



الشركة السعودية للتنمية الصناعية  
SAUDI INDUSTRIAL DEVELOPMENT CO.

## Shareholders' Circular Saudi Industrial Development Company "SIDC"

### Related to

Reducing the Company's capital from four hundred million (400,000,000) Saudi riyals representing forty million (40,000,000) ordinary shares to one hundred and thirty-five million (135,000,000) Saudi riyals representing thirteen million and five hundred thousand (13,500,000) ordinary shares.

The Extraordinary General Assembly (EGM) held on [.] / [.] / 1446H (corresponding to [.] / [.] / 2024G).

Financial Advisor

الإنماء للاستثمار  
alinma investment



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## Data of the Company, Financial Advisor and Auditor

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The Auditor (Developer of the limited assurance report on the proposed reduction in the issuer's capital as per the unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2024G).

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Note: The above advisors have provided their written consent to use their names and logos in the form and content contained in this circular.

## Terms and Definitions

Term	Definition
Company or Issuer	Saudi Industrial Development Company "SIDC".
EGM	The Extraordinary General Assembly of the Company's shareholders.
CMA or Authority	Capital Market Authority in the Kingdom of Saudi Arabia.
Saudi Tadawul	Saudi Exchange Company (formerly the Saudi Stock Exchange Company), a company of Saudi Tadawul Group Holding, established in accordance with the Council of Ministers' resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law. It is a Saudi public joint stock company and the sole entity authorized to act as a securities exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Stock Exchange, Exchange or Tadawul	Saudi Stock Exchange (for trading shares in the kingdom of Saudi Arabia).
Ministry of Commerce	Ministry of Commerce of the Kingdom of Saudi Arabia.
Companies Law	The Companies Law issued by Royal Decree No. (m/132) on 01/12/1443H (corresponding to 30/06/2022G), which entered into force on 26/06/1444H (corresponding to 19/01/2023G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Pursuant to its Resolution No. (3-123- 2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H, as amended by CMA Board Resolution No. (03-06-2024), dated 05/07/1445H (corresponding to 17/01/2024G).
Listing rules	Listing Rules approved by CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by CMA Board Resolution No. (1-104-2019) dated 01/02 /1441H (corresponding to 30/09/2019G) and amended by CMA Board Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G) and amended by CMA Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) and amended by CMA Board Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) and amended by CMA Board Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) and amended by CMA Board Resolution No. (1-108-2022) dated 23/03/1443H (corresponding to 19/10/2022G).
Circular / Shareholders' Circular	This is a document which is prepared by the Company in connection with capital reduction.
Capital reduction	Reducing the Company's capital from four hundred million (400,000,000) Saudi riyals to one hundred and thirty-five million (135,000,000) Saudi riyals, and consequently reducing the number of Company's shares from forty million (40,000,000) ordinary shares to thirteen million and five hundred thousand (13,500,000) ordinary shares by canceling twenty-six million and five hundred thousand (26,500,000) ordinary shares, with a reduction percentage of 66.25%, and a reduction rate of (0.6625) share for each one (1) share.
Auditor's reports regarding capital reduction	A limited assurance report on capital reduction, which shows the reasons for capital reduction and its impact on the obligations and equity of Company's shareholders.
Shareholders	Company Shareholders
Eligible shareholders	All company shareholders registered in the Company's records with Tadawul at the end of trading on the second day following the day of EGM, including shareholders who did not attend the EGM, as well as shareholders who attended the EGM and did not vote or voted against the capital reduction decision.
Electronic voting	A free e-service for companies listed on the Saudi Stock Exchange, allowing shareholders the opportunity to exercise their rights to vote on items of general assemblies' agenda without their physical attendance, through the Tadawulaty platform at Securities Depository Center.

## The Purpose of this Circular

This circular has been developed by the Company to include the necessary information to enable the Company's shareholders to vote on the capital reduction at EGM based on awareness and knowledge.

## Company Overview

- Saudi Industrial Development Company is a Saudi public joint-stock company established under Ministerial Resolution No. (673) dated 20/06/1413H corresponding to 15/12/1992G for a period of (99) Gregorian years starting from the date of issuance of Ministry of Commerce and Industry Resolution No. (1004) dated 13/09/1412H corresponding to 18/03/1992G announcing the Company's establishment. The Company was registered in the Commercial Register of Jeddah under No. (4030092792) dated 17/07/1413H corresponding to 10/01/1993G. Its main activity according to the commercial register is manufacturing sanitary fittings from plastics, including (sinks, bathtubs, toilets, etc.), manufacturing sponge products, and managing subsidiaries of holding companies. The Company has five subsidiaries as follows:
  - SIDC Commercial Investment Company
  - SIDC Investment Projects Company Ltd
  - Global Marketing Company for Sleeping System Ltd
  - Arabian Spring & Foam Mattresses Manufacturing Co. (Sleep High)
  - Emdad Logistic Services Company Ltd
- On 19/02/1416H corresponding to 17/07/1995G, the First EGM approved amending Article No. (2) of the Articles of Association by adding the word (SIDC) to the Company's name.
- The Company's headquarters is located in Jeddah, Prince Mohammed Bin Abdulaziz Street (formerly Al-Tahlia), P.O. Box 12105 Jeddah 21473, Kingdom of Saudi Arabia.

## Contact information:

Contact Officer Name: Muawiya Mustafa Abdulrahman Ibrahim

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Website: [www.sidc.com.sa](http://www.sidc.com.sa)

## Company History and Major Developments in its Capital

The Company's current capital is (400,000,000) four hundred million Saudi riyals divided into (40,000,000) forty million shares of equal value with a nominal value of (10) Saudi riyals each, all of which are ordinary cash shares. The following table shows the Company's most important historical events:

Date	Event
20/06/1413H corresponding to 15/12/1992G	The Company was established with a capital of (400,000,000) four hundred million Saudi riyals divided into (4,000,000) four million shares of equal value with a nominal value of (100) one hundred Saudi riyals each, all of which are ordinary cash shares.
29/02/1419H corresponding to 23/06/1998G	The EGM approved amending Article (7) of the Articles of Association to become (The Company's capital is (400,000,000) four hundred million Saudi riyals divided into (8,000,000) eight million shares of equal value with a nominal value of (50) Saudi riyals each, all of which are ordinary cash shares).
17/03/1427H corresponding to 15/04/2006G	The Company's shares were split from (8,000,000) eight million shares to (40,000,000) forty million shares with a nominal value of (10) riyals per share.
20/11/1445H corresponding to 28/05/2024G	The Company announced, through Tadawul website, the Board of Directors' recommendation to reduce the Company's capital from (400,000,000) four hundred million Saudi riyals to (135,000,000) one hundred and thirty-five million Saudi riyals, by canceling (26,500,000) shares of the Company's shares, (canceling 0.6625 shares for each owned share), and then increasing the Company's capital after the reduction through a rights issue after completing the procedures for reducing the Company's capital by (165,000,000) one hundred and sixty-five million Saudi riyals, bringing the capital after the increase to (300,000,000) three hundred million Saudi riyals.
..../..../....H corresponding to ..../..../....G	On ..../..../....H (corresponding to ..../..../....G), the EGM approved reducing the Company's capital from (400,000,000) four hundred million Saudi riyals to (135,000,000) one hundred and thirty-five million Saudi riyals, by canceling (26,500,000) shares of the Company's shares, (canceling 0.6625 shares for each owned share) in order to restructure the Company's capital to amortize an amount of two hundred and sixty-five million (265,000,000) Saudi riyals from accumulated losses. This approval was announced on Tadawul website.

