

Jeddah on: 24/08/2022
Corresponding: 26/01/1444

جدة في: ٢٤/٠٨/٢٠٢٢ م
الموافق: ٢٦/٠١/١٤٤٤ هـ

Dear respected Savola Group Shareholders,

السادة/ مساهمي مجموعة صافولا
الموقرين
السلام عليكم ورحمة الله وبركاته، وبعد؛

Subject: Notification from the Chairman of the Board of Directors to the Shareholders General Assembly Regarding the Transactions of Related Parties.

الموضوع: تبليغ من رئيس مجلس الإدارة إلى الجمعية العامة للمساهمين حول تعاملات الأطراف ذات العلاقة.

With reference to article (71) of the Companies' Law and sub-article (9) of article (27) of the Corporate Governance Regulations issued by the Capital Market Authority as well as Savola Group's announcement on the Saudi Stock Exchange (Tadawul) on 11/08/2022 regarding the Group's signing of a sale agreement with Taiba Investments Company to sell its entire shares in both Knowledge Economic City Company and Knowledge Economic City Developers Company Limited (According to the details in the aforementioned Tadawul announcement) which some members of the Board of Directors have an indirect interest in it and they are :Mr. Bader Abdullah Alissa , Mr. Mohammed Ibrahim Alissa and Eng. Mutaz Q. Alazawi.

بالإشارة إلى المادة (٧١) من نظام الشركات والفقرة (٩) من المادة (٢٧) من لائحة حوكمة الشركات الصادرة من هيئة السوق المالية، وإعلان مجموعة صافولا (المجموعة) على موقع السوق المالية (تداول) بتاريخ ١١/٠٨/٢٠٢٢ م، حول توقيع المجموعة لاتفاقية بيع ملزمة مع شركة طبية للاستثمار لبيع كامل حصص وأسهم المجموعة في شركة مدينة المعرفة الاقتصادية وشركة مطوري مدينة المعرفة الاقتصادية المحدودة (حسب التفاصيل الواردة في إعلان تداول المشار إليه أعلاه)، وحيث إنه توجد مصلحة غير مباشرة لبعض أعضاء مجلس إدارة مجموعة صافولا (أطراف ذوي علاقة) وهم: الأستاذ/ بدر عبدالله العيسى والأستاذ/ محمد إبراهيم العيسى، والمهندس/ معتر قصي العزاوي.

A per the relevant regulations, we have requested the Group's External Auditor to issue a report on this transaction (attached) to be presented to your esteemed Shareholders' General Assembly.

وحسب الأنظمة ذات العلاقة فقد طلبنا من مراجع الحسابات الخارجي بإصدار تقرير خاص حول ذلك التعامل - المرفق طيه - ليتم عرضها على جمعيتكم الموقرة.

Sincerely,

وتفضلوا بقبول وافر التحية والتقدير؛

سليمان عبد القادر المهيدب

Sulaiman A. Al Muhaidib

رئيس مجلس الإدارة

Chairman

Summary Report on the transaction in which some of Savola Group's Board members have indirect interest (Related Parties)

تقرير بملخص للمعاملة التي لبعض أعضاء مجلس إدارة مجموعة صافولا مصلحة غير مباشرة فيها (أطراف ذات علاقة)

Introduction: Savola Group signed a binding Share Sale Agreement on 10/08/2022 with Taiba Investments Co. to sell its entire shares in both Knowledge Economic City Co. (6.40%) and Knowledge Economic City Developers Co. Limited (5.07%). Whereas some of Savola Board members have an indirect interest in this Agreement, and whom are:

1. Mr. Bader Abdullah Alissa- Vice-chairman.
2. Mr. Mohammed Ibrahim Alissa- Member.
3. Eng. Mutaz Qusai AlAzzawi)- Member.

Therefore, Savola will obtain the required AGM approval for the transaction, in accordance with article (71) of the Companies' Law, item (9) of article (27), and item (2) of article (12) of the Corporate Governance Regulations issued by the Capital Market Authority as well as article (58) of the Regulatory Rules and Procedures issued pursuant to the Companies' Law. Noting that Savola has disclosed on 11/08/2022 via Saudi Exchange website "Tadawul", the said transaction which includes the related parties and their indirect interest therein.

