الشركة السعودية للطباعة والتغليف
SAUDI PRINTING & PACKAGING CO.

Shareholders Circular
Saudi Printing & Packaging Company

Reducing the Company's Capital by five hundred eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals from six hundred fifty-two million, seventy thousand, six hundred forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred seventy-four thousand, three hundred forty (68,974,340) Saudi Riyals, and this will result in a decrease in the number of Shares from sixty-five million, two hundred seven thousand, sixty-four (65,207,064) ordinary shares to six million, eight hundred ninety-seven thousand, four hundred thirty-four (6,897,434) ordinary shares through the cancellation of fifty-eight million, three hundred nine thousand, six hundred thirty (58,309,630) ordinary shares, with a reduction percentage of (89.42%), equivalent to the cancellation of (0.8942) Share for every (1) Share.

(Extraordinary General Assembly **//1448H (Corresponding to **/**/2026G**

Financial Advisor

wasatah capital
وساطة كابيتال

This Circular is an unofficial English translation of the official Arabic Circular and is provided for information purposes. The Arabic Circular published on CMA's website (cma.gov.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two versions.

Important Notice

This circular was 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 the Shareholders of The Company to enable them to vote on the Capital reduction proposal at the Extraordinary General Assembly meeting based on awareness and knowledge. The Shareholders must read the circular carefully and completely before making their voting decision.

The financial information and numbers included in this circular have been rounded, in the event the numbers mentioned in the tables are aggregated, a minor difference may appear in the numbers mentioned in this circular compared to those mentioned in the Financial Statements due to rounding.

This circular includes some forecasts and forward-looking statements, and it is possible to infer these forecasts and forward-looking statements through the use of forward-looking words and phrases, including, but not limited to, "expects", or "aims", or "estimates", or "intends", or "plans", or "will", or "believes", or "seeks", or "may", or "will be", or "can", or "should" or the negative forms of these words or other words that are close or similar to them in meaning. The forward-looking statements included in this circular include, but are not limited to, the effects of the Capital reduction, the expected dates for that, and other matters. These statements are subject to change as a result of a number of factors that cannot be estimated accurately, such as future market conditions and the behavior of other market participants; therefore, the recipient of this circular must read these forecasts and statements in light of that and not rely on them.

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1. Company Information, Financial Advisor and Auditor

1. Company Information, Financial Advisor and Auditor

Company Address

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الشركة السعودية للطباعة والتغليف
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Financial Advisor

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wasatah capital
وساطة كابيتال

Auditor of the Condensed Consolidated Interim Financial Statements (Unaudited) for the Three-Month Period Ended March 31, 2026G and Preparer of the Limited Assurance Report on the Proposed Capital Reduction Based on the Condensed Consolidated Interim Financial Statements (Unaudited) for the Three-Month Period Ended March 31, 2026G

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EY

Disclaimer: The advisors and the preparer of the limited assurance report on the proposed capital reduction whose names appear above have provided their written consent to the inclusion of their names, logos, and statements or reports (as applicable) in the form and context in which they are included in this Circular. None of them has withdrawn such consent as of the date of this Circular.

2. Terms and Definitions

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Term	Definition
The Company or The Issuer	Saudi Printing and Packaging Company
The Board or The Board of Directors	The company's board of directors consisting of (7) members.
Extraordinary General Assembly	Extraordinary General Assembly of the Shareholders of the Company
Edaa	Securities Depository Center Company (Edaa)
Capital Market Authority or Authority	Capital Market Authority in the Kingdom of Saudi Arabia.
Saudi Exchange	Saudi Exchange Company (formerly the Saudi Stock Exchange Company), one of the subsidiaries of Saudi Tadawul Group, established pursuant to 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 closed joint stock company and the only entity authorized to act as a securities exchange in the Kingdom of Saudi Arabia, listing and trading securities.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia
Companies Law	Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and any amendments thereto
Saudi Stock Exchange, the Market, or Tadawul	Saudi Stock Exchange (for trading shares in the Kingdom of Saudi Arabia)
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended by the Board of the Authority's Resolution No. (3-6-2026) dated 30/07/1447H (corresponding to 19/01/2026G) and any amendments thereto
Listing Rules	Listing Rules issued by the Saudi Exchange (Tadawul) and approved by the Board of the Capital Market Authority's Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) and as amended by its Resolution No. (1-46-2026) dated 13/10/1447H (corresponding to 01/04/2026G) and any amendments thereto
Capital Reduction	Reducing the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals by cancelling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares, with a reduction percentage of (89.42%) equivalent to (0.8942) share for every (1) share.
Circular / Shareholder Circular	This circular prepared by the company and addressed to its shareholders regarding the reduction of the company's capital
Auditor Report Relating to Capital Reduction	Limited assurance report on the proposed reduction of the company's capital based on the condensed consolidated interim financial statements (unaudited) for the three-month period ended 31 March 2026G, setting out the reasons for the capital reduction and the impact of such reduction on the company's liabilities and shareholders' equity
Shareholders	Holders of the company's shares
Eligible Shareholders	Shareholders owning shares at the end of trading on the day of the Extraordinary General Assembly meeting convened for the capital reduction, and who are registered in the company's shareholders register at the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly meeting convened for the capital reduction, dated **/**/1448H (corresponding to **/**/2026G)
Electronic Voting	A free electronic service for companies listed on the Saudi Exchange, allowing shareholders the opportunity to exercise their voting rights on the items of the general assemblies' agendas without attending in person through the Tadawulaty platform affiliated with the Securities Depository Center Company.

3. The purpose of this circular

3. The 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, in order to provide the necessary information to the company's shareholders to enable them to vote on the proposed capital reduction at the Extraordinary General Assembly meeting with full awareness and understanding. Shareholders must read this circular carefully and in full before making their voting decision.

4. Company Overview

4. Company Overview

The Saudi Printing and Packaging Company is a Saudi joint stock company operating in the printing and packaging sectors, registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010219709 issued in the city of Riyadh on 1 Jumada al-Awwal 1427H (corresponding to May 28, 2006G) and pursuant to the Ministry of Commerce and Investment Resolution No. 104 Q dated 20 Rabi' al-Thani 1428H (corresponding to May 7, 2007G).

