



SIIG
المجموعة السعودية

Shareholders' Circular

Saudi Industrial Investment Group
on (*) H corresponding to (*) G



Shareholders' Circular

Saudi Industrial Investment Group

Capital reduction in an amount of seven hundred fifty-four million and eight hundred thousand (SAR 754,800,000) Saudi Riyals from seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals to six billion seven hundred ninety-three million two hundred thousand (SAR 6,793,200,000) Saudi Riyals by way of cancelling seventy-five million four hundred eighty thousand (75,480,000) ordinary shares of the Company's shares

Circular to shareholders presented to the extraordinary general assembly convened on (*)H corresponding to (*)G)

Financial Adviser



Important Notice

This Circular has been prepared by the Company in accordance with Article (61) of the Rules on the Offer of Securities and Continuing Obligations to provide the necessary information to enable the Company's shareholders to make an informed decision when voting on the Capital Reduction. Shareholders must read this Circular carefully and in full before making a decision about how to vote on the Capital Reduction.

Figures and financial information contained in this Circular have been rounded. If the numbers presented in the tables are added, there may be slight discrepancies in the numbers mentioned in this Circular compared to those stated in the financial statements due to rounding.

This Circular contains forward-looking statements. Such forward-looking statements can be identified through the use of future-oriented vocabulary and phrases, such as, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "will", "believe", "aim", "may", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements in this Circular include, without limitation, statements relating to future plans of the Company including the impact of the Capital Reduction, expected timelines and other statements. These statements are subject to change due a number of factors that cannot be accurately ascertained, such as future market conditions and the behaviors of other market participants. Therefore, the recipient of this Circular should read these forward-looking statements considering this notice and may not rely on such statements.

This Circular is an unofficial English translation of the official Arabic Circular and is provided for informational purposes only. The Arabic Circular, as published on the Tadawul's website and the CMA's website, is the sole official and legally binding version. In the event of any discrepancy between the two versions, the Arabic Circular shall prevail.

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Corporate Directory

1. Corporate Directory

The Company

Saudi Industrial Investment Group (SIIG).

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Note: Each of the advisers and the Auditor mentioned above has provided their written consent for the inclusion of their names, logos, statements, and reports (as applicable) in this Circular in the form and content stated herein, and none of them has withdrawn this consent as of the date of this Circular.



Definitions

Term	Definition
Auditor	PricewaterhouseCoopers Public Accountants.
Board or Board of Directors	The Company's Board of Directors.
Capital Reduction	The proposed capital reduction of seven hundred fifty-four million eight hundred thousand (SAR 754,800,000) Saudi Riyals from seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals to six billion seven hundred ninety-three million two hundred thousand (SAR 6,793,200,000) Saudi Riyals by way of canceling seventy-five million four hundred eighty thousand (75,480,000) ordinary shares of the Company's shares.
Capital Reduction EGA	The extraordinary general assembly of the Company that will convene on ١٥/١٢/٢٠٢٢ H (corresponding to ١٥/١٢/٢٠٢٢ G) to consider and vote on the Capital Reduction.
Circular	This circular prepared by the Company and submitted to the Capital Reduction EGA.
CMA	The Capital Market Authority in the Kingdom of Saudi Arabia.
Companies Law	The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Edaa	The Securities Depository Centre Company (Edaa).
EGA	Extraordinary general assembly.
Electronic voting	A free e-service for companies listed on the Exchange, allowing shareholders to exercise their voting rights on the general assembly agenda items without attending in person, through the Tadawulat platform, which is operated by Edaa.
Exchange	The exchange on which securities are traded in the Kingdom and which is managed and operated by the Saudi Exchange.
Financial Adviser	Yaqeen Capital.
Eligible Shareholders	The Company's Shareholders who own the Company's shares at the end of trading on the day of the Capital Reduction EGA, and whose names appear on the Company's shareholders' register maintained by Edaa at the end of the second trading day following the Capital Reduction EGA, which will be held on ١٥/١٢/٢٠٢٢ H corresponding to ١٥/١٢/٢٠٢٢ G.
G	Gregorian.
Group	Means the Company and companies it controls. "Control" in this context means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: (i) holding 30% or more of the voting rights in a company, or (ii) the right to appoint 30% or more of the governing body.
H	Hijri.
Legal Adviser	Zeyad Sameer Khoshaim Company (Professional Limited Liability Company).
Ministry of Commerce	Ministry of Commerce of the Kingdom of Saudi Arabia.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to resolution number (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), as amended.
Saudi Exchange Company	Saudi Exchange Company, a closed joint stock company and a wholly-owned subsidiary of the Saudi Tadawul Group Holding Co., which is the entity responsible for operating the Exchange.
Senior Executives	Any natural person to whom the governing body of the firm, or a member of the governing body of the firm, has given responsibility, either alone or jointly with others, for management and supervision and either reports to: the Board of Directors, a Board member, or the chief executive officer.
Shareholders	The Company's shareholders from time to time.
SIIG or the Company	Saudi Industrial Investment Group (SIIG).



Purpose of this Circular

3. Purpose of this Circular

This Circular has been prepared by the Company in accordance with Article (61) of the Rules on the Offer of Securities and Continuing Obligations to provide the necessary information to enable the Shareholders to make an informed decision when voting on the Capital Reduction.

Shareholders must read this Circular carefully and in full before making a decision about how to vote on the Capital Reduction.



Company Overview

4. Company Overview

The Saudi Industrial Investment Group (referred to as the "Company" or "SIIG") was established pursuant to MOC resolution No. 291 on 29/06/1416H (corresponding to 23/11/1995G). SIIG is a joint-stock company registered in the commercial registry under No. (1010139946) on 10/08/1416H (corresponding to 01/01/1996G), issued in Riyadh. The current capital of SIIG is seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals, divided into seven hundred fifty-four million eight hundred thousand (754,800,000) ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share, fully paid and listed on Saudi Exchange.

The Company's activities according to the commercial register are as follows:

1. Construction of refineries, petrochemical plants and refineries.
2. Extraction of natural fertilizers, including natural phosphates and natural potassium salts.
3. Services related to oil extraction except for surveying services.
4. Production of liquid fuels (petroleum refinery products).
5. Manufacture of basic organic chemicals, including acetylene, except for fertilizers and nitrogenous compounds.
6. Production of primary gases, including (oxygen and hydrogen, etc.).
7. Manufacture of chemical elements.
8. Manufacture of plastics in their primary forms.
9. Manufacture of propylene.
10. Manufacture of polyethylene.
11. Manufacture types of proteins.
12. Manufacture of aromatic extracts and products, including distilled water and aromatic mixtures.
13. Manufacture of non-rechargeable batteries and primary cells (containing oxides of manganese, mercury and silver).
14. Manufacture of liquid batteries.
15. Manufacture of dry batteries.
16. Wholesale of gaseous fuels.
17. Wholesale of lubricating oils and refined petroleum products.

According to the Bylaws, the company's purposes include the following:

1. Mining of chemical metals and mineral fertilizers.
2. Oil and natural gas extraction support activities.
3. Manufacture of refined oil products.
4. Manufacture of basic chemical materials.
5. Manufacture of plastics and synthetic rubber in primary forms.
6. Manufacture of other chemical products that are unspecified in another position.
7. Manufacture of batteries and accumulators.
8. Construction work related to other civil engineering works.
9. Wholesale of solid, liquid and gaseous fuels and related products.