Below is a table illustrates some details on the Agreement, its nature and the Related Parties:

تمهيد: قامت مجموعة صافولا (الشركة) بالدخول في اتفاقية بيع أسهم (ملزمة) بتاريخ ١٠/٠٨/٢٠٢٢م مع شركة طيبة للاستثمار لبيع كامل الأسهم والحصص المملوكة لها في كل من شركة مدينة المعرفة الاقتصادية والبالغة نسبتها (٦,٤٠٪) من رأسمالها وشركة مطوري مدينة المعرفة الاقتصادية المحدودة والبالغة نسبتها (٥,٠٧٪) من رأسمالها، وحيث إن لبعض أعضاء مجلس إدارة مجموعة صافولا (أطراف ذوي علاقة) مصلحة غير مباشرة فيها وهم:

١. الأستاذ بدر عبدالله العيسى - نائب رئيس مجلس الإدارة
٢. والأستاذ محمد إبراهيم العيسى - عضو
٣. والمهندس معتز قصي العزاوي - عضو

عليه فإن الشركة ستقوم بأخذ ترخيص على هذه الصفقة من الجمعية العامة للمساهمين وفقاً للمادة (٧١) من نظام الشركات والفقرة (٩) من المادة (٢٧) والفقرة (٢) من المادة (١٢) من لائحة حوكمة الشركات الصادرة من هيئة السوق المالية والمادة (٥٨) من الضوابط والإجراءات التنظيمية الصادرة تنفيذاً لنظام الشركات، علماً بأنه قد تم الإفصاح بتاريخ ١١/٠٨/٢٠٢٢م على موقع السوق المالية تداول عن هذه الصفقة والمتضمنة أطراف ذوي علاقة بالإضافة إلى المصلحة غير المباشرة لهم في الصفقة.

وفيما يلي بيان يتضمن بعض تفاصيل الاتفاقية وطبيعة التعامل والأطراف ذوي العلاقة:

اسم العضو أو أي شخص ذي علاقة بأي منهم	مدة العمل أو العقد	شروط التعامل أو العقد	مبلغ التعامل أو العقد	طبيعة التعامل أو العقد
أ. بدر عبد الله العيسى – نائب رئيس مجلس الإدارة و أ. محمد أبراهيم العيسى – عضو مجلس إدارة ، حيث إن لديهما مصلحة غير مباشرة بسبب وجود صلة قرابة من الدرجة الأولى مع أحد كبار مساهمي شركة طيبة للاستثمار (المشتري). كما أن م. معتر العزاوي – عضو مجلس إدارة لديه مصلحة غير مباشرة لوجود صلة قرابة من الدرجة الثانية مع أحد أعضاء مجلس إدارة شركة طيبة للاستثمار (المشتري).	١٢٠ يوم قابلة للتمديد بموجب موافقة مكتوبة بين الطرفين.	الحصول على الموافقة اللازمة من الجهات النظامية أو التعاقدية وفي حال تعذر الحصول على أي من الموافقات اللازمة لإتمام هذه الصفقة أو تعذر استيفاء الإجراءات النظامية أو أي من الشروط المسبقة خلال (١٢٠) يوماً من تاريخ التوقيع عليها، فيجوز للطرفين بموجب اتفاق مكتوب إما إلغاء الصفقة وإنهاء هذه الاتفاقية، أو تمديد لها لفترة إضافية، أو إلغاء جزء من الصفقة.	٤٥٩,٢٥٦,٠٠٠ ريال سعودي	اتفاقية بيع كامل الأسهم والحصص المملوكة لمجموعة صافولا في كل من شركة مدينة المعرفة الاقتصادية والبالغة (٦,٤٠٪) وشركة مطوري مدينة المعرفة الاقتصادية المحدودة والبالغة (٥,٠٧٪) لشركة طيبة للاستثمار .