The Saudi Printing and Packaging Company was originally established under the name of Al Madinah Al Munawwarah Printing and Publishing Company in 1963G, and during 2007G its name was changed to the Saudi Printing and Packaging Company and 30% of its shares were offered for public subscription during that year. The company features advanced newspaper printing centers in Riyadh, and prints some local newspapers, in addition to commercial periodical publications. The company also operates in the packaging field and has factories in Riyadh, Jeddah, Al Madinah Al Munawwarah , Sharjah, Abu Dhabi, and Dubai. Furthermore, the Saudi Printing and Packaging Company is committed to ensuring that its operations are impactful and supportive of preserving the surrounding environment, and the company uses renewable, recyclable, and biodegradable materials to provide sustainable solutions in the field of printing and packaging.

The company's current capital is six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals divided into sixty-five million, two hundred and seven thousand and sixty-four (65,207,064) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid, and the head office of the company is located in the city of Riyadh, Al-Murooj District - King Abdulaziz Branch Road, Kingdom of Saudi Arabia.

The company engages in multiple purposes and activities according to the commercial register:

- Engraving and photogravure on metal or plastic plates (Zincograph), selling plastic tools and materials including bags, and head office activities.

And the company's bylaws, which include the following:

- Manufacturing industries
  - Manufacture of pulp, paper, and paperboard
  - Manufacture of corrugated paper and paperboard, and containers of paper and paperboard
  - Manufacture of other articles of paper and paperboard
  - Printing
  - Service activities related to printing
  - Manufacture of plastics and synthetic rubber in primary forms
  - Manufacture of plastic products
- Wholesale and retail trade and repair of motor vehicles and motorcycles
  - Wholesale of other household goods
  - Wholesale of computers, computer peripheral equipment, and software
  - Wholesale of other machinery and equipment
  - Wholesale of waste and scrap and other products not elsewhere classified
  - Retail sale of computers, computer peripheral equipment, software, and telecommunications equipment in specialized stores

- Retail sale of books, newspapers, and stationery in specialized stores
- Retail sale of other new goods in specialized stores

– Transportation and storage

- Storage

– Information and communications:

- Publishing of books
- Publishing of newspapers, magazines, and periodicals

– Financial and insurance activities

- Holding company activities, which are units that acquire assets to hold a controlling stake in the capital of a group of subsidiaries, with their main activity being the ownership of such group

– Real estate activities

- Real estate activities with own or leased property

– Professional, scientific, and technical activities

- Head office activities: supervision and management of other units in the company or enterprise
- Advertising

The company conducts its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities.

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4.1 Key developments in the company's capital

The company's current capital is six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals, divided into sixty-five million, two hundred and seven thousand and sixty-four (65,207,064) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid. The key events and changes in the company's capital since its incorporation are as follows:

Date	Event
01/05/1427H (Corresponding to 28/05/2006G)	The company was established as a Saudi joint stock company under commercial registration number (1010219709) issued in Riyadh.
19/06/1428H (Corresponding to 04/07/2007G)	The company was listed on the financial market by offering eighteen million (18,000,000) ordinary shares, representing 30% of the company's shares for public subscription, with a capital of six hundred million (600,000,000) Saudi Riyals divided into sixty million (60,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.
21/08/1447H (Corresponding to 09/02/2026G)	The company announced on the Saudi Exchange (Tadawul) website about the Extraordinary General Assembly's approval to increase the company's capital by converting dues owed to Alinma Bank, totaling seventy-three million, six hundred and seventy-nine thousand, nine hundred and sixty-eight (73,679,968) Saudi Riyals, through the issuance of new shares to Alinma Bank and Alinma Capital Company (the issue price of these shares to be determined based on the closing price of the trading day preceding the date of the Extraordinary General Assembly regarding the transaction, in accordance with the terms and conditions of the settlement agreements with Alinma Bank). Consequently, the company's capital will increase from six hundred million (600,000,000) Saudi Riyals, divided into sixty million (60,000,000) ordinary shares, to six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals, divided into sixty-five million, two hundred and seven thousand and sixty-four (65,207,064) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
15/12/1447H (Corresponding to 01/06/2026G)	The company announced on the Saudi Exchange (Tadawul) website about its board of directors' recommendation to reduce the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and thirty (68,974,330) Saudi Riyals by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty-one (58,309,631) ordinary shares of the company's issued shares. This is to restructure the company's capital and write off an amount of five hundred and eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals of the company's accumulated losses, representing 100% of the company's accumulated losses amounting to five hundred and eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals as of the condensed interim consolidated financial statements (unaudited) for the three-month period ended on 31/03/2026G.
14/01/1448H (Corresponding to 29/06/2026G)	The company announced on the Saudi Exchange (Tadawul) website about the issuance of a corrective announcement regarding its board of directors' recommendation, so that the reduction of the company's capital becomes from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares of the company's issued shares. This is to restructure the company's capital and write off an amount of five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals of the company's accumulated losses, representing 99.99999% of the company's accumulated losses amounting to (583,096,305) Saudi Riyals as of the date of the condensed interim consolidated financial statements (unaudited) for the three-month period ended on 31/03/2026G.
18/03/1448H (Corresponding to 31/08/2026G)	The Capital Market Authority approved the reduction of the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares with a nominal value of ten (10) Saudi Riyals per share from the company's issued shares. This approval was announced on the Capital Market Authority's website and the Saudi Exchange (Tadawul) website.
//1448H (Corresponding to **/**/2026G)	The Extraordinary General Assembly approved the reduction of the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares with a nominal value of ten (10) Saudi Riyals per share from the company's issued shares. This approval was announced on the Saudi Exchange (Tadawul) website.

