary shares out of the Company's issued shares, representing a reduction of approximately 73.54% of the number of shares. The Board clarified in its recommendation on 23/03/1446H (corresponding to 26/09/2024G) to reduce the capital due to it being in excess of the Company's needs and to facilitate distribution-in-kind of the Company's full Almarai Stake and optimize the Company's capital structure. It is worth noting, that after the reduction the remaining capital will be sufficient to meet the Company's operational requirements.

4.5 Impact of the Capital Reduction on the Company's Obligations

The Company appointed KPMG Professional Services Company, a closed joint-stock professional firm, as auditor to prepare the Auditor's Report related to the capital reduction process, which outlines the reasons for the Capital Reduction and its impact on the Company's liabilities and the shareholders' rights. The Auditor's Report indicates the following:

- The capital reduction will not have any effect on the Company's cash accounts, in addition, this reduction will not have an impact on the Company's third-party liabilities.
- The reduction will impact both non-current assets by decreasing the investment in associates under equity method and shareholders' equity by decreasing the capital account.

4.6 Impact of the Capital Reduction on Savola's Total Equity and Equity Accounted Investees

The impact on Savola's total equity and equity accounted investees based on the unaudited condensed consolidated financial statements for six (6) months period ended 30 June 2024G will be as follows:

Table (4.1): Savola's Total Equity and Equity Accounted Investees Before and After the Capital Reduction and Distribution*:

(SAR million)	Before Capital Reduction (Q2 2024G) (A)	Capital Increase by way of a Rights Issue (approved by the EGM on 25/08/2024G) (B)	Pro-forma Financial Statements After Rights Issue (C = A + B)	Capital Reduction approved by the EGM on [1]/[1]/[1] G (D)	Distribution-in-kind of remaining Almarai Stake, approved by the EGM on [1]/[1]/[1] G(E)	After Capital Reduction and Distribution-in-kind (F = C + D + E)
Equity						
Share Capital**	5,339.8	6,000.0	11,339.8	(8,339.8)	-	3,000.0
Share Premium	343.0	-	343.0	-	-	343.0
Shares held under employees' share based payment plan	(120.8)	-	(120.8)	-	-	(120.8)
General Reserve	4.0	-	4.0	-	-	4.0
Other Reserves**	(491.7)	-	(491.7)	173.8	239.9	(78.0)
Effect of Transactions with Non-controlling Interests without Change in Control	(220.8)	-	(220.8)	-	-	(220.8)
Foreign Currency Translation Reserve	(2,632.2)	-	(2,632.2)	-	-	(2,632.2)
Retained Earnings**	6,401.6	-	6,401.6	4,465.5	(5,347.1)***	5,520.0
Equity Attributable to Owners of the Company	8,622.9	6,000.0	14,622.9	(3,700.5)	(5,107.2)	5,815.2
Non-controlling Interest	1,071.3	-	1,071.3	-	-	1,071.3
Total Shareholders' Equity	9,694.2	6,000.0	15,694.2	(3,700.5)	(5,107.2)	6,886.5
Assets						
Equity-accounted investees	9,288.8	-	9,288.8	(3,700.5)	(5,107.2)	481.1
Statement of profit or loss						
Gain on distribution/derecognition	-	-	-	4,465.5	6,163.1	10,628.6

* The distribution of the Almarai Stake is part of the Company's strategy which consists of four phases, namely: (1) a rights issue; (2) debt repayment; (3) capital reduction; (4) distribution of the Almarai Stake to Savola's Eligible Shareholders, in accordance with applicable KSA law and regulation (i.e., the Significant Transaction). For further details, please refer to the shareholders' circular for the Significant Transaction that will be published on Tadawul's website along with the invitation to the EGM.

** The Company has used the fair value of Almarai (based on quoted market price on Tadawul of SAR 57.50 per share) amounting to SAR 19,850.0 million as at 21 October 2024G for calculation of gain, amounting to SAR 10,628.6 million, after adjusting for release of other reserves associated with the investment in Almarai amounting to SAR 413.7 million, upon derecognition of the investment in Almarai carrying value amounting to SAR 8,807.7 million as at 30 June 2024G. The actual gain on distribution of Almarai is sensitive to the fair value of Almarai (based on quoted market price on Tadawul) and will be based on the actual date of eligibility involving the transfer of Almarai shares to the Savola shareholders.

Other reserves represent Savola's share (34.52%) of certain items in other comprehensive income and equity recognized in Almarai's books, which contribute to Almarai's equity and have accumulated as of June 30, 2024. These items in Almarai books include foreign currency translation, cashflow hedges, share based payment and other equity account movements. This reserve will be released upon derecognition of the investment in Almarai, in accordance with the equity method of accounting as per International Financial Reporting Standards.

The increase to retained earnings on Capital Reduction amounting to SAR 4,465.5 million represents the gain on derecognition of the investment in Almarai that was distributed to shareholders in connection with the Capital Reduction.

The net decrease to retained earnings on distribution in-kind of remaining Almarai stake amounting to of SAR 5,347.1 million represents reduction of retained earnings attributed to the distribution in-kind amounting to SAR 11,510.2 million, partly offset by the gain on derecognition of remaining investment in Almarai amounting to SAR 6,163.1 million.

The overall distribution of Almarai investment contributed to a net reduction of total equity amounting to SAR 8,807.7 million that was effectuated by reduction of share capital and retained earnings by SAR 8,339.8 million and SAR 881.6 million respectively, and an increase to other reserves by SAR 413.7 million.

The number of shares to be split between the distribution via capital reduction and the distribution via retained earnings cannot be determined at this stage as it is dependent on Almarai share price as of the Eligibility Date. However, the following can be currently confirmed:

- Total number of shares to be distributed – 345,218,236 as mentioned in this Circular.
- Value of Almarai shares that will be distributed via capital reduction SAR 8,339,806,840. How many Almarai shares this equates to will depend on Almarai share price on Eligibility Date.

For example, if SAR 57.50 were to be Almarai share price, 145,040,119 shares of Almarai would be distributed via capital reduction and 200,178,117 shares would be distributed via retained earnings.

The distribution will be through a capital reduction of 145,040,119 shares (at the closing price of Almarai's share of SAR 57.50 as of October 21, 2024). The number of shares distributed through the capital reduction has been calculated by dividing the capital reduction amount of SAR 8,339,806,840 by the closing price of Almarai's share. The remaining number of shares will complete Savola's shareholding in Almarai, which amounts to 345,218,236 shares (i.e., the difference between 345,218,236 shares and 145,040,119 shares, which equals 200,178,117 shares). Therefore, the distribution of the remaining retained earnings will be 200,178,117 shares.

*** The above table does not include the impact of transaction costs.

Source: Reported Q2 2024G financial statements of Savola Group used as the base on which adjustments relating to the SAR 6.0 billion capital increase and the subsequent debt repayment using the proceeds from the rights issue have been made. Please refer to the Auditor's Report on capital increase for further details.

The Company intends to reduce its capital from eleven billion three hundred thirty-nine million eight hundred six thousand eight hundred forty (11,339,806,840) Saudi Riyals to three billion (3,000,000,000) Saudi Riyals, representing approximately 73.54% reduction in capital. Consequently, the number of shares will be reduced from 1,133,980,684 ordinary shares to 300,000,000 ordinary shares, by canceling 833,980,684 ordinary shares, which corresponds to a cancellation ratio of approximately 0.7354 ordinary shares for each ordinary share. Shareholders will be compensated through Almarai shares.