Contact Information:

SIIG

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4.1. Company's Group

The company has six subsidiaries:

- 1. Saudi Chevron Phillips Company (SCP)**, a limited liability company, located in the city of Jubail, Saudi Arabia, with commercial registration No. 2055003839, dated July 8, 1996G. Its capital is two hundred forty-three million seven hundred fifty thousand (SAR 243,750,000) Saudi Riyals, equally owned by Saudi Industrial Investment Group and Chevron Phillips Chemical Arabia, each holding 50%. The project is located in the Jubail Industrial City, and production started in 2000G, producing benzene, cyclohexane, and aromatic compounds.
- 2. Jubail Chevron Phillips Company (JCP)**, a limited liability company, located in the city of Jubail, Saudi Arabia, with commercial registration No. 2055005901, dated August 23, 2003G. Its capital is four hundred eighty-three million seven hundred fifty thousand (SAR 483,750,000) Saudi Riyals, equally owned by Saudi Industrial Investment Group and Chevron Phillips Chemical Arabia, each holding 50%. The project is located in the Jubail Industrial City, and production started in 2008G, producing styrene and propylene.
- 3. Aromatics Distribution Company (ADCo)**, a limited liability company, located in the free zone at Dubai Airport, United Arab Emirates. It was established in 2020G with a capital of one hundred thousand (AED 100,000) Emirati Dirhams. It is equally owned by Saudi Industrial Investment Group and Chevron Phillips Chemical Arabia, each holding 50%. The company markets products produced by Saudi Chevron Phillips (SCP) and Jubail Chevron Phillips (JCP) outside the Kingdom, in collaboration with Chevron Phillips Chemical International Services (CPCIS), based on the signed sales agreement between Aromatics Distribution LLC and CPCIS. Its activity is limited to providing marketing support through marketing and sales services for all the company's products outside the Kingdom.
- 4. Saudi Polymers Company (SPCo)**, a limited liability company, located in the city of Jubail, Saudi Arabia, with commercial registration No. 2055008886, dated December 9, 2007G. Its capital is one billion four hundred six million (SAR 1,406,000,000) Saudi Riyals, and it is owned by National Petrochemical Company (Petrochem) with a 65% share and Chevron Phillips Chemical Arabia with a 35% share.
- 5. Gulf Polymers Distribution Company (GPDC)**, a limited liability company, located in the free zone at Dubai Airport, United Arab Emirates. It was established in 2011G with a capital of two million (AED 2,000,000) Emirati Dirhams (approximately SAR 2,042,200). It is owned by National Petrochemical Company (Petrochem) with a 65% share, and Chevron Phillips Chemical Arabia with a 35% share. The company markets products outside the Kingdom in collaboration with Chevron Phillips Chemical International Services (CPCIS), based on the signed sales agreement between Gulf Polymers Distribution LLC and CPCIS. Its activity is exclusively limited to providing marketing support through storage, sale, and distribution of products outside the Kingdom, produced by Saudi Polymers Company.
- 6. National Petrochemical Company (Petrochem)**, a closed joint-stock company, located in Riyadh, Saudi Arabia, with commercial registration No. 1010246363, dated March 16, 2008G. Its capital is four billion eight hundred million (SAR 4,800,000,000) Saudi Riyals, fully owned by Saudi Industrial Investment Group. Petrochem's activities include developing, establishing, operating, managing, and maintaining petrochemical, gas, petroleum, and other industrial plants, as well as wholesale and retail trading in petrochemical products and their derivatives.

4.2. Key Developments in the SIIG's Capital

SIIG was incorporated in 1996 with a capital of SAR 550,000,000. Since its incorporation, the Company has made several changes in its capital structure as shown in the summary below:

Table 1: Key Developments in the SIIG's Capital

Date	Type of Restructuring	Share Capital Pre-Restructuring	Share Capital Post-Restructuring	Method of the Capital Restructuring
27/03/2003G	Capital increase of SAR 650,000,000	SAR 550,000,000	SAR 1,200,000,000	The Company's Board of Directors on 1423/11/09H (corresponding to 2003/01/12G) recommended an increase in the company's capital through a rights issue. The EGA approved the capital increase on 1424/02/25H (corresponding to 2003/03/27G).
12/04/2005G	Capital increase of SAR 600,000,000	SAR 1,200,000,000	SAR 1,800,000,000	On 1426/01/03H (corresponding to 2005/02/12G), the Company announced the Board of Directors' recommendation to increase the capital through a bonus shares issuance at a ratio of one (1) bonus share for every two (2) shares held by Shareholders. The EGA approved the capital increase on 1426/03/03H (corresponding to 2005/04/12G).
23/05/2006G	Capital increase of SAR 450,000,000	SAR 1,800,000,000	SAR 2,250,000,000	the Company announced the ,(2005G/12/10 corresponding to) 1426H/11/08 On Board of Directors' recommendation to increase the capital through a bonus shares shares held by (4) bonus share for every four (1) issuance at a ratio of one 1427H/04/25 Shareholders. The EGA approved the capital increase on ,(2006G/05/23 corresponding to)
05/02/2008G	Capital increase of SAR 2,250,000,000	SAR 2,250,000,000	SAR 4,500,000,000	the Company announced the ,(2007G/09/12 corresponding to) 1428H/08/30 On Board of Directors' recommendation to increase the capital through a rights issue shares with no issuance (225,000,000) by issuing two hundred twenty-five million premium. The Company intended to use the offering proceeds to establish share in its capital. The EGA approved %50 Petrochem and finance the Company's ,(2008G/02/05 corresponding to) 1429H/01/27 the capital increase on
10/04/2022G	Capital increase of SAR 3,048,000,000	SAR 4,500,000,000	SAR 7,548,000,000	the Company announced its firm ,(2021G/10/27 corresponding to) 1443H/03/21 On intention to make an offer to the shareholders of the National Petrochemical Company (Petrochem) to acquire all issued shares in National Petrochemical Company (Petrochem) that were not already owned by SIIG, in exchange for issuing 1.27 new shares to Petrochem's shareholders in the Saudi Group at a swap ratio of shares in the Saudi Group for each share held in Petrochem. The EGA approved the ,(2022G/04/10 corresponding to) 1443H/09/09 capital increase on

Source: SIIG

On (*)H (corresponding to (*)G), the Capital Reduction EGA will be convened to vote on reducing the share capital of the Company in an amount of SAR 754,800,000 from SAR 7,548,000,000 to SAR 6,793,200,000 by way of cancelling 75,480,000 shares of the Company's shares.

4.3. Board of Directors

The Board of Directors consists of seven (7) members appointed for a term starting from 09/11/1445H (corresponding to 17/05/2024G) and ending on 21/12/1449H (corresponding to 16/05/2028G). The following table sets out the members of the Board of Directors and the Company shares owned by each as of the end of trading on Wednesday 19/09/1446H (corresponding to 19/03/2025G):

Table 2: Members of the Board of Directors and their ownership in the Company's shares

Name	Position**	Status	Number of Shares Owned		Percentage of Shares Owned %		Date of Membership*
			Direct	Indirect ⁽¹⁾	Direct	Indirect ⁽¹⁾	
KHALIL IBRAHIM AL-WATBAN	Chairman	Non-Executive	N/A	N/A	N/A	N/A	17/05/2024G
SAAD SALEH AL- RWITA	Vice Chairman	Independent	100	N/A	%0.0000132	N/A	17/05/2024G
EYAD ABDULRAHMAN AL-HUSAIN	Member	Non-Executive	2,000	N/A	%0.000265	N/A	17/05/2024G
ABDULLAH AHMED ALSHEHRI	Member	Independent	100	N/A	%0.0000132	N/A	17/05/2024G
SULAIMAN ABDULRAHMAN ALGUWAIZ	Member	Non-Executive	N/A	N/A	N/A	N/A	17/05/2024G
SAEED ABDUL LATIF AL- HADRAMI	Member	Independent	500	N/A	%0.0000662	N/A	17/05/2024G
ABDULRAHMAN SALEH ALISMAIL	Member	Executive	2,270	N/A	%0.0003007	N/A	17/05/2024G

Source: The Company and the website of the Exchange.

(1) Means shares indirectly owned by members of the Board of Directors in the Company through (i) companies they control, or (ii) shares owned directly by a spouse or minor children

* EGA approved, in its meeting held on 08/11/1445H (corresponding to 16/05/2024G), the election of the members of the Board of Directors mentioned above for the current term, which started from 09/11/1445H (corresponding to 17/05/2024G) and will last for four years, ending on 21/12/1449H (corresponding to 16/05/2028G).

** The Board of Directors, in its meeting held on 10/11/1445H (corresponding to 18/05/2024G), decided to appoint Mr. Khalil Ibrahim Hussein Al-Watban as Chairman of the Board of Directors, and Mr. Saad Saleh Abdullah Al-Rwita' as Vice Chairman of the Board.