4.2 Subsidiaries

Company Name	Ownership Percentage	Main Activity	Place of Incorporation
Al Madinah Printing and Publishing Company	100%	Printing	Kingdom of Saudi Arabia
Hala Printing Company	100%	Printing	Kingdom of Saudi Arabia
Future company for Industrial Investment	100%	Printing and Packaging	Kingdom of Saudi Arabia
Emirates National Factory for Plastic Industries Company	100%	Packaging and Plastic Industry	United Arab Emirates

4.3 Major Shareholders

Shareholders	Ownership Percentage
Saudi Research and Publishing Company Limited Liability Company	6.441%
Saudi Research and Media Group	38.646%
Scientific Publications Holding Company Limited Liability Company	6.441%

Source: Shareholders' register as of the date of this circular.

4.4 Board of Directors

The following table shows the members of the company's board of directors and the ownership of each in the company's shares as of the date of this circular.

Name	Position	Status	Nationality	Age	Shares owned before the reduction****				Membership Date
					Direct	Percentage	Indirect	Percentage	
Saleh bin Hussain Al-Duwais***	Chairman of the Board of Directors	Non-executive	Saudi	53	1200	0.0018403%	-	-	07/05/2024G
Ali bin Hassan bin Mohammed Al-Jameel**	Vice Chairman of the Board of Directors	Independent	Saudi	54	131	0.0002009%	-	-	05/01/2026G
Waleed bin Ali Al-Banoe*	Acting Managing Director	Executive	Saudi	64	110	0.0001687%	-	-	10/04/2025G
Khaled Mohammed Al-Hogail	Board Member	Non-executive	Saudi	73	3300	0.0050608%	-	-	07/05/2024G
Turki bin Omar Saleh Baqshan	Board Member	Non-executive	Saudi	52	10	0.0000153%	-	-	07/05/2024G
Abdulaziz Abdulbasit Al-Tayyar	Board Member	Independent	Saudi	37	1	0.0000015%	-	-	07/05/2024G
Mohammed Abdul Fattah Mohieldin Nazer	Board Member	Independent	Saudi	41	10	0.0000153%	-	-	07/05/2024G

Source: The company and Tadawul.

- On 23/10/1445H (corresponding to 02/05/2024G), the Extraordinary General Assembly approved the election of the aforementioned members of the Board of Directors for the current term, which begins on 07/05/2024G and ends on 06/05/2027G.

- On 28/10/1445H (corresponding to 07/05/2024G), the company announced the Board of Directors' resolution appointing the Chairman of the Board and the Vice Chairman for the current term starting on 07/05/2024G and ending on 06/05/2027G.

* On 12/10/1446H (corresponding to 10/04/2025G), the company announced the acceptance of the resignation of board member Mr. Mohammed bin Zamil bin Mohammed Al-Laaboun (Non-executive), with the resignation taking effect as of 10/04/2025G. The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, also issued its resolution appointing Mr. Waleed bin Ali bin Mohammed Al-Banoe as a Board Member (Independent), effective from 10/04/2025G.

- On 11/03/1447H (corresponding to 03/09/2025G), the company announced that the Board of Directors, during its meeting held on 10/03/1447H (corresponding to 02/09/2025G), approved the acceptance of the resignation of the Chairman of the Board of Directors, Mr. Adel bin Marzouq Al-Nasser, from his position as Chairman and member of the Board of Directors, and from his membership in the committees emanating from the Board, effective from 02/09/2025G (corresponding to 10/03/1447H), and appointed him as an advisor to the Board of Directors. Accordingly, the Vice Chairman of the Board, Dr. Mohammed Amin bin Dawood Qashqari, will assume the duties of the Chairman of the Board of Directors until the appointment of a Chairman of the Board is announced.

- On 12/06/1447H (corresponding to 03/12/2025G), the company announced the issuance of its Board of Directors' resolution by circulation on 02/12/2025G, which includes assigning Board Member Mr. Waleed bin Ali bin Mohammed Al-Banoe (Independent Member) the duties of Managing Director, effective from 09/12/2025G, and amending his membership status to become (Executive Member) effective from 09/12/2025G.

** On 15/07/1447H (corresponding to 04/01/2026G), the company announced the issuance of its Board of Directors' resolution by circulation accepting the resignation of board member Mr. Mohammed bin Mutlaq Al-Amaaj (Independent) on 14/07/1447H (corresponding to 03/01/2026G), with the resignation taking effect as of 04/01/2026G. The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, also issued its resolution by circulation appointing Mr. Ali bin Hassan bin Mohammed Al-Jameel as a Board Member (Independent), effective from 16/07/1447H (corresponding to 05/01/2026G).

*** On 25/10/1447H (corresponding to 13/04/2026G), the company announced the issuance of its Board of Directors' resolution by circulation on 25/10/1447H (corresponding to 13/04/2026G), which includes appointing the Chairman and Vice Chairman of the Board for the current term that began on 07/05/2024G and continues until 06/05/2027G, as follows: appointing Mr. Saleh bin Hussein bin Ateef Al-Duwais as Chairman of the Board of Directors (Non-executive member), and appointing Mr. Ali bin Hassan bin Mohammed Al-Jameel as Vice Chairman of the Board of Directors (Independent member).

- On 25/10/1447H (corresponding to 13/04/2026G), the company announced the acceptance of the resignation of board member Dr. Mohammed Amin Dawood Qashqari from his position as Vice Chairman of the Board of Directors, as a member of the Board of Directors, and from his membership in the committees emanating from the Board, effective from 27/10/1447H (corresponding to 15/04/2026G).

***Shares owned directly or indirectly by members of the Board of Directors in the company through their ownership in companies that own shares in the company, or shares owned by relatives of the members of the Board of Directors, whether directly or through their ownership in companies that own shares in the company.