The Company will aggregate any fractional shares (if any) resulting from the capital reduction into a single portfolio, then sell them in the market at the prevailing price. The proceeds from the sale will be distributed to the Eligible Shareholders based on their holdings within thirty (30) days from the date of the shareholders' approval in the EGM on the capital reduction. The table below illustrates the impact on a shareholder who owns 1,000 shares in their portfolio:

Table (4.2): Impact of Capital Reduction and Distribution for a Shareholder with 1,000 Shares:

Item (Estimate)	(Number of Shares Estimate)
Savola shares owned prior to capital reduction and distribution (A)	1,000.0
Capital reduction	
Cancelled shares (B = 0.7354 * A)	735.4
Savola shares owned after capital reduction (C = A-B)	264.6
Rounded Savola shares owned after capital reduction	264.0
Remaining fractional shares of Savola to be compensated in cash	0.6
Full Distribution-in-kind	
Number of Almarai shares owned post distribution (D = 0.3044 * A, where 0.3044 refers to the ratio for the entire distribution in kind of 345,218,236 ordinary shares held of Almarai attributable to 1,133,980,684 ordinary shares of Savola)	304.4
Rounded Almarai shares owned post distribution	304.0
Remaining fractional shares of Almarai to be compensated in cash	0.4

Table (4.3): Impact of Capital Reduction for a Shareholder owning from 1 to 10 Shares:

It shall be noted that a Shareholder who owns one (1) share of the Company in his portfolio has had his shares cancelled and will be compensated thereon. The table below shows the impact for a Shareholder who owns up to ten (10) Shares.

Item (Estimate)	1	2	3	4	5	6	7	8	9	10
(a) Shares owned before Capital Reduction (share) (A)	1	2	3	4	5	6	7	8	9	10
(b) Share price before Capital Reduction (estimate) - SAR* (B)	27.30	27.30	27.30	27.30	27.30	27.30	27.30	27.30	27.30	27.30
(c) Cancelled shares from the shares owned before Capital Reduction (share) ** (C= 0.7354*A)	0.74	1.47	2.21	2.94	3.68	4.41	5.15	5.88	6.62	7.35
(d) Remaining shares of stock owned before Capital Reduction (share) (D = A - C)	0.26	0.53	0.79	1.06	1.32	1.59	1.85	2.12	2.38	2.65
(e) Shares owned after Capital Reduction (share)	0.00	0.00	0.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
(f) Share price after Capital Reduction (estimate) - SAR****	75.39	75.39	75.39	75.39	75.39	75.39	75.39	75.39	75.39	75.39
(g) Market value of shares before reduction (estimated) - SAR (G= A * B)	27.3	54.6	81.9	109.2	136.5	163.8	191.1	218.4	245.7	273.0
(h) Market value of shares after the reduction (estimated) - SAR (H = E * F)	0.00	0.00	0.00	75.39	75.39	75.39	75.39	150.79	150.79	150.79
(i) Difference between the market value of the shares before the reduction (estimate) and the market value of the shares after the reduction - SAR (I = G - H)	27.30	54.6	81.90	33.81	61.11	88.41	115.71	67.61	94.91	122.21
(j) Cancellation of nominal value of shares (estimated) – SAR (J=C*10)***	7.35	14.71	22.06	29.42	36.77	44.13	51.48	58.84	66.19	73.54
(k) Value resulting from fractional shares (estimated) - SAR = (I-J)	19.95	39.89	59.84	4.39	24.33	44.28	64.23	8.78	28.72	48.67

* Price as at the date of the Circular (will be updated with the closing price on the day of the EGM upon publication of the final Circular, i.e. after the approval of the EGM and the entry into force of the reduction resolution). Currently presented as the share price as of 21 October 2024G.

** Number of Savola shares resulting from the cancellation of the share = (Shares owned before the reduction * Reduction percentage 73.54%)

*** Nominal value of ten (10) Saudi Riyals per share.

**** Please refer to Table 4.4 of this Circular to understand the calculation method of share price after the Capital Reduction and distribution.

4.7 Calculation Method of Share Price after Capital Reduction and Distribution

The table below illustrates how to calculate the share price after capital reduction and distribution:

Table (4.4): Share Price Calculation Methodology after Capital Reduction and Distribution*

Item (estimate)	Value
(a) Savola illustrative value per share before capital reduction (SAR)**(Closing price on the EGM dated [•]H (corresponding to [•]G) (A)	27.30
(b) Savola Number of shares before capital reduction and post rights issue (B)	1,133,980,684
(c) Illustrative market value before capital reduction = (A*B) (SAR) (C)	30,957,672,673
(d) The entire stake of Savola in Almarai Company to be distributed – SAR*** (D)	19,850,048,570
(e) Distribution of Almarai stake facilitated through Capital Reduction**** (E)	(8,339,806,840)
(f) Distribution of Savola's remaining Almarai Stake from the retained earnings, which illustratively represents an impact of approximately SAR 38.37 per share based on the number of shares after the capital reduction ***** = (F=D+E) – SAR	(11,510,241,730)
(g) Illustrative market value after capital reduction and compensation of Shareholders, excluding the distribution of Almarai Stake from the retained earnings (G=C+E) – in SAR	22,617,865,833
(h) Number of shares after capital reduction (H)	300,000,000
(i) Illustrative value per share post capital reduction and compensation of shareholders, excluding the distribution of Almarai Stake from the retained earnings *****= (G) / (H) - SAR	75.39
(j) Illustrative market value after the distribution of Almarai Stake (implemented through the Capital Reduction and retained earnings = (J=F+G) – SAR	11,107,624,103
(k) Illustrative value per share post the capital reduction and compensation of the shareholders, including the distribution of Savola's stake in Almarai from the retained earnings***** = (J)/(H) - SAR	37.03

* The above figures are estimates for illustrative purposes only (including the estimated share price of SAR 37.03). The figures are automatically calculated directly after the Capital Reduction and the impact of the distribution of Almarai Stake from the retained earnings referred to in (f) in the table above. It is expected that upon resumption of trading of the shares, the Company's share price will be adjusted immediately and will again be subject to the normal market conditions and fluctuations.

** Price as of the date of the Circular (to be updated with the closing price on the day of the EGM upon publication of the final Circular, i.e. after the approval of the EGM and the entry into force of the Capital Reduction resolution). Currently presented as the share price as of 21 October 2024G.

*** The Company has used the fair value of Almarai (based on quoted market price on Tadawul of SAR 57.50) as of 21 October 2024G to calculate the gain from the distribution of Almarai Stake. The actual gain on distribution of Almarai shares is sensitive to the fair value of Almarai (based on quoted market price on Tadawul), and therefore will be based on the Eligibility Date.

**** Capital reduction rate (approximately 73.54%) *Number of shares before reduction.

***** The total distribution of Almarai investments contributed to a net decrease in total equity of SAR 8,807.7 million, through a reduction in share capital and retained earnings of SAR 8,339.8 million and SAR 881.6 million respectively, and an increase in other reserves of SAR 413.7 million.

***** Note: Estimated share price after Capital Reduction has been rounded. The illustrative price of SAR 75.39 does not include the impact of the distribution of Almarai Stake from the retained earnings. However, the illustrative share price of SAR 37.03 reflects the impact of the distribution of the entire Almarai stake through the Capital Reduction and the retained earnings.

5.

ACKNOWLEDGEMENT OF DIRECTORS

970
705
64432
13763
0424458
058963424

5. Acknowledgement of Directors

The Company's Directors confirm that to the best of their knowledge and belief, the Capital Reduction is in the best interest of the Company and its shareholders.

6.

EFFECTIVE DATE OF THE CAPITAL REDUCTION PROCESS



6. Effective Date of the Capital Reduction Process

The capital reduction process is subject to:

- Capital Market Authority Approval
- Non-objection of creditors
- Approval of the EGM

After the Board recommendation for the capital reduction, the creditors objection period begins at least 45 days before the scheduled date for the EGM on the reduction. During this period, creditors are allowed to object to the capital reduction decision. If no objections are raised by creditors, the Company will proceed with the capital reduction process. However, if a creditor objects and submits their documents to the Company within the mentioned timeframe, the capital reduction process will continue only once the Company settles the creditor's debt if it is due or provides sufficient collateral for future payment if it is deferred.