Source: The Company

## Subsidiaries

The following table shows the information about subsidiaries of the Company:

Subsidiary	Main activity	Company ownership	Date of incorporation
SIDC Commercial Investment Limited Company (single person limited liability company)	Its main activity according to the commercial register is wholesale of blankets, ready-made linens and bed sheets, wholesale of clothing accessories such as gloves, neckties, trouser suspenders as well as prayer beads, wholesale of home furniture and furnishings, wholesale of perfumes, retail sale of blankets, bed sheets, linens and furnishings, retail sale of sanitary ware and its extensions such as sinks, chairs, bathtubs, sauna equipment, retail sale of home furniture, ..., etc.	100%	06/04/1417H corresponding to 21/08/1996G
SIDC Investment Projects Company (limited liability company)	Its main activity according to the commercial register is wholesale of blankets, ready-made linens and bed sheets, wholesale of clothing accessories such as gloves, neckties, trouser suspenders as well as prayer beads, retail sale of blankets, bed sheets, linens and furnishings, retail sale for commission agents without shops, ..., etc.	100%	03/04/1433H corresponding to 25/02/2012G
Global Marketing Company for Sleeping System (limited liability company)	Its main activity according to the commercial register is manufacturing of sponge products, manufacturing of wooden furniture and furnishings, upholstering furniture, tailoring mattresses of various types, general warehouses that include a variety of goods.	100%	26/01/1417H corresponding to 13/06/1996G
Arabian Spring & Foam Mattresses Manufacturing Co. (Sleep High) (limited liability company)	Its main activity according to the commercial register focuses on producing bed linens, spring mattresses, polyurethane filling material, embroidered and regular foam mattresses, producing Arabic majlis and foam of various densities, producing spring mattress frames and their accessories from simplified cotton and embroidered fabric of various sizes and densities, regular and compressed foam mattresses, ..., producing all decorative accessories from various materials.	100%	28/10/1418H corresponding to 25/02/1998G

Subsidiary	Main activity	Company ownership	Date of incorporation
Emdad Logistic Services Company (limited liability company)	Its main activity according to the commercial register is land transportation of goods and transportation of goods and equipment (heavy transport), and general warehouses that include a variety of goods.	50%	09/09/1434H corresponding to 17/07/2013G

Source: The Company

## Board of directors

Name	Position	Capacity	Nationality	Date of Membership <sup>*</sup>	Share ownership <sup>**</sup>			
					Direct ownership		Indirect ownership	
					No.	Percent-age	No.	Percent-age
Abdulelah bin Muhammad Al-Asaker	Chairman	Non – Executive	Saudi	01/01/2022G	1,000	0.00250%	-	-
Bandar bin Abdullah Alhomaidhi ***	Vice Chairman / Managing Director	Executive	Saudi	01/01/2022G	1,772,821	4.43205%	106,472	0.26618%
Ibrahim bin Abdullah Alhomaidhi ****	Member	Non – Executive	Saudi	01/01/2022G	2,000,000	5.00000%	806,195	2.01549%
Ahmed bin Abdullah Al-Kanhal	Member	Non – Executive	Saudi	01/01/2022G	1,000	0.00250%	-	-
Ahmed bin Abdullah Al-Mohsen	Member	Non – Executive	Saudi	01/01/2022G	1,000	0.00250%	-	-
Badr bin Ali Al-Turki	Member	Non – Executive	Saudi	01/01/2022G	1,000	0.00250%	-	-
Saleh bin Hamad Al Shuraim	Member	Independent	Saudi	01/01/2022G	1,000	0.00250%	-	-
Ali Bin Ahmed Al Dharwi	Member	Independent	Saudi	01/01/2022G	3,000	0.00750%	-	-
Omar Bin Ibrahim Alnasser	Member	Independent	Saudi	01/01/2022G	229	0.00057%	-	-
Naser Mashary AlFarhoud	Member	Independent	Saudi	01/01/2022G	1,050	0.00263%	-	-

Source: The Company

A recommendation was made by the members mentioned above on 20/11/1445H corresponding to 28/05/2024G to reduce the Company's capital from (400,000,000) four hundred million Saudi riyals to (135,000,000) one hundred and thirty-five million Saudi riyals, by canceling (26,500,000) shares of the Company's shares, (canceling 0.6625 shares for each owned share), and then increasing the Company's capital after the reduction through a rights issue with a value of (165,000,000) one hundred and sixty-five million Saudi riyals, bringing the capital after the increase to (300,000,000) three hundred million riyals.

<sup>\*</sup> The Ordinary General Assembly (OGM), in its thirty-fourth meeting held on 23/04/1443H corresponding to 28/11/2021G, approved the election of the Board of Directors members for the term beginning on 01/01/2022G for a period of (3) years ending on 31/12/2024G.

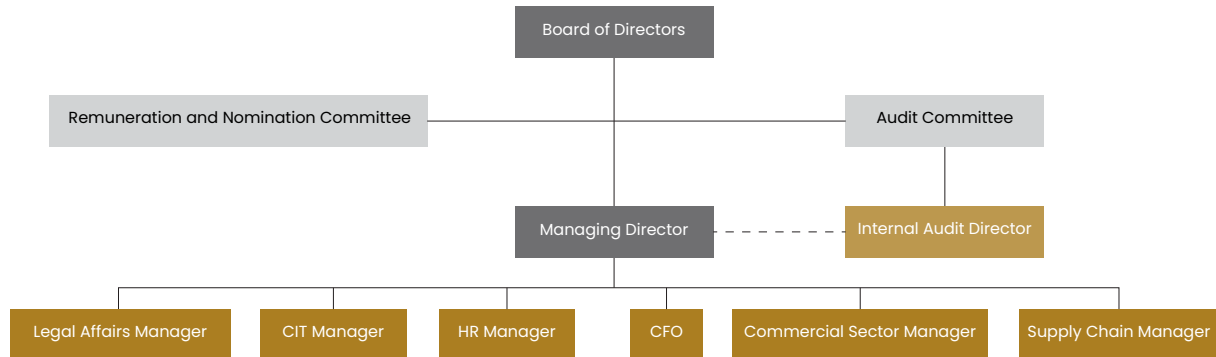
<sup>\*\*</sup> Represents share ownership before capital reduction.