4.4. Senior Executives

SIIG is managed by a highly experienced executive team with the necessary knowledge and skills to manage SIIG 's operations. The following table sets out the names of the Senior Executives team and the SIIG shares owned by each as of the end of trading on Wednesday 19/09/1446H (corresponding to 19/03/2025G):

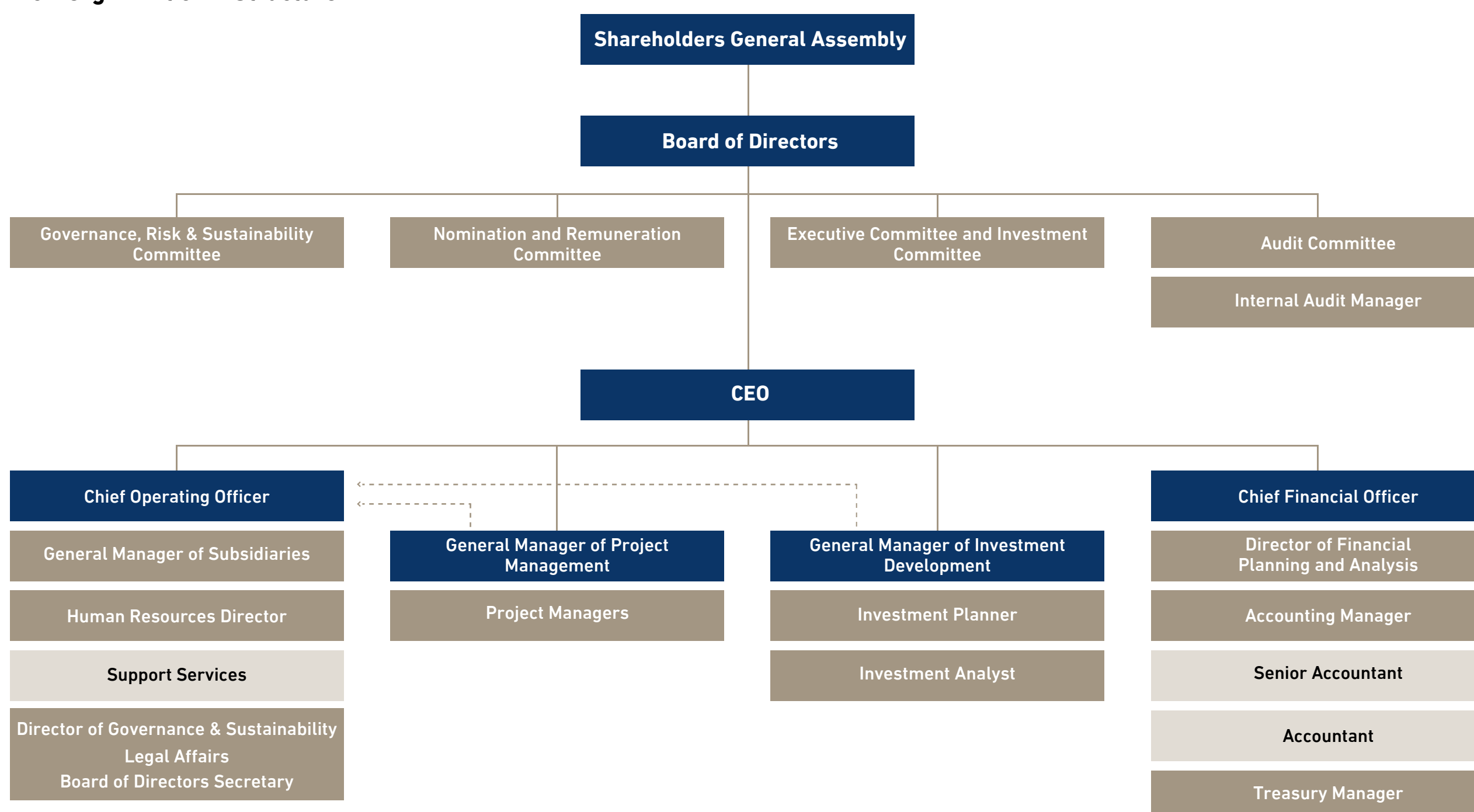
Table 3: Senior Executives, Positions and Ownership

Name	Position	Nationality	Number of Shares Owned		Percentage of Shares Owned %		Date of Appointment
			Direct	Indirect ⁽¹⁾	Direct	Indirect ⁽¹⁾	
Abdulrahman Saleh Alismail	Chief Executive Officer	Saudi	2,270	N/A	0.0003007%	N/A	٢٠٢١/٠١/٠١
Fahad Abdullah Al-Thiban	Chief Operating Officer	Saudi	N/A	N/A	N/A	N/A	٢٠٢٣/٠١/٠١
Hussam Mohammed Al Bader	Chief Financial Officer	Saudi	N/A	N/A	N/A	N/A	٢٠٢٣/٠٥/٠١

Source: The Company and Tadawul website.

(1) Means shares indirectly owned by members of the Senior Executives in the Company through (i) companies they control, or (ii) shares owned directly by a spouse or minor children.

4.5. Organizational Structure



Source: The Company

4.6. Major Shareholders

SIIG has only one substantial shareholder (i.e. a shareholder who directly owns 5% or more of SIIG's capital), as follows:

Table 4: Ownership structure before and after the Capital Reduction

Shareholder	Pre-Capital Reduction			Post- Capital Reduction		
	Number of Shares	Shareholding Percentage	Total Nominal Value (SAR)	Number of Shares	Shareholding Percentage	Total Nominal Value (SAR)
The General Organization for Social Insurance	140,260,833	18.583%	1,402,608,330	126,234,750	18.583%	1,262,347,500
Board of Directors	4,970	0.0006585%	49,700	4,473	0.0006585%	44,730
The rest of the shareholders	614,534,197	81.4168%	6,145,341,970	553,080,777	81.4168%	5,530,807,770
Total	754,800,000	100%	7,548,000,000	679,320,000	100%	6,793,200,000

Source: The Company and the website of the Exchange, as of March 19, 2025G.

**The percentages in the table are approximate.

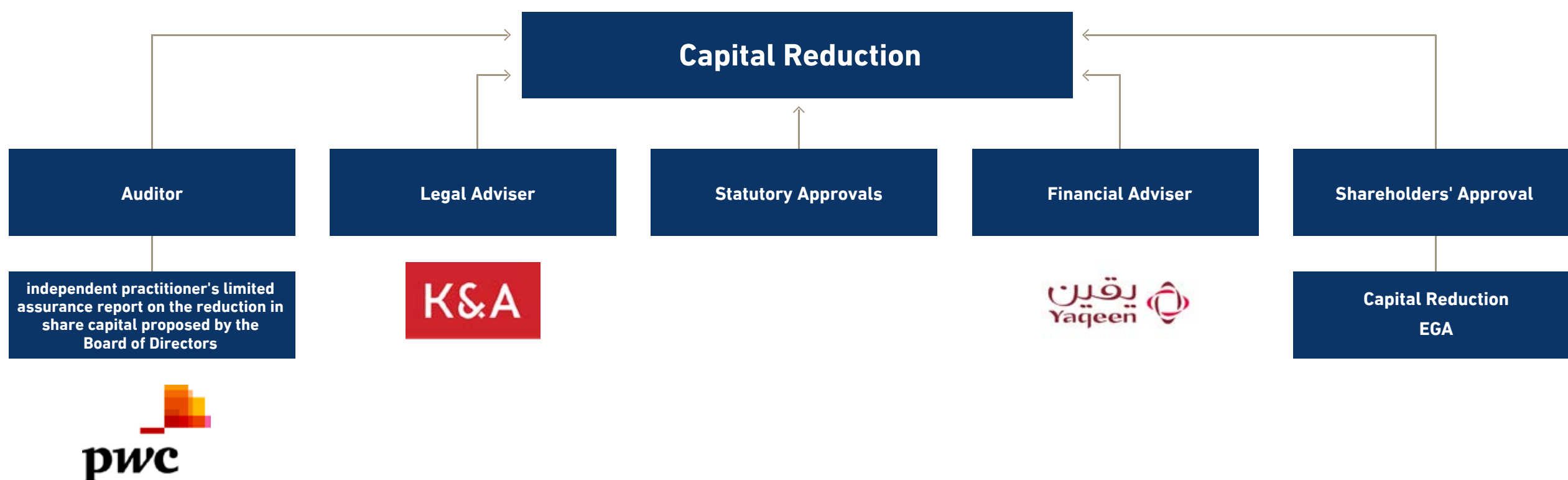


Structure of the Capital Reduction Process

5. Structure of the Capital Reduction Process

5.1. Chart (Structure of the parties involved in the Capital Reduction process)

The following chart shows the parties involved in the capital reduction:



5.2. General Structure of the Capital Reduction

- The current issued capital of the Company is seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals, divided into seven hundred fifty-four million eight hundred thousand (754,800,000) ordinary shares, each with a nominal value of ten (SAR 10) Saudi Riyals per share, fully paid.
- On 24/06/1446H (corresponding to 25/12/2024G), the Company announced its Board of Directors' recommendation to reduce the Company's capital by an amount of SAR 754,800,000, reducing it from SAR 7,548,000,000 to SAR 6,793,200,000, by canceling 75,480,000 shares from the Company's issued shares.
- On 09/07/1446H (corresponding to 09/01/2025G), the Company announced the appointment of Yaqeen Capital as the financial adviser for the Capital Reduction.
- Seventy-five million four hundred eighty thousand (75,480,000) ordinary shares, representing 10% of the capital, will be canceled, and entitled shareholders will be compensated at the nominal value of ten (SAR 10) Riyals per canceled share, with a ratio of one (1) share canceled for every ten (10) shares held. The reason for this reduction is the excess of the capital beyond the Company's needs.
- The cancellation of 10% of the Company's shares will result in a Capital Reduction of seven hundred fifty-four million eight hundred thousand (SAR 754,800,000) Saudi Riyals, decreasing the capital from seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals to six billion seven hundred ninety-three million two hundred thousand (SAR 6,793,200,000) Saudi Riyals, divided into six hundred seventy-nine million three hundred twenty thousand (679,320,000) shares with a nominal value of ten (SAR 10) Saudi Riyals per share.
- After the approval of the Capital Reduction by the CMA, the Company will announce the commencement of the creditors' objection period, which will be at least 45 days before the scheduled date of the Capital Reduction EGA.
- Upon Capital Reduction EGA approval, the Capital Reduction will be effective, and the stock trading will be suspended on the Exchange for two trading days, starting from the day after EGA's approval of the Capital Reduction, with trading resuming on the third trading day at the adjusted price.
- The Company will pay the total value of the Capital Reduction, amounting to seven hundred fifty-four million eight hundred thousand (SAR 754,800,000) Saudi Riyals, from the Company's cash balances, at the nominal value of ten (10) Riyals per canceled share to the Entitled Shareholders within three trading days from the resumption of trading in the shares, which will be deposited into the investment accounts of the Entitled Shareholders to compensate them for the canceled shares.
- The date of the financial statements from which the values to be determined for capital reduction purposes are taken: The condensed consolidated interim financial statements (Unaudited) for the three-month period and year ended 31 December 2024.
- Any fractional shares resulting from the Capital Reduction, if any, will be collected into one portfolio and sold in the market at the prevailing price. The proceeds from the sale will be distributed to the entitled shareholders based on their respective shares in the fractional shares within thirty (30) days from the EGA's approval of the reduction.
- The Company announced on 25/09/1446H (corresponding to 25/03/2025G) the commencement of the creditors' objection period starting from 25/09/1446H (corresponding to 25/03/2025G) for a period of forty-five (45) days, ending on 10/11/1446H (corresponding to 08/05/2025G).
-



Steps Taken to Implement the Proposed Capital Reduction

6. Steps Taken to Implement the Proposed Capital Reduction

The Company has carried out various steps to implement the Capital Reduction, which are as follows:

- The Board of Directors' recommendation for the Capital Reduction was announced on 24/06/1446H (corresponding to 25/12/2024G).
- The appointment of a Financial Adviser for the Capital Reduction was announced on 09/07/1446H (corresponding to 09/01/2025G).
- The appointment of a legal adviser for the Capital Reduction, and the appointment of the Auditor to prepare the independent practitioner's limited assurance report regarding the Capital Reduction.
- Preparing and submitting a request for the capital reduction to the Capital Market Authority in accordance with the requirements of Article (61) of the Securities Offering and Continuous Obligations Rules. The application was submitted on 13/08/1446H (corresponding to 12/02/2025G).
- CMA approval of the Company's Capital Reduction application. The CMA announced its approval on 24/09/1446H (corresponding to 24/3/2025G).
- Submission of a notice to the Saudi Exchange in the format set out in Appendix 5 of the Listing Rules. The notice was submitted on 27/09/1446H (corresponding to 27/3/2025G).
- The Company's announcement of the commencement of the creditors' objection period will be at least 45 days before the scheduled date for the EGA meeting to decide on the Capital Reduction. The Company announced this on 25/09/1446H (corresponding to 25/3/2025G).
- EGA meeting to vote on the Company's Capital Reduction, the invitation was published on (*)H (corresponding to (*)G) to be held on (*)H (corresponding to (*)G).
- Upon the EGA's approval of the Company's Capital Reduction, the Capital Reduction will be effective.
- If the EGA approves the Capital Reduction, the Saudi Exchange will suspend trading in the Company's shares for two trading days starting the day after EGA's approval of the Capital Reduction. The decision will apply to Shareholders holding shares on the date of the EGA meeting, as shown in the Company's records at Edaa at the close of trading on the second day following the Capital Reduction EGA.
- If the EGA approves the Capital Reduction, the Company will take the necessary steps with the Ministry of Commerce to deposit the updated Bylaws and update the Company's commercial register.
- In the event that the EGA approves the Capital Reduction, any fractional shares resulting from the Capital Reduction, will be collected into one portfolio to be sold in the market at the prevailing price. The proceeds from the sale will be distributed to the eligible Shareholders, each according to their proportion of the fractional shares, within thirty (30) days from the date of the approval of the Capital Reduction EGA.



Reasons for Capital Reduction and Management Discussion and Analysis

7. Reasons for Capital Reduction and Management Discussion and Analysis

On 24/06/1446H (corresponding to 25/12/2024G), the Company announced through the Exchange website its Board of Directors' recommendation during its meeting held on 24/06/1446H (corresponding to 25/12/2024G) to reduce the company's capital from 7,548,000,000 Saudi Riyals to 6,793,200,000 Saudi Riyals by canceling 75,480,000 ordinary shares from the company's issued shares, representing a 10% reduction in the number of shares. The Board clarified in its recommendation dated 24/06/1446H (corresponding to 25/12/2024G) that the Capital Reduction is due to the excess capital relative to the company's needs.


Article (134) of the Companies Law states that the EGA may decide to reduce the capital if it exceeds the company's needs or if the company has incurred losses. In the latter case only, the capital may be reduced below the limit stated in Article (59) of the Companies Law. The reduction decision will only be made after reading a statement in the general assembly, prepared by the board of directors, outlining the reasons for the capital reduction, the company's liabilities, and the impact of the reduction on fulfilling them. This statement will be accompanied by a report from the company's Auditor.

The Board of Directors aims by the Capital Reduction to achieve a positive impact on the Company's financial position, as the amount paid into the capital exceeds the Company's immediate requirements. In this case, the capital and cash reduction will result in a more efficient capital structure for the Company, thus improving performance indicators, whereas it is expected to enhance earnings per share, dividends per share, and return on equity, as shown in the following table:

Table 5: The impact of the Capital Reduction on the Company's key financial items

Item	Share Capital Pre-Reduction	Share Capital Post-Reduction
Earnings per share	0.27	0.30
Dividends per share (Riyal/share)	0.50	0.56
Return on Assets	1.99%	2.15%
Return on Equity	2.05%	2.22%

Source: The Company



The Impact of the Company's Capital Reduction on the Company's Liabilities

8. The Impact of the Company's Capital Reduction on the Company's Liabilities

The Company has appointed PricewaterhouseCoopers Public Accountants as the Auditor to prepare the independent practitioner's limited assurance report for the Capital Reduction, which includes, in Annex (A) - Board of Directors' Statement outlining the reasons for the Capital Reduction and its impact on the Company's liabilities. The Auditor's report is attached in Appendix (1) of this circular.