The Company will announce any updates regarding the capital reduction process. The table below outlines the timeline for each stage of the capital reduction process:

Table (6.1): Stages of the Capital Reduction Process and Distribution of Almarai Stake

Event	Term
Creditors Objection Period	45 days before the date set for the EGM
EGM Approval	Day 0
Suspension of Trading	Day 1 + 2
Sale of the Company's and Almarai's Fractional Shares	Day 1 – [30]
Trading Resumption at the Adjusted Price	Day 3
Compensation for Canceled Shares	Day 7

7.

POTENTIAL RISKS
ASSOCIATED WITH THE
COMPANY'S CAPITAL
REDUCTION AND
SIGNIFICANT TRANSACTION



7. Potential Risks Associated with the Company's Capital Reduction and Significant Transaction

The Company's management believes that the decision to reduce the Company's capital is key for the Company to be able to facilitate the distribution of the Almarai Stake. Reducing the capital by eight billion three hundred thirty-nine million eight hundred six thousand eight hundred and forty (8,339,806,840) Saudi Riyals, which represents approximately 73.54% of the capital before the reduction, will have a positive impact by improving performance indicators (for more information, please refer to Section 4.4 ("**Reasons for the Board of Directors' Recommendation to Reduce the Share Capital**") of this Circular). Additionally, this decision and its impact have been studied from an accounting perspective.

The potential risks listed below are not arranged in order of significance.

7.1 Risks Related to the Company's Capital Reduction

Set out below are the main potential risks associated with the Company's Capital Reduction.

7.1.1 Risks Related to Future Expectations

The working capital adequacy for the 12 months following the Capital Reduction has been prepared and calculated based on management's assumptions about the Company's operational performance during this period. The sector in which the Company operates, like other sectors, is affected by market supply and demand fluctuations. Therefore, a decrease in demand will impact the productivity of companies within the sector in general, and consequently, it will affect the Company's performance, results of operations, financial position, and prospects.

7.1.2 Liquidity Risks

Liquidity risks relate to the Company's inability to meet its financial obligations as they fall due. As, there is no guarantee that the Company will be able to meet its obligations on their due dates in the future. The Company does not guarantee the non-occurrence of any emergent or sudden events which may require immediate liquidity, which will adversely affect the Company's operations and, consequently, its financial and operational results.

7.1.3 Risks Related to Creditor Objections

One of the conditions for the capital reduction process is allowing creditors to object to the capital reduction decision at least 45 days before the scheduled date of the EGM. If a creditor objects and provides the Company with documentation within said timeframe, the Company must pay the creditor if the debt is due immediately or provide sufficient collateral if the debt is deferred. If the company is unable to do so, the capital reduction process will be halted until the company is able to satisfy this obligation.

7.1.4 Risks Related to Share Price Fluctuations and the Impact on Fractional Share Compensation

The Company's share price may experience significant fluctuations and instability due to various factors, including capital market conditions and regulatory changes in the sector. If the market price of shares declines after the capital reduction, shareholders will lose value in their investments. Additionally, the impact on the value of fractional share compensation is similar to the effect of share price fluctuations, as these fractions will be sold at the prevailing market price at the time.

7.1.5 Risks Related to Holding a Single Share

If a shareholder holds only one share, it will be canceled, and the shareholder will be compensated with fractional shares that will be sold at that time. It is important to note that trading of the Company's shares will be suspended for two trading days following the EGM's approval, and Edaa will apply the reduction to the shareholders' investment portfolios based on Article 36(6-c) of the Listing Rules (for more information, please refer to section 4.6 ("**Impact of the Capital Reduction on Savola's Total Equity and Equity Accounted Investees**") of this Circular).

7.1.6 Risks Related to Near-Term Strategy Implementation

Failure to implement the Capital Reduction will not allow the Company to distribute the entire Almarai Stake to its Eligible Shareholders, subject to several factors (such as the approval of the relevant regulatory authorities and the general assembly of the Company's shareholders). If the Company fails to implement the Capital Reduction, this will have a negative impact on the Company's strategy.

7.1.7 Risks Related to Potential Zakat and Tax Liability

The Zakat Implementing Regulations, which were recently issued under Ministerial Resolution Number 1007 dated 19/08/1445H (corresponding to 29/02/2024G), set out a new method for calculating the Zakat Base and apply to zakat payers for the financial years starting on or after 1 January 2024G. Given that the Zakat Implementing Regulations have been implemented recently, Savola could make errors when implementing the regulatory requirements, which would lead to facing penalties imposed by the Zakat, Tax and Customs Authority. Should that occur, it would have an adverse and material impact on the Company's business, results of operations, financial position, and prospects.

Additionally, gains resulting from the disposal of listed shares are subject to zakat. For the fiscal year 2024, zakat will primarily be influenced by the gains arising from the remeasurement gain associated with the derecognition of the Almarai investment and its impact on zakat-able income. Ordinarily, an increase in retained earnings resulting from the remeasurement gain would elevate the zakat base in subsequent years. However, the distribution of Almarai shares is expected to reduce the retained earnings balance. ZATCA regulations consider the amended income should represent the minimum balance subject to zakat and, accordingly, zakat would be calculated on the profit derived from the remeasurement gain associated with the derecognition of the Almarai investment. However, if the total non-deductible assets, combined with the difference between the adjusted net profit and the unadjusted net profit, is less than the adjusted net profit, then the minimum zakat base for the zakat payer will be the total non-deductible assets combined with the difference between the adjusted net profit and the unadjusted net profit. In such case, it is expected to result in a lower zakat base than would otherwise be calculated, provided the transaction is initiated and finalized within a single fiscal year. Consequently, should the Significant Transaction not be fully completed during the year 2024G, the Company's zakat base would increase and result in a higher zakat liability, which would have an adverse and material impact on the Company's business, results of operations, financial position, and prospects.

7.2 Risks Related to the Company's Significant Transaction

Savola's implementation of the Capital Reduction forms part of four interlinked transactions, which consists of four phases, namely: (1) a rights issue; (2) debt repayment; (3) Capital Reduction; and (4) Savola's distribution of the Almarai Stake. As the proposed full distribution by Savola of the Almarai Stake, implemented through the Capital Reduction and retained earnings, will constitute a significant transaction in accordance with Article 122 of the OSCOs, Savola will publish a separate circular on the Significant Transaction for its shareholders consideration and approval at the EGM approving the Capital Reduction (for further details on the Significant Transaction, please refer to the Significant Transaction circular that Savola has separately prepared. A copy of the Significant Transaction circular will be attached to the announcement on the EGM invitation on Tadawul's and Savola's website. and on Savola's website. For further information on the expected timeframe for the Capital Reduction and the Distribution of Almarai Stake, please refer to Section 8 ("**Expected Timeframe for Capital Reduction and Distribution of Almarai Stake**") of this Circular).

As the Capital Reduction and Significant Transaction are interlinked, the potential risks associated with the Significant Transaction are set out below. The risks related to potential zakat and tax liability are also applicable to the Significant Transaction.

7.2.1 Risks Related to the Completion of the Significant Transaction

The completion of the Significant Transaction depends on several factors which are beyond Savola's control. Such factors include the approval of the Savola's Capital Reduction and Significant Transaction by the EGM. Savola is targeting the completion of the Significant Transaction to occur in 2024G. A delay in the completion of the Significant Transaction could result in a delay in the execution of Savola's intended (announced) strategy.