4.5 Executive Management Members

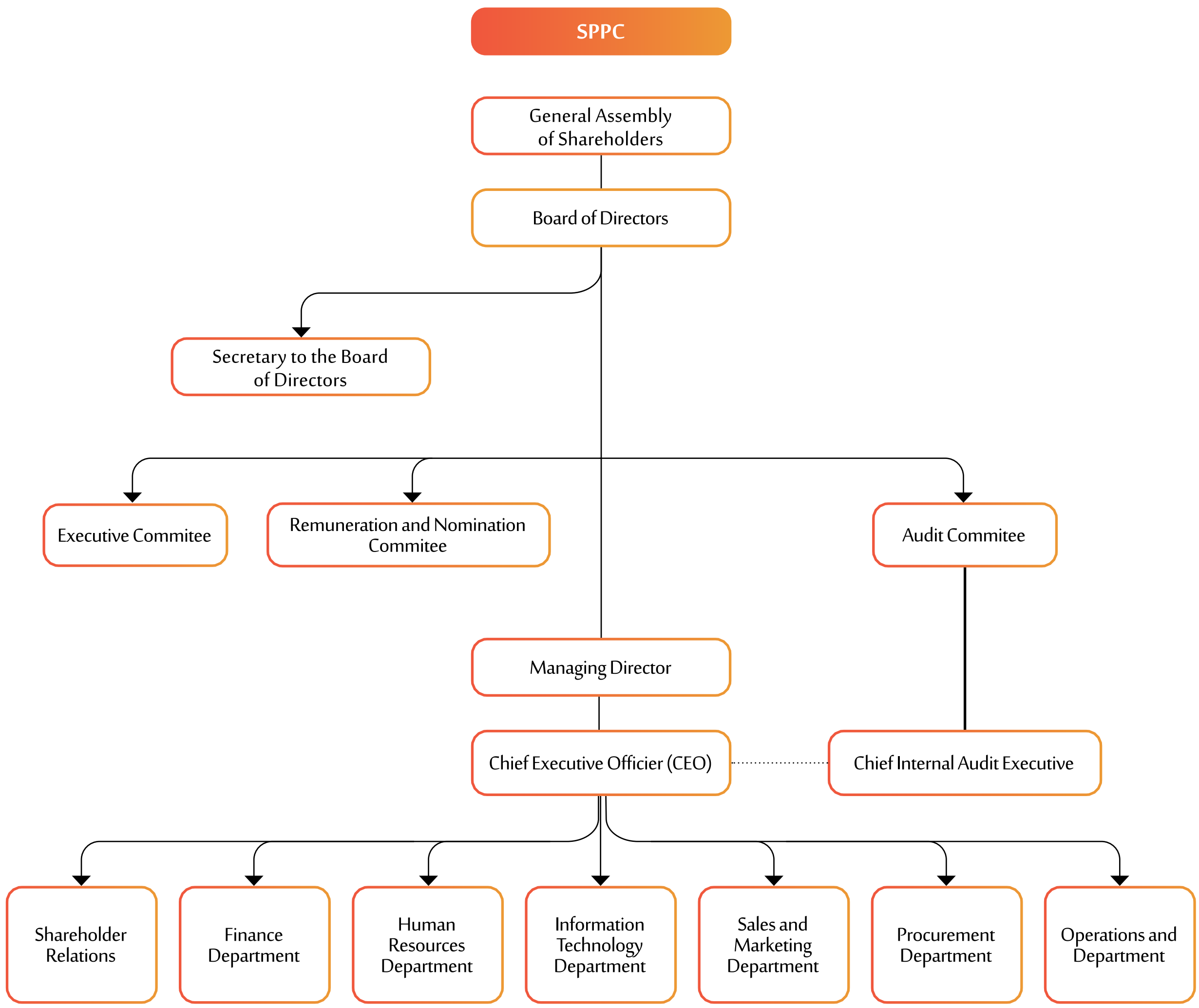
The following table shows the members of the company's executive management and their respective ownership in the company's shares as of the date of this circular.

Name	Position	Nationality	Appointment Date	Shares Owned Before Reduction			
				Direct	Percentage	Indirect	Percentage
Waleed bin Ali Al-Banoe	Acting Managing Director	Saudi	02/12/2025G	110	0.0001687%	-	-
Amrou Amin Masry	Acting Chief Executive Officer	Lebanese	14/04/2026G	-	-	-	-