The Impact of the Capital Reduction on Shareholders' Equity

The table below shows the effects of the Capital Reduction on shareholders' equity as of 31 December 2024G.

Table 6: The Implications of the Capital Reduction on Shareholders' Equity

Shareholders' equity	Before the Proposed Capital Reduction ⁽¹⁾	After the Proposed Capital Reduction ⁽²⁾	Net Impact ⁽²⁾
Share capital	7,548,000,000	6,793,200,000	(754,800,000)
Issuance premium	7,970,520,000	7,970,520,000	-
Acquisition reserve	(6,349,090,000)	(6,349,090,000)	-
Retained profits	665,087,000	665,087,000	-
Net equity	9,834,517,000	9,079,717,000	(754,800,000)

Source: (1) The condensed consolidated interim financial statements (Unaudited) for the three-month period and year ended 31 December 2024, and (2) the Board of Directors' statement in Annex (A) of the independent practitioner's limited assurance report on the reduction in share capital proposed by the Board of Directors.

Table 7: The Implications of the Capital Reduction on the statement of financial position as of 31 December 2024G

Statement of Financial Position	Before the Capital Reduction ⁽¹⁾	After the Capital Reduction ⁽²⁾	Impact ⁽²⁾
Property, plant and equipment, Net	1,772,000	1,772,000	-
Investments accounted for using the equity method	8,329,969,000	8,329,969,000	-
Other assets	6,405,000	6,405,000	-
Total non-current assets	8,338,146,000	8,338,146,000	-
Prepayments and other current assets	8,505,000	8,505,000	-
Payable by related parties	805,577,000	805,577,000	-
Short-term Murabaha deposits	30,152,000	30,152,000	-
Cash and cash equivalents	919,068,000	164,268,000	(754,800,000)
Total current assets	1,763,302,000	1,008,502,000	(754,800,000)
Total assets	10,101,448,000	9,346,648,000	(754,800,000)
Capital	7,548,000,000	6,793,200,000	(754,800,000)
Issuance premium	7,970,520,000	7,970,520,000	-
Acquisition reserve	(6,349,090,000)	(6,349,090,000)	-
Retained profits	665,087,000	665,087,000	-
Net equity	9,834,517,000	9,079,717,000	(754,800,000)
Employee benefit liabilities	28,499,000	28,499,000	-
Total non-current liabilities	28,499,000	28,499,000	-
Other accruals and liabilities	43,125,000	43,125,000	-
Provision for Zakat	195,307,000	195,307,000	-
Total Current Liabilities	238,432,000	238,432,000	-
Total liabilities	266,931,000	266,931,000	-
Total equity and liabilities	10,101,448,000	9,346,648,000	(754,800,000)

Source: (1) The condensed consolidated interim financial statements (Unaudited) for the three-month period and year ended 31 December 2024, and (2) the Board of Directors' statement in Annex (A) of the independent practitioner's limited assurance report on the reduction in share capital proposed by the Board of Directors.

Impact on Investment Portfolio

The Company intends to reduce its capital by (SAR 754,800,000) from (SAR 7,548,000,000) to (SAR 6,793,200,000) by cancelling (75,480,000) shares of the Company's shares, at a cancellation rate of one (1) share for every ten (10) shares.

The fractional shares ,if any, resulting from the Capital Reduction will be collected in one portfolio to be sold on the Exchange at the prevailing price at that time. The net proceeds of their sale will be distributed to the Eligible Shareholders, each according to their ownership in such fractional shares, within thirty (30) days from the day of the approval of the Capital Reduction EGA.

The Capital Reduction of the Company's share capital will not affect the market value of the Company's shareholders portfolios, as demonstrated by the hypothetical example below, which is based on a shareholder owning (1,000) shares of the Company's shares in his portfolio.

Table 8: The Impact of the Capital Reduction on the Portfolio

Item	Before Capital Reduction	After Capital Reduction
Number of shares held before the reduction	1,000 shares	N/A
*Pre-reduction share price	SAR 15,1	N/A
*Market value of shares before reduction (estimated)	SAR 15,100	N/A
Reduction percentage	N/A	%10
Number of shares canceled	NA	100
Shares held after reduction	N/A	900
*Post-reduction share price (estimated)	N/A	15,67 SAR
*Market value of shares after reduction (estimated)	N/A	14,100 SAR
The compensation value resulting from the cancellation of shares that will be deposited in cash into the portfolio	N/A	1,000
Fractional share compensation	N/A	None

* Based on closing price as of 19 March 2025G.

Note: The above table is based on the closing share price of SAR 15.10 as of the end of trading on Wednesday 19 March 2025G. The actual market value of the company's shares after the Capital Reduction will depend on the price of the company's share at the end of trading on the day of the EGA meeting for the Capital Reduction.

**The illustrative price may not align with the adjusted price according to the trading procedures and membership.

The table below shows the effects on Shareholders holding from (1) one share to (10) ten shares. As observed, a Shareholder who holds one share before the Capital Reduction will not own any shares afterward and will no longer be a shareholder. Instead, they will only receive the compensation for fractional shares.

Table 9: The effects of the Capital Reduction on shareholders holding 10 shares or less

Item	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value
Shares owned prior to the Capital Reduction	1 share	2 shares	3 shares	4 shares	5 shares	6 shares	7 shares	8 shares	9 shares	10 shares
Share price before the Capital Reduction (as of close of trading as of 19 March 2025G)	15.1	15.1	15.1	15.1	15.1	15.1	15.1	15.1	15.1	15.1
Shares cancelled due to reduction (share)	1	1	1	1	1	1	1	1	1	1
Remaining shares held after the reduction (shares)	None	1	2	3	4	5	6	7	8	9
Share price after reduction (SAR) (Estimated)*	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67	15.67
Market value of shares before reduction (SAR) (Estimated)	15.1	30.2	45.3	60.4	75.5	90.6	105.7	120.8	135.9	151
Market value of shares after reduction (SAR) (Estimated)	None	15.67	31.33	47	62.67	78.33	94	109.67	125.33	141
Full value paid (SAR) **	15.1	14.53	13.97	13.4	12.83	12.27	11.7	11.13	10.57	10.00
Compensation value resulting from the cancellation of shares*** - in nominal value (SAR)	10	10	10	10	10	10	10	10	10	10
Fractional Share Compensation Value (SAR) **** (estimated)	5.1	4.53	3.97	3.4	2.83	2.27	1.7	1.13	0.57	None

Note:

The table above has been prepared based on the closing share price of SAR 15.10 as of the end of trading on Wednesday, March 19 2025G. The actual market value of the company's shares after the Capital Reduction will depend on the share price at the end of trading on the day of the Capital Reduction EGA.


* Adjusted price after the resumption of trading (i.e. after the end of the objection period and the effectiveness of the Capital Reduction decision).

** Full value paid = Market value of shares before the reduction (estimated) - Market value of shares after the reduction (estimated).

*** Compensation value resulting from the cancellation of shares = (shares held before the reduction * 10% reduction) * nominal value.

**** Compensation value resulting from fractional shares (estimated) = Full value paid - Compensation value resulting from cancellation of shares.

***** The illustrative price may not align with the adjusted price according to the trading procedures and membership.



The Method of Calculating The share price after Capital Reduction

9. The Method of Calculating The share price after Capital Reduction

The following table demonstrates how to calculate the share price after the Capital Reduction:

Table 10: How to calculate the share price after Capital Reduction

Statement	Value (SAR or Share)
(a) Share price before the Capital Reduction (Estimated)*	15.1 Saudi Riyals
(b) Number of shares before the Capital Reduction	754,800,000 shares
(c) Market value of the Company's shares before the Capital Reduction = (a)*(b) (Estimated)	11,397,480,000 Saudi Riyals
(d) Payment to shareholders	754,800,000 Saudi Riyals
(e) The market value of the company's shares after the reduction (g)/(f) (Estimated)*	15.67 Saudi Riyals
(f) Number of shares after Capital Reduction	679,320,000 shares
(g) Market value of the Company's shares after the Capital Reduction** = (c) - (d) (Estimated)	10,642,680,000 Saudi Riyals

* Based on closing price as of 19 March 2025G.