7.2.2 Risks Related to Fluctuations in the Market Price of Almarai's Shares Post-Significant Transaction

The price of Almarai's shares may fluctuate after the Significant Transaction, may be subject to a large degree of fluctuation and may not be stable due to several factors including, but not limited to, the following:

- market volatility and price fluctuations;
- negative changes in the operational performance of Almarai;
- actual or forecasted fluctuations in quarterly or annual operating results;
- the publication of unfavorable research reports by securities analysts about Almarai or its competitors;
- negative public reaction to Almarai's press releases and other public announcements;
- the resignation or retirement of key employees;
- press reports about Almarai;
- changes in the regulatory environment that affect Almarai;
- changes in applicable accounting principles and policies;
- the occurrence of terrorist or hostile acts or widespread civil unrest;
- the occurrence of natural disasters and the spread of epidemics and other disasters;
- changes in policies pegging the Saudi riyal to the US dollar; and/or
- changes in general market and economic conditions.

If any of these risks or other factors occur, this could lead to a significant decline in the market price of Almarai's shares.

In general, from time-to-time the stock market experiences extreme price and volume fluctuations. Periodic and constant market fluctuations could result in extreme volatility in the price of the listed shares, which could cause a decline in the value of Almarai's shares and higher price volatility if the trading volume of Almarai's shares is low; this would have an adverse effect on the shareholders' value of the ownership of their Almarai's shares. Following the Significant Transaction, the shareholders shall be responsible for managing their own holding of Almarai shares, including their decision on whether and when to hold or sell them, and to take advice on the implications of their investment decisions with respect to their individual tax position.

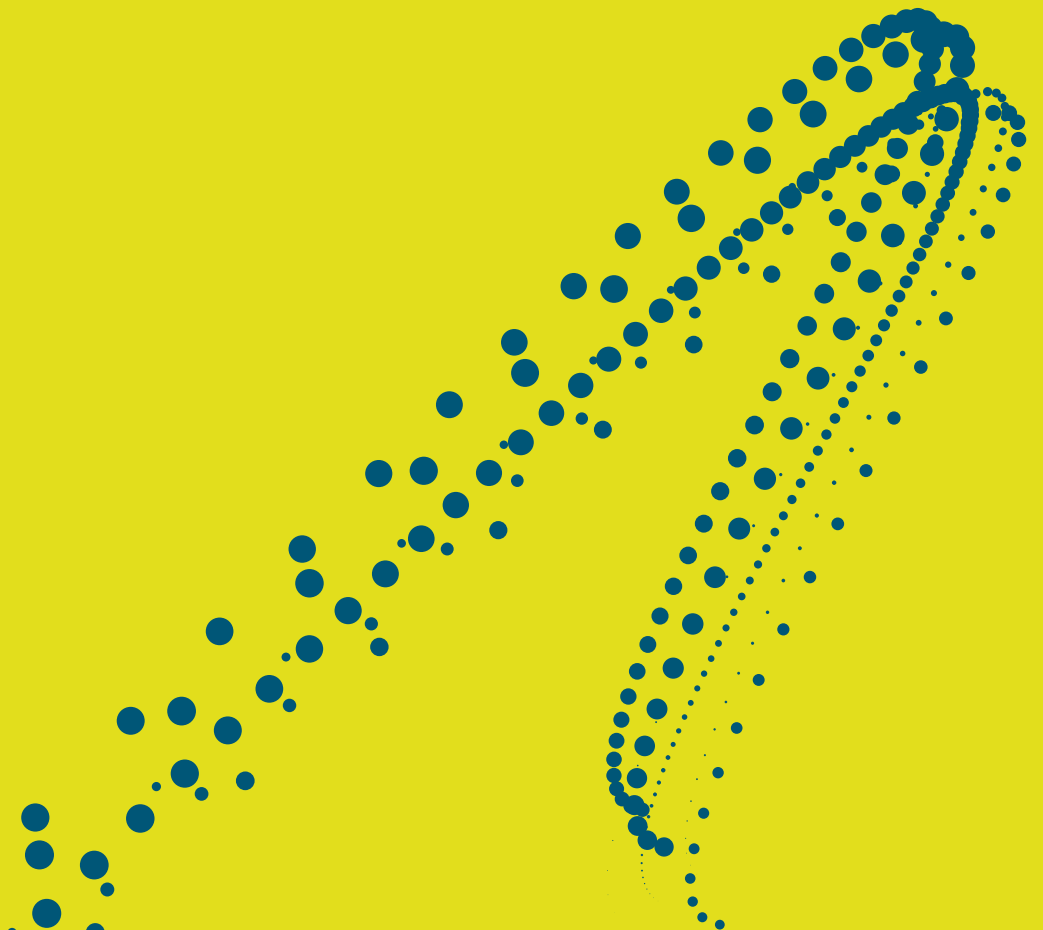
7.2.3 Risks Related to Non-Transferability of Almarai Shares to Savola Shareholders with Inactive Portfolio Accounts or to Shareholders Holding Share Certificates

Savola shareholders holding physical share certificates and shareholders having unresolved issues with their portfolio accounts may face challenges in receiving the Almarai shares. These challenges can lead to delays in transfer of the Almarai, potential loss of market opportunities for the receiving shareholder, and increased administrative burdens for the Company. Moreover, the non-transferability of Almarai shares might restrict the Savola shareholders' ability to participate in corporate actions of Almarai, potentially impacting the overall liquidity and value realization of their investment.

Eligible Shareholders who hold physical share certificate will receive Almarai shares in proportion to their ownership in their physical share certificates. However, Eligible Shareholders would not be able to receive Almarai shares if their share certificates are not registered in investment portfolios with brokers and the Edaa before the Eligibility Date. If the procedures for depositing the certificates into the investment portfolio are not completed before the Eligibility Date, Almarai share certificates will be issued, they can be claimed by the share certificate holders after completing the required procedures at Edaa and Almarai.

8.

EXPECTED TIMEFRAME FOR CAPITAL REDUCTION AND DISTRIBUTION OF ALMARAI STAKE



8. Expected Timeframe for Capital Reduction and Distribution of Almarai Stake

Table (8.1): Expected Timeline for Capital Reduction

Expected Timeline for Capital Reduction and Significant Transaction	Date
1- Board Recommendation on the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction	
The Company's Board of Directors resolved to recommend to the EGM the following:	
<ul style="list-style-type: none"> Reduce the Company's share capital from eleven billion, three hundred and thirty-nine million, eight hundred and six thousand, eight hundred and forty Saudi Riyals (SAR 11,339,806,840) to three billion Saudi Riyals (SAR 3,000,000,000) by canceling eight hundred and thirty-three million, nine hundred and eighty thousand, six hundred and eighty-four (833,980,684) ordinary shares of the Company's issued shares, at a decrease rate of approximately 73.54% of the number of shares. Distribute the entire Almarai Stake to the Company's Eligible Shareholders as an in-kind distribution, amounting to 345,218,236 ordinary shares representing 34.52% of Almarai's share capital. As the distribution of the entire Almarai Stake is a Significant Transaction subject to the approval of the Company's Shareholders pursuant to Article 121 of the OSCOs, vote on the Significant Transaction for approval. 	23/03/1446H (corresponding to 26/09/2024G)
The Company's announcement on Tadawul's website regarding (1) its Board of Directors' recommendation to the EGM to reduce the Company's share capital and the appointment of the financial advisor for the Capital Reduction; (2) its Board of Directors' recommendation to the EGM to distribute to the Eligible Shareholders the full Almarai Stake as in-kind dividends for a value of SAR 345,218,236 representing 34.52% of Almarai's share capital; (3) its Board of Directors' recommendation to the EGM to vote on the Significant Transaction for approval; (4) the appointment of a financial advisor for the Significant Transaction; and (5) the formation of the specialized committee in relation to the Significant Transaction in accordance with the provisions of Article 122 of the OSCOs.	23/03/1446H (corresponding to 26/09/2024G)
2- Procedures relating to obtaining the CMA approval for the Capital Reduction	
Submission of the Capital Reduction application file to the CMA and Tadawul for approval.	28/03/1446H (corresponding to 01/10/2024G).
Obtaining CMA approval of the Capital Reduction application.	24/04/1446H (corresponding to 27/10/2024G).
3- Procedures relating to the Creditors Objection Period in relation to the Capital Reduction	
Announcing the start of the Creditors Objection Period.	23/03/1446H (corresponding to 26/09/2024G).
Announcing the continuation of the Creditors Objection Period.	25/04/1446H (corresponding to 28/10/2024G).
End of the Creditors Objection Period.	10/06/1446H (corresponding to 11/12/2024G).
Announcement of the presence or absence of creditor objections.	[]H (corresponding to []G).
4- Procedures Relating to the EGM to be held for the voting on the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction	
Invitation to attend the EGM to vote on the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction (with a reference to the possibility of holding a second meeting one hour after the end of the period specified for the first meeting, in the event that the quorum required to hold the first meeting is not met) and announcing the same on Tadawul's website.	[]H (corresponding to []G).
Publication of this Circular	[]H (corresponding to []G).