Source: The Company

4.6 Company's Organizational Structure

Organizational Chart



Source: The Company

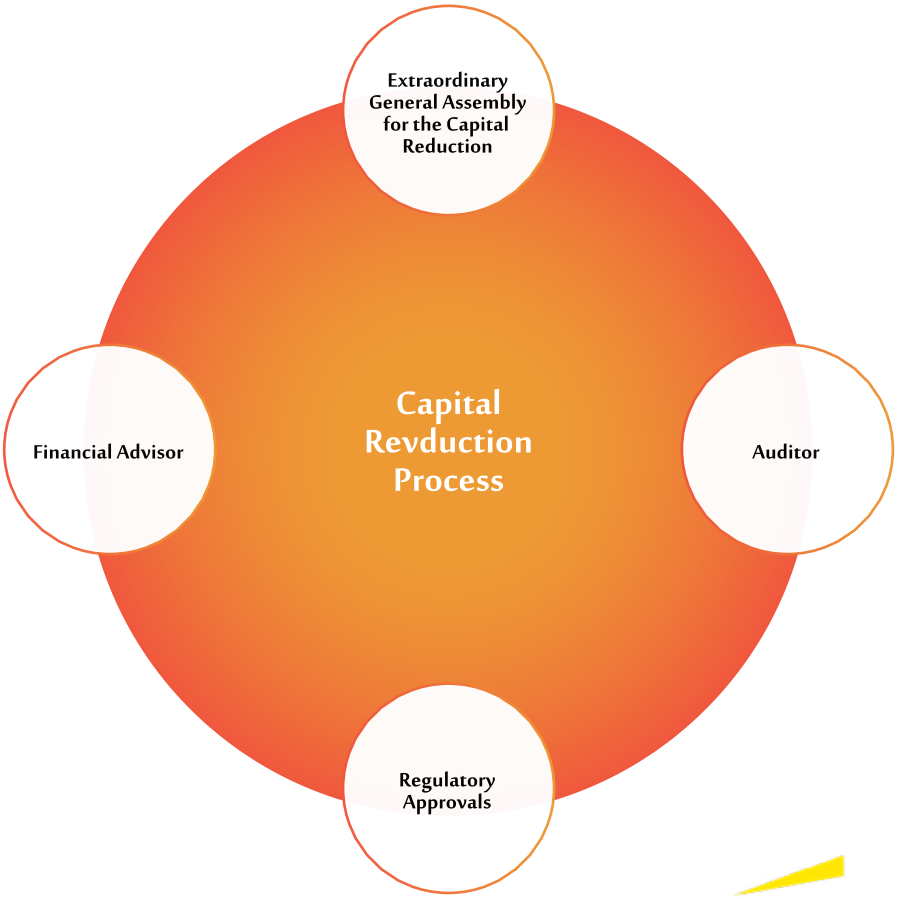
5. Capital Reduction

5. Capital Reduction

5.1 Capital Reduction Procedures

- Board of Directors' Recommendation to Reduce the Company's Capital
- Appointment of the Financial Advisor for the Capital Reduction Process
- Appointment of an Auditor to prepare the accounting report for the capital reduction process
- Preparation and submission of the capital reduction application to the Capital Market Authority (CMA) in compliance with the provisions of Article 61 of the Rules on the Offer of Securities and Continuing Obligations relating to the conditions for capital reduction
- CMA's approval of the company's capital reduction application
- Submitting a notice to the Saudi Exchange (Saudi Tadawul) in the format set out in Appendix (5) of the Listing Rules
- The capital reduction process is subject to the approval of the Extraordinary General Assembly, and shareholders should be aware that if the approval of the Extraordinary General Assembly for this capital reduction process is not obtained, the capital reduction process will be completely terminated.
- In the event that the Extraordinary General Assembly approves the company's capital reduction, the Saudi Exchange (Saudi Tadawul) will suspend the trading of the company's shares for two consecutive trading sessions starting from the day following the Extraordinary General Assembly's approval of the capital reduction, after which trading will resume at the adjusted price. The company's capital reduction decision shall be effective such that the number of shares owned by shareholders who hold shares on the day of the Extraordinary General Assembly meeting and who appear in the company's registers at Edaa (The Securities Depository Center) at the end of trading on the second day following the Extraordinary General Assembly meeting relating to the capital reduction shall be adjusted.
- If the approval of the Extraordinary General Assembly for the capital reduction process is obtained, the company will contact the Ministry of Commerce to obtain its approval to amend the commercial register and the company's bylaws.
- The announcement of the deposit of the proceeds (if any) from the sale of fractional shares resulting from the company's capital reduction into the accounts of the eligible shareholders will be made within (30) days from the date of the shareholders' approval in the Extraordinary General Assembly of the company's capital reduction.
- Completing the relevant procedures with the Ministry of Commerce to issue the updated bylaws and the updated commercial register of the company

5.2 The figure below illustrates the parties involved in the capital reduction process:



(Auditor and Preparer of the Limited Assurance Report on the Proposed Capital Reduction)

5.3 Evolution of Accumulated Losses

Financial Year Ended	Capital (millions of Saudi Riyals)	Net Loss/Profit (millions of Saudi Riyals)	Accumulated Losses (millions of Saudi Riyals)	Accumulated Losses-to-Capital Ratio (%)	Main Causes of the Increase in Accumulated Losses
31 December 2020G	600	(20.54)	6.14	1.02%	The main reasons for the accumulated losses are the decrease in gross profit due to a 17% decline in the company's revenues, which is attributed to the repercussions of the COVID-19 pandemic and its direct impact on the printing sector, alongside a decrease in other revenues. Despite the improvement in operating profit resulting from the reduction of selling and marketing expenses and general and administrative expenses, and the decrease in net loss due to the aforementioned reasons in addition to the drop in financing expenses from 58 million Saudi Riyals in 2019G to 41 million Saudi Riyals in 2020G, the company still records accumulated losses as a result of the negative performance in previous periods.
31 December 2021G	600	(59.3)	66.6	11.10%	The main reasons for the accumulated losses are the increase in raw material costs due to global commodity price pressures, which led to a decrease in gross profit and an operating loss, in addition to a decrease in other revenues and an increase in financing costs, which amounted to 36.5 million Saudi Riyals, contributing to an increase in the net loss during the financial year 2021G compared to the previous year.
31 December 2022G	600	(9.22)	70.40	11.73%	The main reasons for the accumulated losses in previous periods are the accumulated operational losses, despite the performance improvement during the financial year 2022G as a result of higher sales and gross profit due to growth in sold quantities, absorption of increased material costs, and an increase in other revenues, which contributed to reducing the net loss compared to the previous year. However, the company incurred additional losses that led to an increase in accumulated losses due to high financing costs and high administrative expenses.
31 December 2023G	600	(132.3)	101.05	16.84%	The main reasons for the accumulated losses are the 22% decrease in revenues for both sectors (printing and packaging) due to the failure to secure certain planned projects during the year, which led to lower sales and gross profit, in addition to higher financing costs amounting to 61.3 million Saudi Riyals driven by rising interest rates (SAIBOR), and the recording of an impairment in goodwill of 35 million Saudi Riyals.
31 December 2024G	600	(219.4)	321.11	53.52%	The main reasons for the continued losses recorded during the year and the increase in accumulated losses are the decline in revenues of both the printing and packaging sectors due to the downsizing of printing operations and the failure to secure certain planned projects in the packaging sector, which led to a decrease in gross profit. This is in addition to the formation of an allowance for credit losses on trade receivables, the recording of an impairment in the value of property, plant and equipment and inventory amounting to 41 million Saudi Riyals, the recording of a goodwill impairment amounting to 50 million Saudi Riyals, and an increase in financing costs amounting to 65 million Saudi Riyals driven by the continued rise in interest rates (SAIBOR).