** Adjusted price after the resumption of trading (i.e. after the end of the creditor objection period and the effectiveness of the Capital Reduction decision).

***The illustrative price may not align with the adjusted price according to the trading procedures and membership.

Note: Please note that the above table has been prepared on the basis of the closing share price of SAR 15.10 as of close of trading on Wednesday, 19 March 2025G. The actual market value of the Company's shares after the Capital Reduction will depend on the Company's share price as of close of trading on the day of the Capital Reduction EGA.

Note: Numbers are rounded.



Risk Factors

10. Risk Factors

The Board has recommended the Capital Reduction due to the share capital being in the excess the Company's needs, which is expected to have a positive impact, if Allah permits. For further information, please refer to Section 6 ("Reasons for the Capital Reduction Recommendation and the Boards' discussion and analysis") of this Circular.

However, there are several potential risks that may arise as a consequence of the Capital Reduction. It should be noted that the occurrence of any of these risks may have a material adverse effect on the Company's and its Group's business, financial position, operating results, and future prospects, and may result in a decline in the share price, weakening the Company's ability to distribute dividends to Shareholders, and could lead to investors losing part or all of their investment in the Company's shares. The risks mentioned in this section include material risks related to the Capital Reduction and do not cover any commercial or legal risks related to the Company or its Group's business or risks related to the market and sector in which the Company operates, as well as other economic, political, and regulatory risks. Therefore, all Shareholders must carefully evaluate the risks associated with the Capital Reduction and not rely on them as general risks for the Company and its Group. The risks listed below are not arranged in order of importance or expected impact.

- **Risks relating to share price fluctuations and fractional share compensation:** The Company's share price may experience significant fluctuations and instability due to several factors, including market conditions, sectoral regulatory changes, general economic fluctuations, political circumstances in the region, the Company's financial and operational performance, among other factors. Therefore, the Capital Reduction may not result in an increase in the share price as anticipated by this Circular's date or any other prior or subsequent date, as it will depend on the share price on the day of the Capital Reduction EGA. Additionally, The fractional shares will also be aggregated and sold in the market at the prevailing price at the time, which may differ from, and be lower than, the share price as of the date of this Circular or at the date of the Capital Reduction EGA, resulting in Shareholders owning fractional shares not receiving adequate or comparable compensation to what they would have gotten any other time.
- **Risks relating to owning one share:** Shareholders owning one share will have their shares cancelled and will be compensated with cash they are entitled to. As a result, they will no longer be shareholders in the Company after the Capital Reduction and their ownership will be 0%, and they will lose all shareholder rights. Furthermore, as noted above, the cash compensation received may not be adequate.
- **Risks relating to future expectations and unknown future events:** Some of the statements in this Circular represent forward-looking expectations and statements that include known and unknown risks and uncertainties affecting the Company's financial results. These statements include, but are not limited to, the Company's future plans, the effects of the Capital Reduction, among other factors. Future results and performance cannot be accurately predicted and may differ from what is outlined in this Circular. The Company's performance and ability to develop will determine its actual results. The inaccuracy of these expectations is a risk borne by shareholders when approving the Capital Reduction. If the Company's future expectations differ from actual results, this could have a negative impact on the share price.

- **Risks relating to creditor objections:** One of the conditions for the Capital Reduction is allowing creditors to raise objections to the capital reduction decision at least (45) days before the date set for the Capital Reduction EGA. If a creditor objects and submits the necessary documents to the Company within the specified time, the Company must settle their debt if it is due or provide sufficient collateral for its fulfillment if it is due at a later date. A creditor who has notified the Company of their objection to the reduction and whose debt has not been settled, if due, or for whom sufficient collateral has not been provided, if it is due at a later date, may approach the competent judicial authority before the date set for the Capital Reduction EGA. In this case, the competent judicial authority may order the settlement of the debt, the provision of sufficient collateral, or the postponement of the EGA, depending on the circumstances. In addition, a reduction in capital will not be enforceable against a creditor who has submitted a request within the specified time unless their due debt has been settled or they have received adequate collateral for the debt that is not yet due. As such, the Capital Reduction procedures may be halted or delayed if there are objections that have not been dealt with in accordance with the Companies Law.
- **Liquidity risks:** Liquidity risk is the inability of the Company to meet its obligations relating to financial liabilities as and when they fall due. Although the Company maintains a liquidity level of (7.4) times as of 31 December 2024G and is expected to be (4.23) times after the Capital Reduction. However, there is no assurance that the company will be able to meet its obligations as they fall due in the future period. Liquidity risks may also arise from the inability to sell financial assets quickly at amounts close to their fair value. The company cannot guarantee that no unexpected or emergency events will occur, which could require immediate liquidity, thereby negatively impacting the company's operations and, consequently, its financial results.
- **Risks related to the Company's growth:** This Capital Reduction relies on cash balances to compensate eligible shareholders for the cancelled shares. Therefore, a reduction in cash balances due to this process will reduce the opportunities for future investment in the company's growth, as less cash will be available for any future investments or acquisitions.



Expected Timeline for Reduction

11. Expected Timeline for Reduction

Expected Schedule for the Capital Reduction	Date
Procedures related to obtaining the CMA's approval of the Capital Reduction	
The Company's announcement of the Board of Directors' recommendation of the Capital Reduction	24/06/1446H (corresponding to 25/12/2024G)
The Company's supplementary announcement regarding the Board of Director's recommendation to reduce the company's capital.	25/06/1445H (corresponding to 26/12/2024G)
The Company's announcement of the appointment of the financial adviser.	09/07/1446H (corresponding to 09/01/2025G)
Submission of the application file to the CMA to approve the Capital Reduction.	13/08/1446H (corresponding to 12/02/2025G)
Receipt of the CMA's approval of the request to reduce the Company's share capital. This approval is announced on the CMA's website and the Saudi Exchange website.	24/09/1446H (corresponding to 24/03/2025G)
Procedures related to the creditors objection period	
Announcement of the commencement of the creditor objection period (the announcement should be made at least (45) days prior to the Capital Reduction EGA)	25/09/1446H (corresponding to 25/03/2025G)
The end of the creditor objection period	10/11/1446H (corresponding to 08/05/2025G)
Announcement of the end of the creditor objection period	⌚H (corresponding to ⌚G)
Announcement of the existence and handling of creditor objections (as the case may be)	⌚H (corresponding to ⌚G)
Procedures related to the Capital Reduction EGA	
Publishing the invitation to attend the Capital Reduction EGA and announcing it on the Exchange website (noting the possibility of holding a second meeting one hour after the specified time for the first meeting if the required quorum is not met). A copy of this Circular was attached to the invitation	⌚H (corresponding to ⌚G)
Making the documents available for inspection available to the shareholders (must be available at least 14 days before the Capital Reduction EGA date)	⌚H (corresponding to ⌚G)
Commencing electronic voting on the agenda items of the Capital Reduction EGA (first meeting)	⌚H (corresponding to ⌚G)
Holding the Capital Reduction EGA (first meeting) – the legal quorum for the assembly is established by the presence of shareholders' representing at least half of the company's shares voting rights.	⌚H (corresponding to ⌚G)
Holding the EGA (second meeting) to be held one hour after the expiration of the scheduled time for the first EGA meeting, in case the required quorum is not met during the first meeting. - the legal quorum for the assembly is established by the presence of shareholders' representing at least quarter of the Company's shares voting rights.	One hour after the scheduled time for the first extraordinary general assembly meeting, the quorum for the assembly is met with the presence of a number of shareholders representing at least one quarter of the company's shares with voting rights.
The Company announces the results of the Capital Reduction EGA or announces that the EGA was not held if the quorum was not met	⌚H (corresponding to ⌚G)

Expected Schedule for the Capital Reduction	Date
Procedures in case the quorum for the first and second EGA meetings is not met	
Announcement on the Exchange's website of the call for the third EGA meeting	*H (corresponding to *G)
The start of electronic voting for shareholders at EGA's third meeting	*H (corresponding to *G)
EGA's Third Meeting is held. The quorum for the Third EGA Meeting is reached regardless of the number of shares represented	*H (corresponding to *G)
Publication of the reduction decision and other decisions taken at the third EGA meeting on the Exchange's website	*H (corresponding to *G)
Procedures related to the execution of the capital reduction	
Capital Reduction Resolution Effective Date	*H (corresponding to *G)
Suspend trading of the company's shares.	*H (corresponding to *G)
Implementation of the cancellation of shares, adjustment of the share price and resumption of trading at the adjusted price.	*H (corresponding to *G)
The announcement of the deposit of compensation amounts to eligible Shareholders and the amounts from the sale of fractional shares (if any) resulting from the Capital Reduction into the shareholders' accounts based on their ownership (Within thirty (30) days of the Capital Reduction EGA), convened on *H (corresponding to *G)	The deposit of the amounts is expected to be announced on *H (corresponding to *G)



Board of Directors Confirmation

12. Board of Directors Confirmation

The Board of Directors confirms that, in its view, the Capital Reduction is in the best interest of the Company and the Shareholders.