Expected Timeline for Capital Reduction and Significant Transaction	Date
Providing the documents available for inspection in relation to the Significant Transaction and the Capital Reduction, including this Circular and the circular of the Significant Transaction (within a period of not less than fourteen (14) days prior to the date of the EGM to vote on the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction, and during official working hours from nine (9:00) a.m. to five (5:00) p.m..	From nine (9:00) a.m. to five (5:00) p.m. starting from [●]H (corresponding to [●]G) to [●]H (corresponding to [●]G).
Commencement of E-voting on the items of the EGM including Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction (first meeting).	Starting from [●]H (corresponding to [●]G) until the end of the EGM.
EGM (first meeting) of Savola including the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction is hold (the quorum for the first meeting shall be valid if attended by a number of shareholders representing at least half of the Company's share capital).	[●]H (corresponding to [●]G).
EGM (second meeting), which includes the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction is hold one hour after the end of the period specified for the first EGM in case the quorum required for its convening is not met. The quorum for the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the Company's share capital.	[●]H (corresponding to [●]G).
EGM approval of the Capital Reduction, the full distribution of Almarai Stake to the Eligible Shareholders as in-kind dividends and the Significant Transaction.	[●]H (corresponding to [●]G).
Announcement of the results of the EGM on Tadawul's website.	[●]H (corresponding to [●]G).
5- Procedures in relation to the non-achievement of the Quorum at the First and Second Meetings of the EGM	
Announcement of the invitation to the third meeting of the EGM on the Saudi Stock Exchange website at least twenty-one (21) days before the date set therefor.	[●]H (corresponding to [●]G).
Commencement of E-voting period for shareholders in the third meeting of the Extraordinary General Assembly.	[●]H (corresponding to [●]G).
Holding the third meeting of the EGM. The quorum for holding the third meeting of the EGM shall be achieved regardless of the number of shares represented therein.	[●]H (corresponding to [●]G).
The Company's announcement of the results of the EGM (third meeting) on Tadawul's website.	[●]H (corresponding to [●]G).
6- Procedures Relating to Finalizing the Capital Reduction Process and Significant Transaction	
Submission to the CMA of a copy of the EGM minutes.	Within ten (10) days from the date of the EGM
The Capital reduction decision becomes effective and is announced as part of the EGM's resolutions.	[●]H (corresponding to [●]G).
Suspension of trading of the shares on Saudi Tadawul for two (2) trading days, starting from the day following the EGM's approval of the Capital Reduction.	[●]H (corresponding to [●]G).
Adjusting the share price after the Capital Reduction on the day following the suspension of trading of the shares.	[●]H (corresponding to [●]G).
Publication of the EGM's minutes on the Company's website in accordance with the regulations.	Within ten (10) days from the date of the EGM
Announcing the deposit of the Compensation (i.e., Almarai shares) in relation to the capital reduction and the in-kind distribution of the remaining Almarai Stake for Eligible Shareholders resulting from the cancellation of shares and the Significant Transaction, within seven (7) following the date of the EGM.	[●]H (corresponding to [●]G).
Announcing the deposit of proceeds from the sale of the Company's fractional shares (if any) resulting from the Company's Capital Reduction and the deposit of the amounts resulting from the sale of Savola's fractional shares held in Almarai (if any) resulting from the Significant Transaction into the accounts of the Eligible Shareholders within thirty (30) calendar days from EGM date.	[●]H (corresponding to [●]G).

9.

REGULATORY APPROVALS REQUIRED FOR CAPITAL REDUCTION



9. Regulatory Approvals Required for Capital Reduction

- The Company obtained CMA approval on 24/04/1446H (corresponding to 27/10/2024G), to reduce the Company's capital from eleven billion, three hundred and thirty-nine million, eight hundred and six thousand, eight hundred and forty Saudi Riyals (SAR 11,339,806,840) to three billion Saudi Riyals (SAR 3,000,000,000) by canceling eight hundred and thirty-three million, nine hundred and eighty thousand, six hundred and eighty-four (833,980,684) ordinary shares of the Company's issued shares, at a decrease rate of approximately 73.54% of the number of shares. This approval was announced on the websites of CMA and Tadawul on 24/04/1446H (corresponding to 27/10/2024G).
- Obtain a no-objection letter from the Ministry of Commerce to amend the Bylaws to be submitted to the CMA as part of the requirements for holding the EGM to approve the capital reduction.
- The capital reduction process is contingent upon shareholder approval through the EGM. Shareholders should be aware that if their approval for this capital reduction is not obtained, the capital reduction process will be entirely halted.
- The process of distributing the remaining of Almarai Stake to the Eligible Shareholders from the retained earnings as in-kind dividends is subject to the Shareholders' approval of the Significant Transaction through the EGM. The Shareholders shall be aware that if the approval of the Significant Transaction is not obtained, the procedures for the process of distributing the remaining of Almarai Stake will be entirely suspended.
- The capital reduction process requires no objections from creditors at least 45 days before the date of the EGM on the reduction. This period allows creditors to express their objections to the capital reduction decision. If a creditor objects and submits their documents to the Company within the specified period, the Company must settle their debt if it is due or provide sufficient collateral if it is deferred.
- If creditors do not object to the capital reduction process; or, their debts are settled; or, sufficient collateral is provided if the debts are deferred, then the Company will proceed with the capital reduction process by holding the EGM to obtain shareholders' approval for the capital reduction.
- If shareholder approval for the capital reduction is obtained during the EGM, the Company will contact the Ministry of Commerce to obtain approval for amending the commercial register and the Company's Bylaws.
- Other than as stated above, there are no other regulatory approvals that the Company is required to obtain in connection with completing the capital reduction process.

10. RELEVANT LAWS AND REGULATIONS



10. Relevant Laws and Regulations

- The Companies Law in the Kingdom of Saudi Arabia promulgated by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
- The Capital Market Law promulgated by Royal Decree No. M/3 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
- The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board under Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), amended by Resolution No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), as amended.
- The Corporate Governance Regulations issued by the Board of the CMA pursuant to Resolution No. 8-6-2017 dated 16/05/1438H (corresponding to 13/02/2017G) pursuant to the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G) pursuant to the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G) and any amendments thereto.
- The Listing Rules issued by Tadawul and approved under CMA Board Decision No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G) and amended by Resolution No. 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G).
- The Implementing Regulations of the Companies Law for Listed Joint-Stock Companies issued by the CMA Board under Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law promulgated by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), amended by Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law promulgated by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), and any amendments thereto.
- The Company's Bylaws.

11.