Financial Year Ended	Capital (millions of Saudi Riyals)	Net Loss/Profit (millions of Saudi Riyals)	Accumulated Losses (millions of Saudi Riyals)	Accumulated Losses-to-Capital Ratio (%)	Main Causes of the Increase in Accumulated Losses
31 December 2025G	600	(267.3)	590.3	98.38%	The main reasons for the continued losses recorded during the year and the increase in accumulated losses are the decline in revenues of both the printing and packaging sectors due to a 20.6% drop in business volume, a decrease in gross profit, and the recording of a goodwill impairment of 110 million Saudi Riyals along with an impairment in machinery and equipment amounting to 10 million Saudi Riyals. This is in addition to an increase in the allowance for expected credit losses on trade receivables, alongside the continued rise in financing costs, which reached 47 million Saudi Riyals, despite the settlement of a portion of the loans during the last quarter of the financial year.
31 March 2026G	652.1	7.2	583.1	89.42%	The main reasons for the decrease in accumulated losses are the company's achievement of a net profit of 7.21 million Riyals during this quarter, resulting from non-operating gains of 31.3 million Riyals generated from the conversion of the Alinma Bank loan into equity, alongside a decrease in financing costs due to the loan settlement and the decline in interest rates (SAIBOR).

5.4 The company's plan and corrective steps to stop the losses

In light of the company's current financial and operational position, management has adopted a comprehensive strategy aimed at enhancing operational efficiency, increasing profitability, and growing market share, contributing to financial sustainability and creating added value for shareholders and customers. The key initiatives and corrective actions are as follows:

- **Given the decline in the company's revenues and the decrease in the viability of certain products and activities over previous years, the company has worked to** maximize the efficiency and profitability of packaging products and exit non-strategic sectors by evaluating and repricing products in line with market changes, targeting new customer segments, and studying the discontinuation of low-yield products alongside evaluating appropriate alternatives to exit certain sectors or assets. This contributes to focusing resources and efforts on activities with higher added value, reducing costs, enhancing profitability, and raising liquidity levels. In this context, the company suspended operations in its subsidiaries, City Packaging ("City Pack") and United Security, in addition to halting the production of aluminum foil, aluminum lids, and aluminum containers. It is worth noting that during the second quarter of 2024G, the company completed the operational and administrative integration of the printing sector's business by scaling down the operational activities of Al Madinah Printing and Publishing Company (a subsidiary) to focus solely on collection and receivables management, while transferring its operational activities to Hala Printing Company (a subsidiary). This contributed to consolidating the sector's business under a single operational and administrative entity, improving operational efficiency, and rationalizing general and administrative expenses. Furthermore, the assignment of a number of properties belonging to the sector with a total value of 110 million Saudi Riyals to Alinma Bank as part of the settlement of the outstanding debt with the bank contributed to reducing total financing liabilities and curbing the financial burdens and costs associated with the sector.

- **To address the rise in administrative and operational expenses, the company has streamlined its organizational and operational structure** by implementing several initiatives. These include merging departments with similar operational natures, optimizing production efficiency, eliminating duplication in certain roles, and centralizing supportive and shared services such as human resources, finance, and supply chain management. In addition, the company has expanded its automation initiatives and shifted toward smart operations, contributing to enhanced operational efficiency, improved productivity, and reduced costs.

- **To curb the rise in financing costs resulting from high debt levels, the company implemented debt restructuring** through a comprehensive plan with lending banks in the Kingdom of Saudi Arabia and the United Arab Emirates. This contributes to improving the financial structure, reducing financing burdens, and directing available liquidity to support operational activities and finance working capital to execute the company's strategic plan efficiently and sustainably. In this context, and on 21/08/1447H (corresponding to 09/02/2026G), the company announced the results of the Extraordinary General Assembly meeting, which included the approval of increasing the company's capital by converting debts due to Alinma Bank totaling seventy-three million, six hundred and seventy-nine thousand, nine hundred and sixty-eight (73,679,968) Saudi Riyals, through the issuance of new shares to Alinma Bank and Alinma Capital Company, while maintaining its commitments to high financial governance.

5.5 General structure of the proposed capital reduction

The company's current capital is six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals, divided into sixty-five million, two hundred and seven thousand and sixty-four (65,207,064) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid.

The Board of Directors recommended on 15/12/1447H (corresponding to 01/06/2026G), and the company announced on 14/01/1448H (corresponding to 29/06/2026G) the issuance of a corrective announcement regarding the Board of Directors' recommendation to reduce the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares, in order to restructure the company's capital to absorb accumulated losses.

The capital reduction percentage is (89.42%), and the reduction process will be carried out by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares meaning one (1) share will be canceled for every approximately (1.12) shares to absorb an amount of five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals of the company's accumulated losses, representing (99.99999%) of the company's accumulated losses amounting to five hundred and eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals as of the condensed consolidated interim financial statements (unaudited) for the three-month period ended 31 March 2026G. Consequently, the company's accumulated losses after the reduction will amount to five (5) Saudi Riyals, representing (0.0000072%) of the company's new capital of sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals.

The company's accumulated losses reached six hundred and seven million, eight hundred and fifty-six thousand and sixty-one (607,856,061) Saudi Riyals, as per the condensed consolidated interim financial statements (unaudited) as of 30 June 2026G. A part of these losses will be absorbed through the company's capital reduction of five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals. As a result, the accumulated losses will decrease to twenty-four million, seven hundred and fifty-nine thousand, seven hundred and sixty-one (24,759,761) Saudi Riyals, which will represent (35.9%) of the company's capital after the reduction.

Following the approval of the Extraordinary General Assembly to reduce the capital, the capital reduction decision shall be considered effective, and trading of the company's shares on the Saudi Exchange (Tadawul) will be suspended for two trading days starting from the day following the Extraordinary General Assembly's approval of the capital reduction. Trading will then resume at the adjusted share price.

The company will aggregate any fractional shares resulting from the capital reduction process (if any) into a single portfolio, sell them on the market at the prevailing price at the time, and then distribute the proceeds of the sale to eligible shareholders in the company, each according to their ownership, within thirty (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the company's capital.

Financial statements date relied upon for capital reduction purposes: The condensed consolidated interim financial statements (unaudited) for the three-month period ended 31 March 2026G.

5.6 Reasons for Capital Reduction and Management's Discussion and Analysis

The company's management has developed a strategy to improve the current situation and support future growth and the company's financial performance, leading to the decision to restructure the company's capital by reducing the company's capital to absorb (99.99999%) of the accumulated losses, which amounted to five hundred and eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals as of the condensed consolidated interim financial statements (unaudited) for the three-month period ended 31 March 2026G. Reducing the accumulated losses is one of the most critical decisions given the circumstances the company is passing through, and the company is working to correct its status to halt losses and achieve profits.