<sup>\*\*\*</sup> The indirect ownership in the Company for Eng. Bandar Bin Abdullah Alhomaidhi resulted from his 6.034% ownership in Abdullah Ibrahim Alhomaidhi Sons Holding Company, which owns 93.255% of RADSTAR for Investment Projects Company, which owns 4.4257025% of the Company's shares. In addition to his 6.034% ownership in Abdullah Ibrahim Alhomaidhi Sons Investment Company, which owns 6.420% of RADSTAR for Investment Projects Company, which owns 4.4257025% of the Company's shares.

<sup>\*\*\*\*</sup> The indirect ownership in the Company for Mr. Ibrahim Bin Abdullah Alhomaidhi resulted from his 45.689% ownership in Abdullah Ibrahim Alhomaidhi Sons Holding Company, which owns 93.255% of RADSTAR for Investment Projects Company, which owns 4.4257025% of the Company's shares. In addition to his 45.689% ownership in Abdullah Ibrahim Alhomaidhi Sons Investment Company, which owns 6.420% of RADSTAR for Investment Projects Company, which owns 4.4257025% of the Company's shares.



## Organizational Structure



Source: The Company

## Executive Management

Name	Position	Academic qualifications	Nationality	Date of appointment
Ahmad Hasan Shtaiwi	CFO	Bachelor of Accounting	Jordanian	01/07/2022G
Mohammed Saeed Altaraani	Supply Chain Manager and Acting Commercial Sector Manager	Bachelor of architecture	Jordanian	05/03/2015G
Saud Abdullah Alhomaiddhi	Acting HR Director	Bachelor of Business Administration	Saudi	22/02/2016G
Mohammed bin Saud Al- Azouri	Legal Affairs Manager	Bachelor of Sharia and Islamic studies	Saudi	03/02/2019G
Syed Mohsen Nasser	Information Technology and Communication Manager	Bachelor of Commerce	Egyptian	13/11/2022G

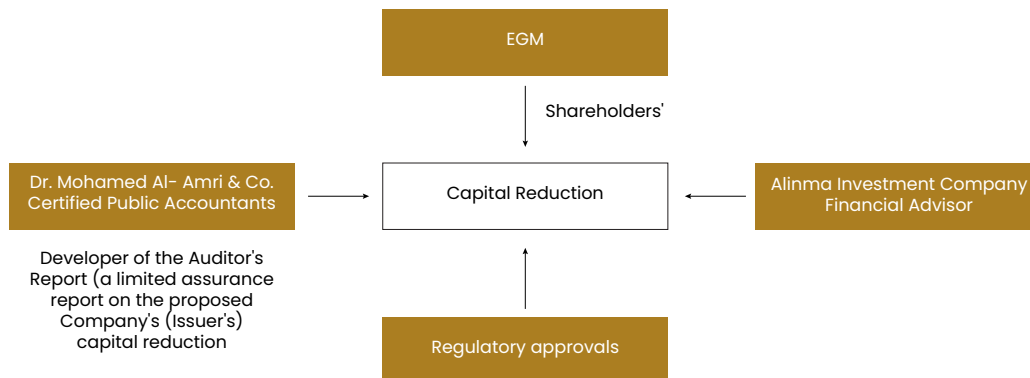
Source: The Company

## Capital Reduction

### Capital Reduction Procedures

- The capital reduction process is subject to the following procedures:
- Recommendation of the Company's Board of Directors to reduce the capital.
- A financial advisor is appointed for the capital reduction.
- An auditor is appointed to develop the accounting report for the capital reduction.
- Develop and submit the capital reduction application to Capital Market Authority (CMA) in accordance with provisions of Article Seventy-Six of the Rules on the Offer of Securities and Continuing Obligations related to the conditions and requirements for reducing the Company's capital.
- CMA approval of the Company's capital reduction request.
- Submit a notice to Tadawul using the format provided in Appendix (5) of the Listing Rules.
- EGM approval of the Company's capital reduction.
- Depositing the amounts resulting from the sale of fractional shares (if any) in one portfolio, which will result from the capital reduction, and then selling them in the market at the prevailing price at the time. Then, the proceeds of their sale will be distributed to the Company's shareholders, each according to their ownership, within thirty (30) days from the date of shareholders' approval in the EGM on the Company's capital reduction.
- Contacting the Ministry of Commerce to amend the Company's commercial register and articles of association.

### Structure of parties participating in the capital reduction



## Development of the Company's accumulated losses and their causes

The following table illustrates the historical development of accumulated losses in the company and the reasons for those losses:

Fiscal Year	Net change in accumulated losses (SAR '000)	Accumulated losses (SAR '000)	Percentage of accumulated losses to capital	Reason for high / low accumulated losses
2019	(40,110)	(25,855)	-6.46%	The loss during the year is due to operational losses resulting from an increase in administrative and general expenses and selling and distribution expenses compared to the same period of the previous year.
2020	662	(25,193)	-6.30%	The decrease in loss during the year is due to a decrease in operational losses resulting from a decrease in administrative and general expenses, selling and distribution expenses, and a decrease in production costs.
2021	(22,287)	(47,480)	-11.87%	The loss during the year is due to an increase in administrative and general expenses, selling and distribution expenses, and an increase in production costs.
2022	(15,723)	(63,203)	-15.80%	The loss during the year is due to an increase in administrative and general expenses, selling and distribution expenses, an increase in production costs, a decrease in non-operational revenues, and recording an impairment in machinery and equipment in (SIDC Ceramic Factory "CASAVIA").
2023	(204,459)	(267,662)	-66.92%	The loss during the year is due to the transfer of fair value reserve for one of the Company's investments in (Arabian Industrial Fibers Company "Ibn Rushd") to the accumulated losses item based on IFRS standards, and to an increase in operating expenses due to recording an impairment in the goodwill of (Global Marketing Company for Sleeping System Ltd.) and recording an impairment in machinery and equipment in (SIDC Ceramic Factory "CASAVIA").
31/03/2024	(1,206)	(268,868)	-67.22%	The loss during the current quarter of 2024 is due to recording currency differences in (Arabian Spring & Foam Mattresses Manufacturing Co. "Sleep High - Egypt") and recording asset impairment provisions in (SIDC Ceramic Factory "CASAVIA") and (Global Marketing Company for Sleeping System Ltd.).