AUDITOR REPORT

970
705
64432
13763
0424458
058963424

11. Auditor Report

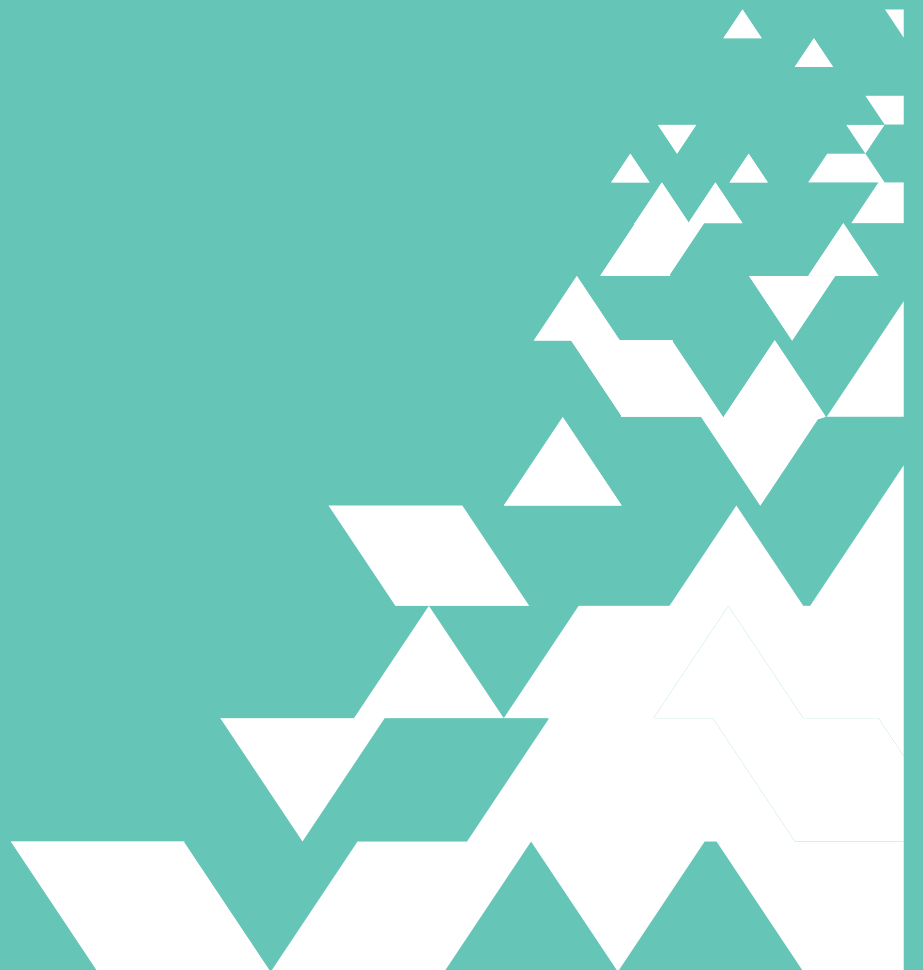
The Company appointed KPMG Professional Services Company, a closed joint-stock company, to prepare the Auditor's Report on the capital reduction, which outlines the reasons for the capital reduction, its impact on the Company's liabilities and the shareholders' rights, following the completion of the capital reduction in order to obtain CMA approval for the capital reduction application.

Under Article 134 of the Companies Law, a decision on the capital reduction can only be made after reading a statement at the general assembly prepared by the Board of Directors, detailing the reasons for the reduction, the Company's liabilities and equity, and the impact of the reduction on meeting these liabilities. Said statement must be accompanied by the Company's Auditor's Report.

A copy of the Auditor's Report on the capital reduction prepared by the external auditor was included in the announcement of the invitation to this EGM on Tadawul's website on [•]H (corresponding to [•]G).

12.

DOCUMENTS AVAILABLE FOR INSPECTION



12. Documents Available for Inspection

The Company will make the following documents available to shareholders for public review for a period of at least fourteen (14) days prior to the date of the EGM on the capital reduction. These documents will be accessible at the Company's head office in Jeddah, Taha Kusaifan Street, Building no. 2444, Ashati District 7333-23511 Jeddah, Kingdom of Saudi Arabia, during official working hours from 9:00 AM to 5:00 PM and on the Company's website. These documents remain available for inspection until the EGM on 14/10/2024H (corresponding to 17/10/2024G):

- A copy of the Board of Directors' recommendation related to capital reduction.
- A copy of the Financial Advisor's appointment letter.
- A copy of the Legal Advisor's appointment letter.
- A copy of the CMA's announcement of its approval of the capital reduction, as published on the CMA's and Tadawul's websites on 24/04/1446H (corresponding to 27/10/2024G).
- A copy of the shareholders' circular submitted to the EGM.
- A copy of the external Auditor's report on the Capital Reduction.

13. ATTACHMENTS



13. Attachments

- Copy of the Auditor's Report.
- A Proxy Form for attendance of EGM Meeting.

Appendix 1- A Proxy Form for remote attendance of the EGM Meeting

Proxy Template	نموذج التوكيل
<p>Dear Shareholders,</p> <p>We would like to inform you that the Proxy form is not available, as the Extraordinary General Assembly Meeting will be held on [●], [●]/[●]/2024 at [●] PM remotely using Modern Technology means.</p> <p>The company urges the shareholders to register on Tadawulaty service, noting that voting is provided free of charge and available for all shareholders through the following link:</p> <p>https://www.tadawulaty.com.sa</p> <p>Best regards,</p>	<p>السادة المساهمين الكرام</p> <p>نود إشعاركم بأن نموذج التوكيل غير متاح وذلك نظراً لانعقاد الجمعية العامة غير العادية رقم (٣٥) المقرر لها يوم [●]، [●]/[●]/٢٠٢٤م الساعة [●] مساءً عن بُعد وذلك من خلال وسائل التقنية الحديثة.</p> <p>وتحث الشركة مساهميها بالتسجيل في موقع تداولاتي، علماً بأن التسجيل والتصويت متاح مجاناً لجميع المساهمين من خلال الرابط التالي:</p> <p>https://www.tadawulaty.com.sa</p> <p>والله ولي التوفيق،</p>