On 15/12/1447H (corresponding to 01/06/2026G), the company announced through the Saudi Exchange (Tadawul) website the recommendation of its Board of Directors to reduce the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and thirty (68,974,330) Saudi Riyals, by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty-one (58,309,631) ordinary shares, in order to restructure the company's capital to absorb accumulated losses.

And the company announced on 14/01/1448H (corresponding to 29/06/2026G) the issuance of a corrective announcement regarding the recommendation for the company's capital reduction to be from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals divided into sixty-five million, two hundred and seven thousand and sixty-four (65,207,064) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals divided into six million, eight hundred and ninety-seven thousand, four hundred and thirty-four (6,897,434) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) shares of the company's issued shares, in order to restructure the company's capital to absorb accumulated losses.

The company's accumulated losses reached five hundred and eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals, as per the condensed consolidated interim financial statements (unaudited) for the three-month period ended 31/03/2026G. These losses will be absorbed through a capital reduction of five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals. As a result, the accumulated losses will decrease to five (5) Saudi Riyals, representing (0.0000072%) of the company's capital after the reduction.

The company's accumulated losses reached six hundred and seven million, eight hundred and fifty-six thousand and sixty-one (607,856,061) Saudi Riyals, as per the condensed consolidated interim financial statements (unaudited) as of 30 June 2026G. A part of these losses will be absorbed through the company's capital reduction of five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals. As a result, the accumulated losses will decrease to twenty-four million, seven hundred and fifty-nine thousand, seven hundred and sixty-one (24,759,761) Saudi Riyals, which will represent (35.9%) of the company's capital after the reduction.

5.7 Impact of the company's capital reduction on the company's liabilities

- The company has appointed Ernst & Young Professional Services (a professional limited liability company) to prepare a limited assurance report on the proposed reduction in the company's capital, which outlines the reasons for the capital reduction and the impact of such reduction on the company's liabilities and shareholders' equity.
- There will be no impact of the capital reduction on the company's liabilities as per the Auditor's report, in accordance with what is shown in the attached annex of this circular.

5.8 Impact of the company's capital reduction on the company's shareholders' equity

The company's accumulated losses reached five hundred and eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals as of the condensed consolidated interim financial statements (unaudited) for the financial period ended 31/03/2026G. Reducing the capital by five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals will absorb (99.99999%) of the total accumulated losses.

The company's accumulated losses reached six hundred and seven million, eight hundred and fifty-six thousand and sixty-one (607,856,061) Saudi Riyals, as per the condensed consolidated interim financial statements (unaudited) as of 30 June 2026G. A part of these losses will be absorbed through the company's capital reduction of five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals. As a result, the accumulated losses will decrease to twenty-four million, seven hundred and fifty-nine thousand, seven hundred and sixty-one (24,759,761) Saudi Riyals, which will represent (35.9%) of the company's capital after the reduction.

There will be no negative impact on the company's liabilities and shareholders' equity, and the impact on shareholders' equity will be based on the condensed consolidated interim financial statements (unaudited) for the financial period ended 31/03/2026G.

Shareholders' Equity	Before Capital Reduction Saudi Riyals	After Capital Reduction Saudi Riyals	Impact Saudi Riyals
Saudi Riyals	652,070,640	68,974,340	(583,096,300)
Saudi Riyals	(9,737,210)	(9,737,210)	-
Saudi Riyals	2,909,935	2,909,935	-
Accumulated Losses	(583,096,305)	(5)	583,096,300
Other Reserves	(212,380)	(212,380)	-
Total Shareholders' Equity	**61,934,680**	**61,934,680**	-

Source: The attached Auditor's report, the condensed consolidated interim financial statements (unaudited) for the financial period ended 31/03/2026G.

The company intends to reduce its capital by five hundred and eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals, from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals, by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares of the company's issued shares, at a cancellation rate of (0.8942) share for every (1) share.

The company will aggregate any fractional shares (if any) resulting from the capital reduction process into a single portfolio and then sell them in the market at the prevailing market price. The proceeds from the sale will then be distributed to the eligible shareholders of the company, each according to their ownership, within thirty (30) days from the date of the Extraordinary General Assembly's approval of the company's capital reduction.

The company's capital reduction will not affect the market value of the company's shareholders' portfolios, as illustrated below for a shareholder holding 1,000 shares in the company:

Item (Estimated)*	Upon Capital Reduction	Without Capital Reduction
Shares owned before reduction	1,000	1,000
Share price before reduction (closing on 19/08/2026)**	7.73 Saudi Riyals	7.73 Saudi Riyals
Cancelled shares	895	Not applicable
Shares owned after reduction	105	Not applicable
Estimated share price after reduction	73.08 Saudi Riyals	Not applicable
Market value of shares before reduction (estimated)	7,730 Saudi Riyals	7,730 Saudi Riyals
Estimated market value of shares after reduction	7,673 Saudi Riyals	Not applicable
Estimated value of compensation resulting from the capital reduction	56.81 Saudi Riyals	Not applicable

*The example in the table above contains estimated values for illustrative purposes only. No investment decision should be made based on the information contained therein, and the actual value of the shares will depend on market conditions at the time.

**The presentation to shareholders will be updated by adding the closing share price on the day of the Extraordinary General Assembly meeting.

It is worth noting that a shareholder who owns nine shares or less of the company's shares in their portfolio will have these shares canceled and will be compensated for the eligible fractional shares. The following table illustrates the impact on a shareholder who owns up to 10 shares:

Item (Estimated)*										
Shares owned before reduction	1	2	3	4	5	6	7	8	9	10
Share price before reduction (closing on 19/08/2026)**	7.73	7.73	7.73	7.73	7.73	7.73	7.73	7.73	7.73	7.73
Cancelled shares	1	2	3	4	5	6	7	8	9	9
Shares owned after reduction	0	0	0	0	0	0	0	0	0	1
Number of eligible fractional shares (estimated)	0.11	0.21	0.32	0.42	0.53	0.63	0.74	0.85	0.95	0.06
Estimated share price after reduction	73.08	73.08	73.08	73.08	73.08	73.08	73.08	73.08	73.08	73.08
Market value of shares before reduction	7.73	15.46	23.19	30.92	38.65	46.38	54.11	61.84	69.57	77.30
Estimated market value of shares after reduction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	73.08
Estimated value of compensation resulting from the capital reduction	7.73	15.46	23.19	30.92	38.65	46.38	54.11	61.84	69.57	4.22

*The example in the table above contains estimated values for illustrative purposes only. No investment decision should be made based on the information contained therein, and the actual value of the shares will depend on market conditions at the time.