Source: The Company

## The Company's Plan and Corrective Steps to Stop Losses

The Company intends to take the following corrective steps:

- Improve production efficiency by enhancing production process flow and training employees on implementing best practices in production and maintenance.
- Rationalize costs by reviewing contracts and agreements with suppliers to obtain better terms and searching for lower-cost alternatives for raw materials.
- Increase revenues by introducing new products or developing existing products to meet market needs.
- Effectively manage inventory through implementing advanced inventory management systems.
- Develop the Company's Enterprise Resource Planning (ERP) system and automate its operational processes.
- Develop the administrative and organizational structure and attract qualified national competencies.

Moreover, the Board of Directors' recommendation to reduce the Company's capital included a recommendation to increase the capital, so that the proceeds from the rights issue will be used to enable the Company to implement its operational plans, support working capital, and strengthen the Company's financial position.

## General Structure of the Proposed Capital Reduction:

- The Company's current capital is four hundred million (400,000,000) Saudi riyals, divided into forty million (40,000,000) ordinary shares with a fully paid nominal value of ten (10) Saudi riyals per share. The Company's capital will be reduced to one hundred and thirty-five million (135,000,000) Saudi riyals, divided into thirteen million and five hundred thousand (13,500,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share.
- The proposed capital reduction percentage is (66.25%), and the reduction will be carried out by canceling twenty-six million and five hundred thousand (26,500,000) ordinary shares of the Company's issued shares, at a rate of canceling (0.6625) shares for each (1) owned share, to amortize accumulated losses of two hundred and sixty-five million (265,000,000) Saudi riyals from the Company's total accumulated losses amounting to two hundred and sixty-eight million, eight hundred and sixty-eight thousand, two hundred and twenty-nine (268,868,229) Saudi riyals as of March 31, 2024G.
- After the EGM approves the capital reduction, the reduction decision will be considered effective and the Company's shares will be suspended from trading on Tadawul for two trading days starting from the day following the EGM's approval of capital reduction, and then trading will resume at the adjusted price.
- The Company will collect any fractional shares (if any) in one portfolio resulting from the capital reduction process and then sell them in the market at the prevailing price at the time. Then, the proceeds of their sale will be distributed to the Company's shareholders, each according to their ownership, within thirty (30) days from the date of shareholders' approval in the EGM on the Company's capital reduction.
- Date of the financial statements from which the values required to be determined for the purposes of capital reduction were taken: The condensed consolidated financial statements (unaudited) for the three-month period ended March 31, 2024G.

## Reasons for Capital Reduction and Management's Analysis Discussion in this Regard

- The Company's accumulated losses as per the unaudited condensed interim financial statements for the three-month period ended March 31, 2024G, amounted to two hundred and sixty-eight million, eight hundred and sixty-eight thousand, two hundred and twenty-nine (268,868,229) Saudi riyals, representing 67.22% of the Company's capital.
- After the capital reduction of two hundred and sixty-five million (265,000,000) Saudi Riyals, the accumulated losses will reach three million eight hundred and sixty-eight thousand two hundred and twenty-nine (3,868,229) Saudi Riyals, representing 2.87% of the capital after reduction.
- The Company's Board of Directors recommended reducing the capital to restructure the Company's capital to amortize accumulated losses of two hundred and sixty-five million (265,000,000) Saudi riyals from the Company's total accumulated losses amounting to two hundred and sixty-eight million, eight hundred and sixty-eight thousand, two hundred and twenty-nine (268,868,229) Saudi riyals as of March 31, 2024G.
- As part of its discussion and analysis of the Company's current situation, the Company developed a strategy to support the Company's future growth and financial performance, and reached a decision to recommend restructuring the Company's capital by starting the capital reduction process, in order to improve operational and financial performance.

## Declaration of the Company's Board Members:

The Company's Board members confirm that the Company's capital reduction is in the interest of the Company and shareholders.

## Capital reduction

- The Company announced through Tadawul website on 20/11/1445H (corresponding to 28/05/2024G) about its Board of Directors' recommendation in its meeting held on 19/11/1445H (corresponding to 27/05/2024G) to reduce the Company's capital by 66.25%, from four hundred million (400,000,000) Saudi riyals to one hundred and thirty-five million (135,000,000) Saudi riyals, thus reducing the number of shares from forty million (40,000,000) ordinary shares to thirteen million and five hundred thousand (13,500,000) ordinary shares of equal value, each valued at ten (10) riyals, by canceling twenty-six million and five hundred thousand (26,500,000) ordinary shares of the Company's issued shares, so that 0.6625 shares are reduced for each one (1) owned share.
- The Company obtained CMA's approval on the Company's capital reduction request on 11/01/1446 H (corresponding to 17/07/2024G), and such approval was announced on CMA website and Tadawul website on 11/01/1446 H (corresponding to 17/07/2024G).
- The Company called for this EGM and announced it on Tadawul website on [•] H (corresponding to [•] G). A copy of such Circular was also included in the announcement.

## Impact of Capital Reduction on Company's Liabilities

- The Company appointed Dr. Mohamed Al- Amri & Co. - Certified Public Accountants to prepare the accounting report for capital reduction (a Limited Assurance Report on Capital Reduction), which clarified the reasons for capital reduction represented in the restructure of capital in addition to clarifying the reduction mechanism and its expected impact on the Company's liabilities.
- There will be no impact of the capital reduction on the Company's liabilities as per the auditor's report (Appendix A).

## Impact of Capital Reduction on Equity

- The Company's accumulated losses as of March 31, 2024G amounted to two hundred and sixty-eight million, eight hundred and sixty-eight thousand, two hundred and twenty-nine (268,868,229) Saudi riyals, representing 67.22% of the capital. The capital reduction of two hundred and sixty-five million (265,000,000) Saudi riyals will lead to amortizing a large part of the accumulated losses, bringing the percentage of accumulated losses after capital reduction to 2.8654% of the Company's capital after reduction.
- The impact on equity based on the financial statements for the period ending March 31, 2024G, which have been examined, will be as follows:

Equity - (SAR)	Before the capital reduction	After the capital reduction	Impact
Capital	400,000,000	135,000,000	(265,000,000)
Foreign currency translation reserve	(51,263,377)	(51,263,377)	-
Reserve for change in fair value of investments	11,345,771	11,345,771	-
Reserve for remeasurement of employee benefit obligations	2,560,567	2,560,567	-
Accumulated losses	(268,868,229)	(3,868,229)	265,000,000
Non-controlling equity stakes	7,285,556	7,285,556	-
Total equity	101,060,288	101,060,288	-

Source: attached Auditor's Report.