Legally Required Approvals

13. Legally Required Approvals

- A. The Company obtained the approval of the CMA for the Capital Reduction in the amount of seven hundred fifty-four million eight hundred thousand (SAR 754,800,000) Saudi Riyals, from seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals to six billion seven hundred ninety-three million two hundred thousand (SAR 6,793,200,000) Saudi Riyals through the cancellation of seventy-five million four hundred eighty thousand (75,480,000) ordinary shares of the Company on 24/09/1446H (corresponding to 24/03/2025G). Such approval has been announced on the CMA's website on 25/09/1446H (corresponding to 25/03/2025G).
- B. The Company submitted a notification to the Saudi Exchange in relation to the Capital Reduction in the amount of seven hundred fifty-four million eight hundred thousand (SAR 754,800,000) Saudi Riyals from seven billion five hundred forty-eight million (SAR 7,548,000,000) Saudi Riyals to six billion seven hundred ninety-three million two hundred thousand (SAR 6,793,200,000) Saudi Riyals through the cancellation of seventy-five million four hundred eighty thousand (75,480,000) ordinary shares of the Company on 27/09/1446H (corresponding to 27/03/2025G).
- C. The Capital Reduction requires the opening of the creditors' objection, not less than (45) days prior to the date of the reduction EGA.
- D. If the creditors do not object, or if the creditors object and their debts are settled, or if sufficient security is provided for deferred debts, and if the statutory period has expired and the judicial authority has not issued an order to settle the debt, provide adequate security, or postpone the EGA's meeting, the company will proceed with its capital reduction process, through the convening of the Capital Reduction EGM.
- E. The requisite shareholders' approval on the Capital Reduction in the Capital Reduction EGA, which is scheduled to be convened on (*)H corresponding to (*)G. It is worth noting that the Capital Reduction is contingent upon the approval of the shareholders in the Capital Reduction EGA. If such approval is not obtained, the Capital Reduction will not proceed.
- F. In the event that the shareholders' approval is obtained at the Capital Reduction EGA, the Company will approach the Ministry of Commerce to reflect the amendments to the commercial register and to deposit the amended bylaws.
- G. Other than the above, there are no other regulatory approvals that the Company has to obtain to effect the Capital Reduction.



Relevant Laws and Regulations

14. Relevant Laws and Regulations

- A. The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- B. The Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued pursuant to the CMA's board resolution no. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G), as amended.
- C. The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
- D. The Rules on the Offer of Securities and Continuing Obligations issued pursuant to the CMA's board resolution no. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), as amended.
- E. The Corporate Governance Regulations issued pursuant to the CMA's board resolution no. (8-16-2017) dated 16/05/1438H (corresponding to 27/12/2017G), as amended.
- F. The Listing Rules issued pursuant to the CMA's board resolution no. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), as amended.
- G. The Company's bylaws.



Auditor's Report

15. Auditor's Report

The Company has appointed PricewaterhouseCoopers Public Accountants as the Auditor to prepare the independent practitioner's limited assurance report for the Capital Reduction. This report, which includes in Annex (A) the Board of Directors' Statement detailing the reasons for the Capital Reduction and its impact on the Company's obligations. It should be noted that the shareholders' approval of the Capital Reduction during the Capital Reduction EGA will not take place until this Auditor's report has been read in accordance with Article (134) of the Companies Law. A copy of the independent practitioner's limited assurance report regarding the proposed Capital Reduction by the Board of Directors, prepared by the Auditor, is attached in Appendix (1) of this circular and in the Capital Reduction EGA invitation published on the Exchange website on (H) (corresponding to (G)).



Important Information

16. Important Information

- Article (133) of the Companies Law states that the capital can be reduced in one of the following ways:
 - A. cancelling shares equal to the amount to be reduced;
 - B. reducing the nominal value of the share by writing off a part of it equivalent to the loss suffered by the company;
 - C. reducing the nominal value of the share by returning part of it to the shareholder or releasing the shareholder from any or all of the unpaid amount of the share value; or
 - D. purchasing back a number of its shares equivalent to the amount required to be reduced and then cancelling them.
- Article (134) of the Companies Law states that the extraordinary general assembly may resolve to reduce the capital if it exceeds the company's needs or if the company suffers losses. Only in the latter case may the capital be reduced below the limit provided for in Article (59) of the Companies Law. The reduction resolution shall only be issued after reading a statement prepared by the board on the reasons giving rise to reduction, the obligations incurred by the company, and the impact of the reduction on these obligations, accompanied by an Auditor report.
- Article (135) of the Companies Law stipulates that if the capital reduction is due to excess capital beyond the company's needs, creditors must be invited to raise objections within at least 45 days from the date set for the EGA meeting to decide on the capital reduction. The invitation must include a statement showing the amount of capital before and after the reduction, the date of the meeting, and the effective date of the reduction. If any creditor objects to the reduction and submits their documents within the specified time, the company must settle the creditor's due debt or provide sufficient collateral for any debts due at a later date.
- Based on Article (38) of the Company's bylaws, the EGA shall not be valid unless attended by shareholders representing at least fifty percent (50%) of the Company's capital. In the event that the required quorum is not met for the first meeting, a second meeting shall be convened one (1) hour after the scheduled time of the first meeting, provided that this is explicitly stated in the notice of the meeting. The second meeting shall be valid if attended by shareholders representing at least twenty-five percent (25%) of the capital. If the legal quorum is not met in the second meeting, a third meeting shall be called to be held no less than twenty-one (21) days after the date of the second meeting. The third meeting shall be deemed valid regardless of the number of shares represented therein.
- According to 93(4) of the Companies Law and Article (39) of the Company's bylaws, resolutions of the extraordinary general assembly to reduce the Company's share capital must be approved by at least three-quarters of the voting shares represented in the meeting.
- In the event that the Company's shareholders approve the Capital Reduction, the Capital Reduction's resolution will be enforceable upon all of the Eligible Shareholders. This includes shareholders not attending the Capital Reduction EGA, as well as shareholders who attended and did not vote or voted against the Capital Reduction's resolution



Documents Available for Inspection

17. Documents Available for Inspection

The Company will allow Shareholders to review the following documents during official working hours from 10:00 AM to 3:00 PM at the Company's headquarters in Robin Plaza Center, Office No. 203, Hittin District, starting from the first business day after the Capital Reduction EGA invitation (provided that the inspection period is not less than 14 days before the date of the EGA). The documents will be available for inspection until the date of the Capital Reduction EGA at (*) H (corresponding to (*) G):

- A copy of the resolution of the Board of Directors recommending the Capital Reduction.
- Copy of the letter of appointment of the financial advisor.
- Copy of the letter of appointment of the legal advisor.
- A copy of the announcement of the CMA's approval of the Capital Reduction, published on the CMA's website on 24/09/1446H (corresponding to 24/03/2025G)
- A copy of this Circular.
- A copy of the Independent Practitioner's limited assurance report on the Capital Reduction proposed by the Board of Directors.



Appendices

18. Appendices

Appendix (1) - Copy of the Independent Practitioner's Limited Assurance Report on the Capital Reduction Proposed by the Board of Directors.

Appendix (2) – Proxy Form for the Capital Reduction EGA meeting.