Appendix 2- A Proxy Form for in-person attendance of the EGM Meeting

Proxy Template	نموذج التوكيل
Date of issuing the proxy: [●]/[●]/1446	تاريخ تحرير التوكيل: [●]/[●]/١٤٤٦هـ
Corresponding date: [●]/[●]/2024	الموافق: [●]/[●]/٢٠٢٤م
To: Savola Group Company	السادة / مجموعة صافولا
Greetings,	الموقرين
I am the shareholder / _____ (authorizing shareholder's full name) (_____ Nationality), with ID Number (or Iqama Number/ or Passport Number for non-Saudi) (_____) issued from (_____), in my personal capacity or as an authorized signatory on behalf of the Chairman of/or the CEO of (_____) name of authorizing company) the owner of a number of shares amounted to (_____) of Savola Group Company shares (a Publicly Listed Saudi Company) registered in the commercial registry in Jeddah on 21/07/1399 AH, with the registration number (4030019708) and pursuant to article (25) of the Company's bylaws, hereby authorize (_____) authorized person full name) with ID Number (_____) to represent me in attending the Extraordinary Shareholders General Assembly Meeting (EGM) which will be held on [●]/ [●]/1446 corresponding to [●]/[●]/2024 at [●] PM at Savola Headquarter (Savola Tower - seventh floor). Ashati District, Prince Faisal Bin Fahad Street, Jeddah, Kingdom of Saudi Arabia. I delegate him/her to vote on my behalf on the EGM agenda and any other agenda items that the EGM might raise for voting, and to sign on my behalf on all resolutions and documents related to the meeting. This power of attorney is valid for this meeting or any subsequent adjourned meeting.	السلام عليكم ورحمة الله وبركاته ... أنا المساهم / _____ (اسم الموكل الرباعي)، (_____ الجنسية)، بموجب هوية شخصية (رقم/ أو رقم الإقامة / أو جواز السفر لغير السعوديين) (_____)، صادرة من (_____) بصفتي (الشخصية) أو مفوض إليه التوقيع عن مدير/ رئيس مجلس إدارة شركة _____ (اسم الشركة المؤكّلة) ومالك/ة) لأشهم عددها (_____) (_____) سهماً من أسهم مجموعة صافولا (شركة مساهمة سعودية مدرجة) المسجلة في السجل التجاري في جدة برقم (٤٠٣٠٠١٩٧٠٨) وتاريخ ٢١/٠٧/١٣٩٩هـ، واستناداً لنص المادة رقم (٢٥) من النظام الأساس للشركة، فإنني بهذا أوكل _____ (اسم الوكيل الرباعي) بموجب هوية شخصية (رقم/ أو رقم الإقامة / أو جواز السفر لغير السعوديين) (_____) لينوب عني في حضور اجتماع الجمعية العامة غير العادية الذي سيعقد في تمام الساعة [●] من مساء يوم [●] بتاريخ [●]/[●]/١٤٤٦هـ (حسب تقويم أم القرى) الموافق [●]/[●]/٢٠٢٤م، وذلك بمقر الإدارة العامة للمجموعة (برج صافولا - الدور السابع) حي الشاطئ، شارع الأمير فيصل بن فهد، بمدينة جدة، المملكة العربية السعودية وقد وكلته بالتصويت نيابة عني على الموضوعات المدرجة على جدول الأعمال وغيرها من الموضوعات التي قد تطرحها الجمعية العامة للتصويت عليها، والتوقيع نيابة عني على كافة القرارات والمستندات المتعلقة بهذه الاجتماعات، ويعتبر هذا التوكيل ساري المفعول لهذا الاجتماع أو أي اجتماع لاحق يؤجل إليه.
Full Name of the person signing the proxy:	اسم موقع التوكيل:
Capacity of the person signing the proxy:	صفة موقع التوكيل:
ID number of the person signing the proxy:	رقم السجل المدني لموقع التوكيل (أو رقم الإقامة أو جواز السفر لغير السعوديين):
Signature of the authorizing shareholder:	توقيع الموكل:
(This proxy must be stamped by the official stamp if the shareholder is a legal person)	(يجب ختم التوكيل بالختم الرسمي في حال كان المساهم شخصية اعتبارية)

Appendix 3 - Copy of the Auditor's Report.



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Limited Assurance Report to Savola Group Company on the Decrease in Share Capital as Proposed by the Company's Board of Directors on 26/09/2024G

To the Shareholders of Savola Group Company

We were engaged by the management of Savola Group Company (the "Company") to report on the decrease in share capital as proposed by the Company's Board of Directors on 26/09/2024G as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the decrease in share capital of the Company as proposed by the Company's Board of Directors in their meeting held on 26/09/2024 (corresponding to 23/03/1446H), as set out in Appendix 1 prepared by the Company.

Appendix 1 sets out the Company's rationale for the proposed decrease from SR 11,339,806,840 (Eleven billion, three hundred thirty-nine million, eight hundred six thousand, eight hundred forty Saudi Riyal) to SR 3,000,000,000 (Three billion Saudi Riyal) by SR 8,339,806,840 (Eight billion, three hundred thirty-nine million, eight hundred six thousand, eight hundred forty Saudi Riyal) through the cancelation of 833,980,684 (Eight hundred thirty-three million, nine hundred eighty thousand, six hundred eighty-four) shares against the distribution of Company's assets (shares of equity accounted investee).

Applicable Criteria

We have used the following as the Applicable Criteria:

- Articles (133, 134 and 135) of the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G);
- Article (76) of the second chapter (sixth section) of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority's ("CMA") Board pursuant to the Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003G), as amended by CMA Board Resolution No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G);
- Article (14) of the Company's bylaws; and

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR70,000,000 and a non-quarter member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Commercial Registration of the headquarters in Riyadh is 1010425694.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (70,000,000) ريال سعودي، وهي عضو في المنظمة العالمية للشركات المستقلة التابعة لمنظمة كيو بي إم جي الدولية، وهي شركة مساهمة مغلقة مسجلة في إنجلترا. رقم السجل التجاري للمركز الرئيسي في الرياض هو 1010425694.



Applicable Criteria (continued)

4. Board of Directors' resolution dated 26/09/2024 (corresponding to 23/03/1446H) which proposes the decrease in share capital from SR 11,339,806,840 (Eleven billion, three hundred thirty-nine million, eight hundred six thousand, eight hundred forty Saudi Riyal) to SR 3,000,000,000 (Three billion Saudi Riyal) by SR 8,339,806,840 (Eight billion, three hundred thirty-nine million, eight hundred six thousand, eight hundred forty Saudi Riyal) through the cancelation of 833,980,684 (Eight hundred thirty-three million, nine hundred eighty thousand, six hundred eighty-four) shares against the distribution of the Company's assets (shares of equity accounted investee).

Savola Group Company's Responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management of the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law issued by the Ministry of Commerce ("MOC"), effective from 26/06/1444H (corresponding to 19/01/2023); designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.



Our Responsibility (continued)

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

Procedures Performed

- Comparing the proposed decrease in the share capital of the Company as set out in Appendix 1 with the resolution of the Board of Directors of the Company, in respect of the decrease in capital from SR 11,339,806,840 (Eleven billion, three hundred thirty-nine million, eight hundred six thousand, eight hundred forty Saudi Riyal) to SR 3,000,000,000 (Three billion Saudi Riyal) by SR 8,339,806,840 (Eight billion, three hundred thirty-nine million, eight hundred six thousand, eight hundred forty Saudi Riyal) through the cancellation of 833,980,684 (Eight hundred thirty-three million, nine hundred eighty thousand, six hundred eighty-four) shares against the distribution of the Company's assets (shares of equity accounted investee).
- Comparing the financial information in Appendix 1 with the unaudited interim financial statements of the Company as at 30 June 2024.
- Ensuring the mathematical accuracy in Appendix 1.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Other Matter

The proposed decrease in the share capital of Savola Group Company will be reflected in the accounting records of the Company after receiving approval from the Shareholders of the Company and the Ministry of Commerce ("MOC").

Restriction of Use of Our Report

This report has been prepared at the Company's management request only, for the purpose of assisting the Company to fulfill its obligations to report to the Extraordinary General Assembly under the applicable criteria. Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, MOC and CMA for any purpose or in any context. Any party other than the Company, MOC and CMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company, MOC and CMA for our work, for this independent limited assurance report, or for the conclusions we have reached.



Restriction of Use of Our Report (continued)

Our report is released to the Company, MOC and CMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454



Jeddah, 14 October 2024
Corresponding to 11 Rabi Al-Thani 1446H



هاتف: +966 12 268 7733
 فاكس: +966 12 648 4139
 برج صافولا - حي الشاطئ
 شارع الأمير فيصل بن سعد
 مكة المكرمة - 2444
 وحدة رقم 15 جدة 23511-7333
 المملكة العربية السعودية
 www.savola.com

Tel: +966 12 268 7733
 Fax: +966 12 648 4139
 Savola Tower - Al-Shati District
 Prince Faisal Bin Fahad Road,
 2444 Taha Kusafan - Al-Shati
 Unit No. 15 Jeddah 23511-7333
 Kingdom of Saudi Arabia
 www.savola.com