## Impact of Capital Reduction on Equity

- The Company intends to reduce its capital from four hundred million (400,000,000) Saudi riyals to one hundred and thirty-five million (135,000,000) Saudi riyals, a reduction of 66.25%. Consequently, the number of shares will be reduced from forty million (40,000,000) ordinary shares to thirteen million and five hundred thousand (13,500,000) ordinary shares by canceling twenty-six million and five hundred thousand (26,500,000) shares of the Company's issued shares, at a rate of canceling 0.6625 shares for each one (1) owned share. This is to amortize accumulated losses of two hundred and sixty-five million (265,000,000) Saudi riyals, where the value of accumulated losses as of March 31, 2024G amounted to two hundred and sixty-eight million, eight hundred and sixty-eight thousand, two hundred and twenty-nine (268,868,229) Saudi riyals.

- The Company will collect any fractional shares (if any) in one portfolio resulting from the capital reduction process and then sell them in the market at the prevailing price at the time. Then, the proceeds of their sale will be distributed to the Company's shareholders, each according to their ownership, within thirty (30) days from the date of shareholders' approval in the EGM on the Company's capital reduction.
- The Company's capital reduction will not affect the market value of the Company's shareholders' portfolios as shown below, an example for a shareholder who owns one thousand (1,000) of the Company's shares in his portfolio before the reduction.

Item (estimated)	Before the capital reduction	After the capital reduction
Shares owned before reduction	1,000 shares	N.A
Share price before reduction (closing 09/06/2024G - hypothetical)*	SAR 8.62	N.A
Market value of shares before reduction	SAR 8,620	-
Reduction percentage	N.A	66.25%
Number of shares canceled from the shareholder's investment portfolio	N.A	663 shares
Shares owned after reduction	N.A	337 shares
Share price after reduction (estimated)**	N.A	SAR 25.54
Market value of shares after reduction (estimated)	N.A	SAR 8,607.23
Compensation value resulting from fractional shares (estimated)	N.A	SAR 12.77

\* The presentation for shareholders will be updated with the share closing price on the day of EGM meeting.

\*\*The expected share price after capital reduction has been rounded from 25.5407 Saudi Riyals to 25.54 Saudi Riyals.

## Impact of Capital Reduction on Equity

It should be noted that a shareholder who owns one share and two shares in their portfolio will have this share canceled and compensated. The table below illustrates the impact on a shareholder who owns one share, two shares, three shares, four shares, or five shares as follows:

Item (estimated)	Value				
Shares owned before reduction	(1) Share	(2) Shares	(3) Shares	(4) Shares	(5) Shares
Share price before reduction (closing 14/07/2024G - hypothetical)*	SAR 8.62	SAR 8.62	SAR 8.62	SAR 8.62	SAR 8.62
Cancelled shares	1 share	2 shares	2 shares	3 shares	4 shares
Shares owned after reduction	N.A	N.A	1 share	1 share	1 share
Share price after reduction (estimated)**	SAR 25.54	SAR 25.54	SAR 25.54	SAR 25.54	SAR 25.54
Market value of shares before reduction	SAR 8.62	SAR 17.24	SAR 25.86	SAR 34.48	SAR 43.10
Market value of shares after reduction (estimated)	N.A	N.A	SAR 25.54	SAR 25.54	SAR 25.54
Compensation value resulting from fractional shares (estimated)	SAR 8.62	SAR 17.24	SAR 0.32	SAR 8.94	SAR 17.56

\* The presentation for shareholders will be updated with the share closing price on the day of EGM meeting.

\*\*The expected share price after capital reduction has been rounded from 25.5407 Saudi Riyals to 25.54 Saudi Riyals.

## Impact of Capital Reduction on Equity

- Assuming the closing price of the company's share on [.] / [.] / [.]H (corresponding to .) / [.] / [.] (the day of EGM) is (.) Saudi Riyals, it is expected that the adjusted share price, if the EGM approves the capital reduction, will reach (.) Saudi Riyals at the market opening on [.] dated [.] / [.] / [.]H (corresponding to .) / [.] / [.] (the day of EGM). This change represents an increase of (.)% from the closing price of the Company's share on the day of EGM.

The following table illustrates the impact of adjusting the share price after the capital reduction:

Item (estimated)	Value
Share closing price on 08/01/1446H (corresponding to 14/07/2024G - hypothetical) - (day of the EGM meeting)*	SAR 8.62
Value of capital reduction	SAR 265,000,000
Number of cancelled shares	26,500,000 ordinary shares
Number of outstanding and issued shares before capital reduction	40,000,000 ordinary shares
Number of outstanding and issued shares after capital reduction	13,500,000 ordinary shares
Market value of shares before capital reduction	344,800,000 Saudi Riyal
Company's share price after capital reduction (estimated)**	SAR 25.54
Market value of shares after capital reduction (estimated)	344,800,000 Saudi Riyal

\* The presentation for shareholders will be updated with the share closing price on the day of EGM meeting and share closing price at that date.

\*\*The expected share price after capital reduction has been rounded from 25.5407 Saudi Riyals to 25.54 Saudi Riyals.

## 1-1 How to calculate the share price after capital reduction

The following table illustrates how to calculate the share price after the capital reduction:

Item (estimated)	Value
(A) Share closing price on 08/01/1446H (corresponding to 14/07/2024G - hypothetical) - (day of the EGM meeting)*	SAR 8.62
(B) Number of shares before capital reduction	40,000,000 shares
(C) Market value of shares before capital reduction = (A) x (B)	SAR 344,800,000
(D) Number of shares after capital reduction	13,500,000 shares
Company's share price after capital reduction = (C) ÷ (D)**	SAR 25.54

\* The presentation for shareholders will be updated with the share closing price on the day of EGM meeting.

\*\*The expected share price after capital reduction has been rounded from 25.5407 Saudi Riyals to 25.54 Saudi Riyals.