The nature of the transaction or contract	Transaction value	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member or any person related to any one of them
Agreement to sale Savola entire shares in both Knowledge Economic City Co. (6.40%) and Knowledge Economic City Developers Co. Limited (5.07%) to Taiba Investments Co.	SAR 459,256,000	Obtaining the necessary approval from the regulatory authorities or contractual parties, and in case the two parties were unable to obtain any of the required approvals to complete the transaction or if they were unable to fulfill any of the legal procedures and conditions precedent within (120) days from the date of the Agreement signature, the two parties, by written agreement, may either cancel the transaction and terminate this Agreement, or extend it for an additional period, or partially cancel the transaction.	120 days subject to extension could be extend for an additional period based on a written agreement.	Mr. Bader Abdullah Alissa – Vice - chairman and Mr. Mohammed Ibrahim Alissa - Board Member have indirect interest as both have a first degree relative who is a substantial shareholder in Taiba Investments Co.(the buyer); In addition, to Eng. Mutaz AlAzzawi – Savola Board Member has indirect interest as he has a second degree relative in the Board of Directors of Taiba Co. (the buyer).



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كي بي إم جي للاستشارات المهنية

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شارع الأمير سلطان
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جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

Independent Limited Assurance Report to Savola Group Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Savola Group Company

We were engaged by the management of Savola Group Company (the "Company") to report on the Chairman's declaration prepared by the Management in accordance with the requirements of Article 71 of the Saudi Arabian Regulations for Companies issued by MOC (1437H -2015) and Regulatory Rules and Procedures issued pursuant to the Companies Law, which comprises the contract signed on August 10, 2022 whereby Savola Group Company will dispose its entire equity investments in Knowledge Economic City Company and Knowledge Economic City Developers Company to Taiba Investments Company ("the transaction") as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Subject Matter") prepared by the Management in accordance with the requirements of Article 71 of the Saudi Arabian Regulations for Companies issued by MOC (1437H -2015) and Regulatory Rules and Procedures issued pursuant to the Companies Law presented by the Chairman of Savola Group Company (the "Company"), which comprises of the transaction recommended by the Board for approval in the forthcoming General Assembly Meeting, and in which certain members of the Board of Directors ("BoD") of the Company have a direct or indirect personal interest.

Applicable Criteria

The Applicable Criteria for this engagement is as follows:

1. Article 71 of the Saudi Arabian Regulations for Companies issued by MOC (1437H -2015) and the Regulatory Rules and Procedures issued pursuant to the Companies Law.

Savola Group Company's Responsibility

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

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي القوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.



Independent Limited Assurance Report to Savola Group Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Savola Group Company (continued)

Savola Group Company's Responsibility (continued)

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Saudi Arabian Regulations for Companies issued by Ministry of Commerce ("MOC") issued on 22 Safar 1437H (corresponding to 4 December 2015) and the Regulatory Rules and Procedures issued pursuant to the Companies Law; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

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

Our Responsibility

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

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our assurance engagement and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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



Independent Limited Assurance Report to Savola Group Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Savola Group Company (continued)

Our Responsibility (continued)

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

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

Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes the contract/transaction in which any of the BoD members of the Company has either direct or indirect interest;
- Reviewed the minutes of meetings of the BoD that indicate notifications to the BoD by certain director(s) of actual or potential conflicts of direct or indirect interest in relation to the transaction performed involving the BoD member(s);
- Checked the minutes of meetings of the BoD that the relevant director(s) who notified the BoD of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transaction;
- Obtained the required approvals along with supporting documents in respect of the transaction included in the declaration.

Conclusion

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

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

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

Other matter

For the avoidance of doubt, we note the following important point relevant to the understanding of our scope of work, procedures, and conclusion:

We have not performed any procedures to examine the commercial aspects of the transaction, including the fairness of the terms. We therefore do not provide any opinion in that regard.



Independent Limited Assurance Report to Savola Group Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Savola Group Company (continued)

Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, Company's shareholders and MOC for any purpose or in any context. Any party other than the Company and MOC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company and MOC for our work, for this independent limited assurance report, or for the conclusions we have reached.

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

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454



Jeddah, August 24, 2022
Corresponding to: Muharram 26, 1444