APPENDIX (1): Auditor's Report



Independent practitioner's limited assurance report on the reduction in share capital proposed by the Board of Directors of Saudi Industrial Investment Group Company

To the Board of Directors of Saudi Industrial Investment Group Company (SIIG)

We have undertaken a limited assurance engagement in respect of the accompanying Board of Directors' Statement on share capital reduction (the "Statement"), attached as Annex A, relating to Saudi Industrial Investment Group Company (the "Company") and its subsidiary (together the "Group") prepared by the Directors in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 134 of the Regulations for Companies issued by the Ministry of Commerce (the "Regulations") and Article 61 (a) (3) of the Capital Market Authority ("CMA") Rules on the Offer of Securities and Continuing Obligations (the "Rules").

Subject Matter

The Subject Matter for our limited assurance engagement is the accompanying Statement to reduce the share capital of the Company as proposed by the Board of Directors.

Criteria

The applicable criteria is the requirements of Article 134 of the Regulations, which states that the extraordinary general assembly may decide to reduce the capital if it is in excess of the need of the company or if the company incurs losses (in the latter case only, the capital may be reduced below the limit set forth in Article 59 of the Regulations) and Article 61 (a) (3) of the CMA Rules which requires the company's application to be accompanied by an external auditor's report on the reasons for the capital reduction and the impact of the capital reduction on the issuer's liabilities (the "Criteria").

Directors' responsibility

The Directors are responsible for preparing the Statement in accordance with the Criteria and ensuring its accuracy and completeness. The responsibility also includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for ensuring the Group's compliance with the applicable laws and regulations.

Professional ethics and quality management

We have complied with the independence requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our limited assurance engagement and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our firm applies the International Standard on Quality Management (ISQM) 1, as endorsed in the Kingdom of Saudi Arabia, 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.



Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statement based on the procedures we have performed and the evidence we have obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information” as issued by the International Auditing and Assurance Standards Board and as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Statement has not been prepared, in all material respects, in accordance with the Criteria.

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

Summary of work performed

We planned and performed the following procedures to obtain limited assurance over the Group's compliance with the requirements of Article 134 of the Regulations and Article 61 (a) (3) of the CMA Rules in the preparation of the Statement:

- Obtained the signed Statement (included in Annex A) which describes the reasons for share capital reduction, Group's liabilities and the impact of the share capital reduction on the Group's liabilities.
- Inspected the signed Board of Directors' resolution dated 25 December 2024 recommending to the shareholders of the Company to reduce the share capital of the Company and agreed this to the Statement, in terms of the capital reduction recommended decision and its reason.
- Compared the Company's share capital after the proposed reduction to the minimum capital requirement for joint stock companies as per Article 59 of the Regulations.
- Compared the financial information in the Statement part (b) and (c) in Annex A to the condensed consolidated interim financial statements (Unaudited) of the Group for the three-month period and year ended 31 December 2024, on which we have issued a review report dated 5 February 2025.
- Checked the mathematical accuracy of the Statement in Annex A.

Inherent limitations

Our procedures relating to the preparation of the Statement in accordance with the requirements of the Article 134 of the Regulations and Article 61 (a) (3) of the CMA Rules are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', as issued by the International Auditing and Assurance Standards Board and as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, that are endorsed in the Kingdom of Saudi Arabia, and, accordingly, we do not express an audit opinion or a review conclusion in relation to the adequacy of systems and controls around the preparation of the Statement. Furthermore, our procedures did not include testing or assessing any forward-looking statements or other information.

This conclusion relates only to the Statement and should not be seen as providing assurance as to any future dates or periods, as changes to circumstances may alter the validity of our conclusion. Given our report is issued before the actual share reduction occurs, the statement of financial position as at 31 December 2024, which also includes working capital information as of that date, following the proposed share capital reduction may also differ significantly from the financial and other information presented by management and reflected in the Statement.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Statement has not been prepared, in all material respects, in accordance with the Criteria.

Restriction of use

This report, including our conclusion, has been prepared solely upon the request of the Board of Directors of the Company to assist in fulfilling their reporting obligations to the extraordinary general assembly in accordance with Article 134 of the Regulations and Article 61 (a) (3) of the CMA Rules. The report should not be used for any other purpose or published except as permitted under the terms of our agreement. To the fullest extent permitted by law, we do not accept or assume responsibility to any third party.

PricewaterhouseCoopers



Sahar Hashem
License Number 439

12 February 2025





Annex A - Board of Directors' Statement

A. Grounds and reasons for share capital reduction

The Board of Directors of Saudi Industrial Investment Group Company (the "Company") issued a resolution on 24/06/1446H (corresponding to 25/12/2024G) to recommend a 10% reduction in the Company's share capital from Saudi Riyals 7,548,000,000 to Saudi Riyals 6,793,200,000 as the capital exceeds the Group's needs. In accordance with Article 133 (a) of the Companies Law, the reduction will be implemented through the cancellation of 10% of the Company's shares. Shareholders will be repaid the par value in cash for the cancelled shares.

The details of the capital reduction are as follows:

- The capital before the reduction is Saudi Riyals 7,548,000,000, and the capital after the reduction will be Saudi Riyals 6,793,200,000, reflecting a 10% decrease.
- The number of shares before the reduction is 754,800,000, and the number of shares after the reduction will be 679,320,000.
- Reason for the reduction: The capital exceeds the Company's needs.
- Method of reduction: Cancellation of 75,480,000 shares, at a rate of 1 share for every 10 shares owned.

B. Group's liabilities

Based on the condensed consolidated interim financial statements (Unaudited) for the three-month period and year ended 31 December 2024, the Group's liabilities as at 31 December 2024 are as follows:

In Thousands Saudi Riyals	
Current	238,432
Non-current	28,499
Total liabilities	266,931





C. Impact of the share capital reduction on the Group's liabilities

The reduction in capital will result in a reduction of the Group's cash and cash equivalents as well as its share capital.

All amounts are in thousands of Saudi Riyals

Item	Before the proposed share capital reduction (Balance as at 31 December 2024)*	Impact of share capital reduction	After the proposed share capital reduction
Assets			
Non-current assets			
Property and equipment	1,772	-	1,772
Investments accounted for using the equity method	8,329,969	-	8,329,969
Other assets	6,405	-	6,405
Total non-current assets	8,338,146	-	8,338,146
Current assets			
Prepayments and other current assets	8,505	-	8,505
Due from related parties	805,577	-	805,577
Short-term murabaha deposits	30,152	-	30,152
Cash and cash equivalents	919,068	(754,800)	164,268
Total current assets	1,763,302	(754,800)	1,008,502
Total assets	10,101,448	(754,800)	9,346,648

ختم لفرض التعريف
 إسرايس وتراهاوس كوبرز
 Stamped For Identification
 Pricewaterhousecoopers

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 عضوية الغرفة التجارية: C. C. Membership No. 75849 السجل التجاري: C. R. : 1010139946



Equity			
Share capital	7,548,000	(754,800)	6,793,200
Share premium	7,970,520	-	7,970,520
Acquisition reserve	(6,349,090)	-	(6,349,090)
Retained earnings	665,087	-	665,087
Net equity	9,834,517	(754,800)	9,079,717
Liabilities			
Non-current liability			
Employee benefit obligations	28,499	-	28,499
Current liabilities			
Accrued and other liabilities	43,125	-	43,125
Zakat provision	195,307	-	195,307
Total current liabilities	238,432	-	238,432
Total liabilities	266,931	-	266,931
Total equity and liabilities	10,101,448	(754,800)	9,346,648

* Source: Condensed consolidated interim financial statements (Unaudited) for the three-month period and year ended 31 December 2024 of Saudi Industrial Investment Group.



Abdulrahman Alismail
 Chief Executive Officer



Husam Albader
 Chief Financial Officer



ص.ب. ٩٩٨٢٣ الرياض ١١٦٢٥ المملكة العربية السعودية : P.O.Box 99833, Riyadh 11625, Kingdom of Saudi Arabia
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Appendix (2): EGA Proxy Form

The proxy form is not available, as the Capital Reduction EGA will be held virtually through Tadawulaty system (which is free for all shareholders)



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