## The period specified for capital reduction

Date	Event
<b>1. Procedures related to obtaining CMA approval for capital reduction</b>	
19/11/1445H (corresponding to 27/05/2024G)	The Company's Board of Directors decided to recommend to the EGM to reduce the Company's capital to one hundred and thirty-five million (135,000,000) Saudi riyals by canceling twenty-six million and five hundred thousand (26,500,000) shares of the Company's issued shares with a nominal value of ten (10) Saudi riyals per share.
19/11/1445H (corresponding to 27/05/2024G)	An auditor is appointed to develop a limited assurance report on the capital reduction.
20/11/1445H (corresponding to 28/05/2024G)	Announce the Company's Board of Directors' recommendation to reduce the capital from four hundred million (400,000,000) Saudi riyals to one hundred and thirty-five million (135,000,000) Saudi riyals.
20/11/1445H (corresponding to 28/05/2024G)	Announce the appointment of the financial advisor for the Company's capital reduction process.
07/12/1445H (corresponding to 13/06/2024G)	Submit the Company's capital reduction request to CMA.
11/01/1446 H (corresponding to 17/07/2024G)	CMA's approval of the Company's capital reduction request, and such approval was announced on CMA website and Tadawul website.
<b>2. Procedures related to EGM meeting</b>	
[•]	Provide the documents available for inspection related to the capital reduction, including this circular (at least 14 days before the date of EGM meeting on capital reduction) (during official working hours from Sunday to Thursday from 8:00 AM to 4:00 PM).
[•]	Announce the invitation to the EGM on Tadawul website (with reference to the possibility of holding a second meeting one hour after the end of the period specified for the first meeting, in case the required legal quorum for holding the first meeting is not met).
[•]	Start of electronic voting on the items of EGM meeting agenda including capital reduction (first meeting).
[•]	Hold the EGM meeting on capital reduction (first meeting). The legal quorum for the first meeting is completed with the presence of shareholders representing at least half of the Company's capital.
[•]	Hold the EGM meeting on capital reduction (second meeting) one hour after the end of the period specified for the first EGM meeting in case the required legal quorum for its convening is not met. The legal quorum for the second meeting is completed with the presence of shareholders representing at least a quarter of the Company's capital.
[•]	Publish the reduction decision and other decisions taken in the first or second EGM meeting on Tadawul website (or announce the non-convening of EGM in case its legal quorum is not achieved).
<b>3. Procedures related to non-achievement of legal quorum for the first and second EGM meetings</b>	
[•]	Announce the invitation to the third EGM meeting on Tadawul website at least twenty-one (21) days before the scheduled date.
[•]	Start of the electronic voting period for shareholders in the third EGM meeting.
[•]	Hold the third EGM meeting. The legal quorum for holding the third EGM meeting is achieved regardless of the number of shares represented.
[•]	Publish the reduction decision and other decisions taken in the third EGM meeting on Tadawul website.
<b>4. Procedures related to completion of capital reduction process</b>	
[•]	Enforce the capital reduction decision and announce the same within the EGM decisions.
[•]	Suspend share trading on Tadawul website for two trading days, starting from the day following the EGM's approval of capital reduction.
[•]	Adjust the share price after capital reduction, which will be on the day following the suspension of share trading.
[•]	Announce the deposit of funds resulting from the sale of fractional shares (if any) resulting from the Company's capital reduction in the accounts of eligible shareholders. This will be within 30 days from the date of shareholders' approval in the EGM on capital reduction.



## Potential Risks Due to the Company's Capital Reduction

The Company's management believes that the decision to reduce the Company's capital is one of the most important decisions under the circumstances the Company is going through as a result of accumulated losses amounting to two hundred sixty-eight million, eight hundred sixty-eight thousand, two hundred twenty-nine (268,868,229) Saudi Riyals as per the condensed consolidated financial statements (unaudited) for the three-month period ending March 31, 2024G, representing 67.22% of the Company's capital. This will decrease after the capital reduction of two hundred sixty-five million (265,000,000) Saudi Riyals to three million, eight hundred sixty-eight thousand, two hundred twenty-nine (3,868,229) Saudi Riyals, or 2.8654% of the Company's capital after the reduction (for more information, please refer to page 16 "**Reasons for Capital Reduction and Management's Analysis Discussion in this Regard**" of this circular).

Additionally, this decision and its impact have been studied from accounting perspectives, and it has been confirmed through a limited assurance report on capital reduction that there are no risks regarding financial obligations as a result of this decision. As for the order of potential risks mentioned below, their order does not indicate their importance.

- **Risks related to stock price fluctuation in the market and the consequent impact on fractional shares compensation (if any):**

The Company's share price may be subject to significant fluctuation and instability due to several factors including market conditions related to shares, regulatory changes in the sector, and the entry of new competing companies. If the market price of the share decreases after the capital reduction, shareholders will lose value from their investments in the Company's shares. In addition, the impact on the value of fractional shares compensation is considered similar to the impact of fluctuation in the Company's share price as these fractions will be sold at the prevailing market price at that time.

- **Risks related to owning two shares or less:**

If a shareholder owns two shares or less, all their shares will be canceled and they will be compensated with fractional shares that will be sold at the time. It should be noted that the Company's share trading will be suspended for two business days following the day of EGM's approval, and the Securities Depository Center Company (Edaa) will apply the reduction to shareholders' investment portfolios based on Article 36 and Sub-paragraph C-6 of Listing Rules (for more details, see page 21 "**Impact of Capital Reduction on Equity**").

## Auditor's Report

- The Company appointed Dr. Mohamed Al- Amri & Co. – Certified Public Accountants to prepare a limited assurance report on the capital reduction to study the reasons for capital reduction and its impact on the Company's liabilities and equity, in order to obtain CMA approval of the capital reduction request.
- Recite the Auditor's report, based on Article 134 of the Companies Law in the Kingdom of Saudi Arabia, issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) which came into effect on 26/06/1444H (19/01/2023G) and its amendments, which stipulates that the reduction decision shall not be issued before reciting a report developed by the auditor on the compelling reasons for such reduction, the Company's obligations resulting therefrom, and its impact.

A copy of the auditor's report was included in the invitation to this EGM announced on Tadawul website on [.]H (corresponding to [.]H).

## Regulatory Approvals Required to Complete the Company's Capital Reduction

- The Company obtained the CMA approval on 11/01/1446 H (corresponding to 17/07/2024G) for the request to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred thirty-five million (135,000,000) Saudi Riyals, with a reduction rate of 66.25%, thus reducing the number of shares from forty million (40,000,000) ordinary shares to thirteen million five hundred thousand (13,500,000) ordinary shares by canceling twenty-six million five hundred thousand (26,500,000) shares of the Company's issued shares, at a rate of canceling 0.6625 shares for each one (1) owned share. This approval was announced on CMA website and Tadawul website on 11/01/1446H (corresponding to 17/07/2024G).
- The capital reduction is contingent on EGM approval, and shareholders should be aware that if EGM approval is not obtained for this capital reduction, the capital reduction process will completely stop.
- If EGM approval is obtained for the capital reduction, the Company will contact the Ministry of Commerce to obtain its approval to amend the company's articles of association and commercial register.
- Other than what is mentioned above, there are no other regulatory approvals that the Company is required to obtain to complete the capital reduction process.