Appendix 1

a) Historical Financial Statements

SAVOLA GROUP COMPANY (A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Property, plant and equipment	5,867,497	6,046,276
Right-of-use assets	2,967,197	3,040,384
Intangible assets and goodwill	1,666,872	1,678,552
Investment property	192,383	192,618
Equity-accounted investees	9,288,762	9,309,103
Investments at fair value through other comprehensive income	89,184	98,068
Deferred tax asset	61,480	51,166
Non-current assets	20,133,375	20,416,167
Inventories	3,963,321	4,251,886
Trade receivables	2,071,173	1,752,950
Prepayments and other receivables	1,433,682	1,567,201
Investments at fair value through profit or loss	17,019	22,871
Term deposits	808,822	738,395
Cash and cash equivalents	891,777	1,213,193
Current assets	9,185,794	9,546,496
TOTAL ASSETS	29,319,169	29,962,663
EQUITY		
Share capital	5,339,807	5,339,807
Share premium	342,974	342,974
Shares held under employees' share based payment plan	(120,774)	(120,774)
Statutory reserve	-	1,774,085
General reserve	4,000	4,000
Other reserves	(491,691)	(456,513)
Effect of transactions with non-controlling interests without change in control	(220,840)	(220,840)
Foreign currency translation reserve	(2,632,205)	(2,354,758)
Retained earnings	6,401,627	4,143,441
Equity attributable to owners of the Company	8,622,898	8,451,422
Non-controlling interests	1,071,298	1,083,098
TOTAL EQUITY	9,694,196	9,534,520
LIABILITIES		
Loans and borrowings	4,502,354	4,699,990
Lease liabilities	2,997,413	3,092,951
Employee benefits	851,614	842,718
Derivative	228,915	-
Long-term payables	222,838	224,104
Provision against asset restoration	155,325	153,541
Deferred tax liability	81,704	85,675
Non-current liabilities	9,040,163	9,098,979
Loans and borrowings	4,137,740	3,887,714
Lease liabilities	441,245	429,578
Trade payables	3,025,219	3,507,964
Derivative	-	274,255
Accrued and other liabilities	2,980,606	3,229,653
Current liabilities	10,584,810	11,329,164
TOTAL LIABILITIES	19,624,973	20,428,143
TOTAL EQUITY AND LIABILITIES	29,319,169	29,962,663

شركة مساهمة سعودية مدرجة رأس مالها 11,339,806,840 ريال سعودي - سجل تجاري رقم 19708-1-2001 - رقم الأشتراك بفرصة حدة 14-13
 A Publicly Listed Saudi Joint Stock Company with a Capital of SR 11,339,806,840 - Commercial Registration No. 4030019708 - Jeddah Chamber Membership No. 3012

a) Historical Financial Statements (continued)
SAVOLA GROUP COMPANY (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Three-month period ended June 30		Six-month period ended June 30	
	2024	2023	2024	2023
Revenues	5,374,974	6,093,286	13,156,844	13,907,780
Cost of revenues	(4,160,190)	(4,846,330)	(10,323,330)	(11,158,791)
Gross profit	1,214,784	1,246,956	2,833,514	2,748,989
Share of results in equity- accounted investees, net of zakat and tax	207,364	182,515	405,721	395,975
Selling and distribution expenses	(747,092)	(731,946)	(1,518,242)	(1,488,234)
Administrative expenses	(247,862)	(254,921)	(484,889)	(486,852)
Results from operating activities	427,194	442,604	1,236,104	1,169,878
Finance income	39,468	23,385	100,255	45,698
Finance cost	(268,164)	(247,194)	(664,837)	(521,910)
Net finance cost	(228,696)	(223,809)	(564,582)	(476,212)
Gain on sale of a subsidiary	--	--	--	18,475
Profit before zakat and income tax	198,498	218,795	671,522	712,141
Zakat and income tax expense	(36,792)	(59,114)	(129,001)	(133,569)
Profit for the period	161,706	159,681	542,521	578,572
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Investments at fair value through other comprehensive income – net change in fair value	(10,157)	8,106	(8,884)	6,230
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign operations - foreign currency translation differences	26,875	17,995	(314,860)	(222,955)
Equity accounted investees - share of other comprehensive income	(6,903)	(24,559)	(52,788)	40,060
Cash flow hedges – effective portion of changes in fair value	70	(12,417)	28,291	(15,484)
Other comprehensive income / (loss) for the period	9,885	(10,875)	(348,241)	(192,149)
Total comprehensive income for the period	171,591	148,806	194,280	386,423

he my.

b) The reasons for the need to reduce capital.

The reduction of share capital is due to it being in excess of the Company's needs and to facilitate the distribution-in-kind of Savola's entire stake in Almarai Company to the eligible Savola's shareholders and optimize the Company's capital structure. This adjustment will involve cancelling shares followed by compensation to eligible Shareholders with a number of Almarai shares having fair value equivalent to the par value of the Company's canceled shares after adjusting for fractional shares, if any. After the reduction, the remaining capital will be sufficient to meet the Company's operational requirements.

c) Proposed effect of decrease in select items in statement of financial position and statement of profit and loss due to reduction in share capital and distribution in kind of Almarai stake held by Savola Group Company as at June 30, 2024 (pro-forma)

Amounts in SR Million	Before decrease ^a	Capital reduction impact	Distribution in kind of remaining Almarai stake held by Savola Group Company	Pro-forma Post Capital Reduction and Distribution of Almarai shares
Statement of Financial Position				
Share capital**	11,339.8	(8,339.8)	-	3,000.0
Share premium	343.0	-	-	343.0
Shares held under employees' share based payment plan	(120.8)	-	-	(120.8)
General reserve	4.0	-	-	4.0
Other reserves**	(491.7)	178.5	235.2	(78.0)
Effect of transactions with non-controlling interests without change in control	(220.8)	-	-	(220.8)
Foreign currency translation reserve	(2,632.2)	-	-	(2,632.2)
Retained earnings**	6,401.6	4,361.7	(5,243.3)***	5,520.0
Equity attributable to owners of the Company	14,622.9	(3,799.6)	(5,008.1)	5,815.2
Non-controlling interest	1,071.3	-	-	1,071.3
Total Equity	15,694.2	(3,799.6)	(5,008.1)	6,886.5
Equity-accounted investees	9,288.8	(3,799.6)	(5,008.1)	481.1
Statement of Profit or Loss				
	Before decrease^a	Capital reduction impact	Distribution in kind of remaining Almarai stake held by Savola Group Company	Total
Gain on distribution / derecognition	-	4,361.7	5,749.1	10,110.8

ky.

* Please read in conjunction with appendix 1 of assurance report on capital increase dated September 24, 2024 (corresponding to 21 Rabi Al Awwal 1446H).

** The Company has used the fair value of Almarai (based on quoted market price on Tadawul) amounting to SR 19,332.2 million as at June 30, 2024 for the calculation of gain, amounting to SR 10,110.8 million, after adjusting for release of other reserves associated with the investment in Almarai amounting to SR 413.7 million, upon derecognition of the investment in Almarai with carrying value amounting to SR 8,807.7 million as of the same date. The actual gain on distribution of Almarai is sensitive to the fair value of Almarai (based on quoted market price on Tadawul) and will be based on the actual date of eligibility involving transfer of Almarai shares to the Savola shareholders.

The increase to retained earnings on capital reduction amounting to SR 4,361.7 million represents the gain on derecognition of investment in Almarai that was distributed to shareholders in connection with the capital reduction.

The net decrease to retained earnings on distribution in-kind of remaining Almarai stake amounting to SR 5,243.3 million represents reduction of retained earnings attributed to the distribution in-kind amounting to SR 10,992.4 million partly offset by the gain on derecognition of remaining investment in Almarai amounting to SR 5,749.1 million.

The overall distribution of Almarai investment contributed to a net reduction of total equity amounting to SR 8,807.7 million that was effectuated by reduction of share capital and retained earnings by SR 8,339.8 million and SR 881.6 million, respectively, and increase to other reserves by SR 413.7 million.

*** The above table does not include the impact of transaction costs.

d) The capital reduction will not have any effect on the Company's cash accounts, in addition, this reduction will not have an impact on the Company's third-party liabilities.

he my.



Mr. Waleed Fatani
Group Chief Executive Officer



Mr. Wajid Khan
Group Chief Financial Officer

Savola Group Company

Headquarters Savola Tower

Ashati District, 2444 Taha Kusaifan

Jeddah

+966-12-268-7755

savola.com/investors

savola.com

