



**Saudia Dairy & Foodstuff Company**

P.O. Box 5043  
Jeddah 21422  
Saudi Arabia

Attention: Mr. Shehzad Altaf  
Chief Financial Officer

Dear Sir,

**Report of factual findings in connection with the agreed-upon procedures in respect of buy-back of ordinary shares for the purpose of retention as treasury shares.**

This report is produced in accordance with the terms of our agreement dated October 6, 2021.

The management of Saudia Dairy & Foodstuff Company (the “Company” or “SADAFCO”), together with its subsidiaries (collectively referred to as the “Group”), have prepared a statement for buy-back of ordinary shares (the “Statement”) for retention as treasury shares which was approved in the Group’s Extraordinary General Assembly Meeting, held on November 18, 2020. The Group’s management remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents. The Group’s management is also responsible for identifying and ensuring that the Company complies with the relevant terms of the Capital Market Authority (“CMA”) pronouncements and regulations.

We have performed the procedures agreed with you and listed below relating to the Statement. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 ‘Engagements to perform agreed-upon procedures regarding financial information’, that are endorsed in Kingdom of Saudi Arabia. The procedures were performed solely to assist the Group’s management in fulfilling its reporting obligations as per the CMA’s regulations ‘Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies’ (Article 12, Section 3) in respect of buy-back of ordinary shares for the purpose of retention as treasury shares. We performed the following procedures:

- Obtained the Statement which included financial information of the Group as of June 30, 2021 and budget information prepared by Group’s management for the period from December 31, 2021 to December 31, 2022 (the “consolidated budget”).
- Agreed the Group’s financial information reported in the Statement with condensed consolidated interim financial information for the three-month period ended June 30, 2021 (the “interim financial information”). We have also agreed the consolidated budget information presented in the Statement with detailed consolidated budget prepared by the Group’s management.
- Recalculated the value of proposed treasury shares and checked that the value of treasury shares do not exceed the amount of retained earnings as reported in the interim financial information.

Based on the above procedures we did not find any exception.

Our procedures, as stated in our agreement, did not constitute either an audit or review made in accordance with International Standards on Auditing, that are endorsed in Kingdom of Saudi Arabia or International Standards on Review Engagements, that are endorsed in Kingdom of Saudi Arabia, the objective of which would be the expression of assurance on the contents of the Statement. We do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the Statement, in accordance with International Standards on Auditing, that are endorsed in Kingdom of Saudi Arabia, or International Standards on Review Engagements, that are endorsed in Kingdom of Saudi Arabia, other matters might have come to our attention that we would have reported to you. This report relates only to the procedures performed listed above and does not extend to any financial statements of the Group taken as a whole.

This report is solely for your use in connection with the purpose specified above and as set out in our agreement. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement. We do not accept any liability or responsibility to any third party.

Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Group or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Group.

### **PricewaterhouseCoopers**

Yours faithfully,



Mufaddal A. Ali  
License Number 447

October 14, 2021



**SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)**

(A Saudi Joint Stock Company)

**STATEMENT OF SOLVENCY**

As at June 30, 2021

(All amounts in Saudi Riyals thousands unless otherwise stated)

**Annexure A****Capital Market Authority of Kingdom of Saudi Arabia****Regulatory Rules and Procedures****Part Four ‘Buy-back, Sale, Pledge of Shares’, Chapter One ‘Share Buy-back Rules’, Article twelve, Section (3)**

(i) *Prior to buying its shares, the Company must have, on its own or with its subsidiaries, sufficient working capital for the twelve (12) months immediately following the date of completion of the share buy-back transaction.*

<b>As per Management Forecast</b>	December 31, 2021	January 31, 2022	February 28, 2022	March 31, 2022	April 30, 2022	May 31, 2022	June 30, 2022	July 31, 2022	August 31, 2022	September 30, 2022	October 31, 2022	November 30, 2022	December 31, 2022
Excess of current assets over current liabilities - After buy back transactions	372,938	385,193	400,860	420,122	438,807	457,504	476,212	399,486	418,753	438,014	457,270	476,520	384,016

(ii) *the value of the Group’s assets must not be less than the value of its liabilities (including contingent liabilities), prior to and immediately upon payment of the purchase price, according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.*

**Amounts as per the unaudited condensed consolidated interim financial information****June 30, 2021**

Excess of total assets over total liabilities and contingent liabilities after buy back of shares

**1,246,349**

(iii) *The value of Treasury Shares held must not exceed the amount of the retained profits of the Group.*

**Amounts as per the unaudited condensed consolidated interim financial information****June 30, 2021**

Excess of retained earnings over the value of treasury shares

**512,369**