## Relevant Laws and Regulations

- The Companies Law in the Kingdom of Saudi Arabia, issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and any amendments thereto.
- The Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003G) and any amendments thereto.
- The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Pursuant to its Resolution No. (3-123- 2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003G), amended by CMA Board Resolution No. (03-06-2024), dated 05/07/1445H (corresponding to 17/01/2024G), and any amendments thereto.
- The Corporate Governance Regulation issued by CMA Board by virtue of Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, as amended by CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and any amendments thereto.
- The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by CMA Board pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) and based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, as amended by CMA Board Resolution No. (2-26-2023) dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H, and any amendments thereto.
- The procedures and instructions for listed companies whose accumulated losses have reached 20% or more of their capital, issued by CMA Board pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) and amended by CMA Board Resolution No. 8-5-2023 dated 25/6/1444H (corresponding to 18/01/2023G).
- Listing Rules issued by Tadawul and approved by CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by CMA Board Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G) and amended by CMA Board Resolution No. (1-22- 2021) dated 12/07/1442H (corresponding to 24/02/2021G) and amended by CMA Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) and amended by CMA Board Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) and amended by CMA Board Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) and amended by CMA Board Resolution No. (1-108-2022) dated 23/03/1443H (corresponding to 19/10/2022G), and any amendments thereto.
- The Company's articles of association and any amendments thereto.

## Important Information

- According to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (30/06/2022G), and any amendments thereto, the Board of Directors must disclose to the public if the losses of a joint stock company reach (half) of the issued capital and what recommendations it has reached regarding these losses within (sixty) days from the date of its knowledge of reaching this amount, and to invite the EGM to meet within (one hundred and eighty) days from the date of knowledge thereof to consider the continuation of the Company while taking any necessary measures to address these losses, or dissolve it.
- According to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (30/06/2022G), and any amendments thereto, specifically Article (133) of the Companies Law, which states that capital is reduced by one of the following methods:
  - a. Canceling a number of shares equivalent to the amount required to be reduced.
  - b. Reducing the nominal value by canceling a part of it equivalent to the loss incurred by the Company.
  - c. Reducing the nominal value of the share by returning part of it to the shareholder or absolving them from all or some of the unpaid amount of the share value.
  - d. The Company purchasing a number of its shares equivalent to the amount required to be reduced, and then canceling them.
- With reference to the procedures and instructions for listed companies whose accumulated losses have reached 20% or more of their capital, issued by CMA Board pursuant to Resolution No. 4-48-2013 dated 15/01/1436H (18/11/2013G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (18/01/2023G). The Company must:
- Disclose to the public immediately and without delay in an independent announcement when its accumulated losses reach 20% or more and less than 35% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of capital and the main reasons that led to these losses, with reference in the announcement that these procedures and instructions will be applied thereto. If the disclosure required according to this paragraph coincides with the announcement of the preliminary or annual financial results, the Company shall be exempted from disclosure in an independent announcement if it includes the same in the announcement of the preliminary or annual financial results.
- Disclose to the public immediately and without delay in an independent announcement when its accumulated losses reach 35% or more and less than 50% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of capital and the main reasons that led to these losses and the procedures that the Company will take regarding them, with reference in the announcement that these procedures and instructions will be applied thereto. If the disclosure required according to this paragraph coincides with the announcement of the preliminary or annual financial results, the Company shall be exempted from disclosure in an independent announcement if it includes the same in the announcement of the preliminary or annual financial results.
- Disclose to the public immediately and without delay in an independent announcement when its accumulated losses reach 50% or more of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of capital and the main reasons that led to these losses, with reference in the announcement that these procedures and instructions will be applied thereto. If the disclosure required according to this paragraph coincides with the announcement of the preliminary or annual financial results, the Company shall be exempted from disclosure in an independent announcement if it includes the same in the announcement of the preliminary or annual financial results.
- Based on Article (93) of the Companies Law, resolutions of the EGM are issued by a majority of two-thirds of the shares represented at the meeting, unless this resolution is related to increasing or decreasing the capital, extending the Company's term, dissolving the Company before the expiration of the period specified in its articles, or merging it with another company or establishment. In such cases, the resolution shall not be valid unless it is issued by a majority of three-quarters of the shares represented at the meeting.
- If the Company's shareholders approve the capital reduction, the reduction decision will be effective for all company shareholders registered in the Company's records with Tadawul at the end of trading on the second day following the day of EGM, including shareholders who did not attend the EGM, as well as shareholders who attended the EGM and did not vote or voted against the capital reduction decision.

## Documents Available For Inspection

- The shareholders' circular will be published and made available to the public for a period of not less than (14) days before the date of EGM meeting on capital reduction.
- The following documents will be available for inspection at the Company's headquarters (located on Prince Mohammed bin Abdulaziz Street, Alfaysaliya District), as of the date of CMA approval on 11/01/1446 H (corresponding to 17/07/2024G) (corresponding to [•]G) until the EGM meeting on [•]H (corresponding to [•]G), during official working hours from 8 AM to 4 PM.
  - A copy of the Company's Board of Directors recommendation to reduce the Company's capital.
  - A printed copy of CMA announcement approving the Company's capital reduction request, published on CMA and Tadawul websites.
  - A copy of the limited assurance report for the Company's capital reduction process.
  - A copy of the financial advisor appointment letter regarding the Company's capital reduction.
  - A copy of the shareholders' circular (the presentation made to the Company's shareholders at the EGM meeting).

## Attachments

- A copy of auditor's report.
- A Proxy Form for Attendance of EGM Meeting.

## Appendix (A): A Copy of Auditor's Report.



## LIMITED ASSURANCE REPORT ON PROPOSED REDUCTION IN SHARE CAPITAL OF THE COMPANY

**To the shareholders**  
**Saudi Industrial Development Company (SIDC)**  
**(A Saudi Joint Stock Company)**  
**Jeddah, Kingdom of Saudi Arabia**

Based on the request received by the Management of **Saudi Industrial Development Company (SIDC) (Saudi Joint Stock Company)** (the 'Company'), we carried out limited assurance procedures on the Board of Directors recommendation of the Company dated May 27, 2024 to the Extra-Ordinary general assembly proposing the reduction in share capital, including the basis for such decrease, the Company's liabilities and impact on the Company's liabilities ("the Resolution").

### SUBJECT MATTER

The subject matter of the limited assurance engagement is related to the Board of Directors' recommendation resolution to the Extra-Ordinary General Assembly Meeting of the Company Shareholders to reduce the company's capital from 400,000,000 Saudi Riyals (four hundred million Saudi Riyals) to 135,000,000 Saudi Riyals (one hundred thirty-five million Saudi Riyals) by an amount of 265,000,000 Saudi Riyals (two hundred sixty-five million Saudi Riyals) through the cancellation of 26,500,000 shares.

### APPLICABLE CRITERIA

The applicable criteria are as follows:

- Articles 132, 133 and 134 of the Companies' regulation issued by the Ministry of Commerce.
- Article 76 of Part 6 (Chapter 2) of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.
- Article 13 of the Company's Bylaws.

### MANAGEMENT RESPONSIBILITY

The Company's management is responsible for the preparation of the Resolution in accordance with the Applicable Criteria mentioned in the above section "Applicable Criteria". Further, the Management of the Company is responsible for preparing and presenting the financial information that included in the resolution and for such internal control determined necessary to enable the preparation of the Statement that are free from material misstatement, whether due to fraud or error. Company's management is responsible for maintaining the supporting documents and financial records that supports this resolution.

### OUR RESPONSIBILITY

Our responsibility is to provide a limited assurance report on the subject matter to form an independent conclusion, based on our limited assurance procedures on whether anything has come to our attention which causes us to believe that the Statement is not prepared in all material respects, in accordance with the applicable criteria set out above.

**Limited Assurance Report on proposed reduction in share capital of the company to the shareholders of Saudi Industrial Development Company (SIDC) (A Saudi Joint Stock Company) (Continued)**

**OUR RESPONSIBILITY (Continued)**

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" as endorsed in the Kingdom of Saudi Arabia.

Our procedures were designed to obtain a limited level of assurance to form a conclusion on the Statement of the Board of Directors of the Company proposing the reduction in share capital, including the basis for such decrease, the Company's liabilities and impact on the Company's liabilities and as such does not provide all the evidence that would be required to give a reasonable level of assurance.

The procedures performed in the limited assurance engagement differ in the nature, timing and extent of the procedures from the reasonable assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" as endorsed in the Kingdom of Saudi Arabia, and are less in scope. Therefore, the level of assurance achieved in a limited assurance engagement is substantially less than the assurance that would have been achieved if a reasonable assurance engagement had been performed.

**OUR INDEPENDENCE AND QUALITY MANAGEMENT**

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

The Firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

## Limited Assurance Report on proposed reduction in share capital of the company to the shareholders of Saudi Industrial Development Company (SIDC) (A Saudi Joint Stock Company) (Continued)

### SUMMARY OF THE WORK PERFORMED

Our procedures included the following:

- Obtained on the Board of Directors Resolution dated May 27, 2024 to the Extra-Ordinary General Assembly Meeting of the Company Shareholders recommended to reduce the company's capital ("the Statement"),
- Examining the information contained in the company's Board of Directors' resolution related to reducing capital, which shows the reasons for reducing capital and its impact on the company's liabilities.
- Examining the information contained in the company's Board of Directors' resolution related to reducing capital, which shows the reasons for reducing capital are restructuring the company's capital and the impact for any liabilities, as a result there will be no impact on net shareholders' equity and the company's liabilities.
- Compared the proposed share capital reduction in the above subject matter with the Company's Board of Directors Resolution to reduce the share capital by an amount of 265,000,000 Saudi Riyals (two hundred sixty-five million Saudi Riyals) through the cancellation of 26,500,000 shares.

### CONCLUSION

Based on the limited assurance procedures performed and evidence obtained, nothing has come to our attention which causes us to believe that what was detailed in the above subject matter is no longer, in all material respects, in accordance with the applicable criteria.

### RESTRICTION OF USE

Our report is to be used by the Company's management exclusively to assist them in fulfilling their obligations towards the Extra-Ordinary General Assembly in accordance with Articles 132, 133 and 134 of the Companies' regulation issued by the Ministry of Commerce, Article 76 of Part 6 (Chapter 2) of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority and; Article 13 of the Company's Bylaws.


The report should not be used for any purpose other than those stated above. We do not assume any responsibility or liability for any other purpose or towards any other party to whom this report is presented, except as expressly agreed upon, without our prior written consent.

### OTHER MATTERS

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have stamped the attached Statement for identification purpose only.

For Dr. Mohamed Al-Amri & Co.



**Maher Al-Khatieb**  
Certified Public Accountant  
Registration No. 514



Date: 25 Dhul-Qaida 1445 (H)  
Corresponding: 02 June 2024 (G)

SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)  
 SAUDI JOINT STOCK COMPANY  
 REPORT ON THE REASONS FOR REDUCING CAPITAL AND ITS IMPACT ON THE COMPANY'S LIABILITIES

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) As at 31 March 2024**

	Before Reduction		After Reduction
	31 March 2024 Unaudited	Impact of Capital Reduction	31 March 2024 Unaudited
Non-current assets	139,896,180	-	139,896,180
Current assets	63,317,338	-	63,317,338
<b>TOTAL ASSETS</b>	<b>203,213,518</b>	-	<b>203,213,518</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	400,000,000	(265,000,000)	135,000,000
Foreign currency translation reserve	(51,263,377)	-	(51,263,377)
Fair value change reserve in investment	11,345,771	-	11,345,771
Re-measurement reserve of defined benefit obligations	2,560,567	-	2,560,567
Accumulated losses	(268,868,229)	265,000,000	(3,868,229)
Non-controlling interest	7,285,556	-	7,285,556
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>101,060,288</b>	-	<b>101,060,288</b>
Non-current liabilities	19,462,535	-	19,462,535
Current liabilities	82,690,695	-	82,690,695
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>203,213,518</b>	-	<b>203,213,518</b>



## Appendix (B): A Proxy Form for Attendance of EGM Meeting

**Dear Esteemed Shareholders,**

**Greetings,**

The proxy form is not available as the EGM will be held exclusively through modern technology means.

If you have any inquiries, we hope you will contact the Shareholder Relations Department through the following communication channels:

Saudi Industrial Development Company

Prince Mohammed Bin Abdulaziz Street,

P.O. Box 12105, Jeddah 21473

Kingdom of Saudi Arabia

Tel: +966 (12) 6102222

Fax: +966 (12) 6105555

E-mail: [info@sidc.com.sa](mailto:info@sidc.com.sa)

Website: [www.sidc.com.sa](http://www.sidc.com.sa)



الشركة السعودية للتنمية الصناعية  
SAUDI INDUSTRIAL DEVELOPMENT CO.