**The presentation to shareholders will be updated by adding the closing share price on the day of the Extraordinary General Assembly meeting.

5.9 Method for calculating the share price after capital reduction

It was assumed that the share price before the reduction represents the closing price of Saudi Printing and Packaging Company's share on 19/08/2026, which is (7.73) Saudi Riyals. The following table illustrates how to calculate the share price after the capital reduction.

Item (Estimated)*	Value
(A) Share price before reduction (closing on 19/08/2026) (Saudi Riyal)	7.73
(B) Number of shares before reduction	65,207,064
(C) Market value of the company's shares before reduction = (A) * (B) (Saudi Riyal)	504,050,605
(D) Number of shares after reduction	6,897,434
Share price after reduction = (C) ÷ (D) (Saudi Riyal)	**73.08**

*The example in the table above contains estimated values for illustrative purposes only. No investment decision should be made based on the information contained therein, and the actual value of the shares will depend on market conditions at the time.

** The presentation to shareholders will be updated by adding the closing share price on the day of the Extraordinary General Assembly meeting.

6. Potential risks resulting from the company's capital reduction

6. Potential risks resulting from the company's capital reduction

The company's management believes that the decision to reduce the company's capital is one of the most critical decisions under the circumstances the company is experiencing due to accumulated losses, which amounted to five hundred eighty-three million, ninety-six thousand, three hundred and five (583,096,305) Saudi Riyals as of the condensed consolidated interim financial statements (unaudited) for the financial period ending on 31/03/2026, representing (89.42%) of the company's capital. These losses will decrease after the capital reduction by the value of five hundred eighty-three million, ninety-six thousand, three hundred (583,096,300) Saudi Riyals to five (5) Saudi Riyals, which represents (0.0000072%) of the company's capital after the reduction.

The company's accumulated losses reached six hundred seven million, eight hundred fifty-six thousand, and sixty-one (607,856,061) Saudi Riyals, as per the condensed consolidated interim financial statements (unaudited) as of June 30, 2026. A portion of these losses will be offset through a reduction of the company's capital by the amount of five hundred eighty-three million, ninety-six thousand, and three hundred (583,096,300) Saudi Riyals. As a result, the accumulated losses will decrease to twenty-four million, seven hundred fifty-nine thousand, seven hundred and sixty-one (24,759,761) Saudi Riyals, representing (35.9%) of the company's capital after the reduction. **(For more details, please refer to page (19), paragraph number (5.6) "Reasons for Capital Reduction and Management Analysis Discussion" of this circular)**.

It is worth noting that the potential risks outlined below are listed in no particular order of importance.

1. **Risks related to share price volatility in the market and the impact resulting from the compensation for fractional shares (if any)**

The company's share price may be subject to a significant degree of volatility and instability as a result of several factors, including market conditions related to equities, regulatory changes in the sector, and the entry of new competing companies. If the market price of the share declines after the capital reduction process, shareholders will lose a portion of the value of their investments in the company's shares. In addition, the impact on the value of compensation for fractional shares is similar to the impact of the volatility in the company's share price, as these fractions will be sold at the prevailing market price at the time.

2. **Risks related to owning nine shares or less**

If a shareholder owns nine shares or fewer, these shares will be cancelled, and the shareholder will consequently be compensated for the fractional shares which will be sold at that time. It is worth noting that trading of the company's shares will be suspended for two working days following the day of the Extraordinary General Assembly's approval, and the Securities Depository Center (Edaa) will apply the reduction to the shareholders' investment portfolios in accordance with Article 38 and sub-paragraph C-6 of the Listing Rules **(for more details, please refer to page (20), paragraph number (5.8) "Impact of the Company's Capital Reduction on the Rights of the Company's Shareholders" of this circular)**.

3. **Risks related to future expectations and unknown future events**

Some of the data contained in this circular may represent forward-looking statements and projections, involving known and unknown risks and uncertainties that affect the company's financial results. These statements include, but are not limited to, the company's future plans, the effects of the capital reduction, and other matters. The company's future results and performance data cannot be accurately predicted and may differ from what is contained in this circular, as actual results depend on the company's performance and its ability to develop. The inaccuracy of these projections and statements is one of the risks borne by shareholders when approving the capital reduction. If the company's future expectations differ from the actual results, this may negatively impact the share price.

4. Risks related to non-compliance with current laws and regulations and the issuance of new laws and regulations

The company is subject to the supervision of a number of government authorities in the Kingdom of Saudi Arabia, and consequently, the company is exposed to the risks of changes in regulations, rules, circulars, and policies within the Kingdom. The compliance costs for these regulations are high. In the event that changes are introduced to current rules or regulations, or new laws or regulations are issued, this will lead to the company incurring additional unexpected financial expenses for purposes related to complying with those regulations and meeting the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities in the event of its non-compliance with these regulations and rules on an ongoing basis. This may negatively affect its business, operating results, financial position, and future prospects.

5. Risks related to liquidity

Liquidity risks consist of the company's inability to meet its obligations related to current financial liabilities when they fall due. The company's current liabilities include, but are not limited to, accrued expenses, accounts payable, and lease contract obligations.

The company's liquidity ratio reached approximately (0.58) times, (0.53) times, (0.38) times, and (0.40) times as of December 31, 2023, 2024, 2025, and the three-month period ending March 31, 2026, respectively. These ratios reflect a noticeable fluctuation in the ability to cover current liabilities using the company's current assets. When the liquidity ratio is less than (1), this indicates that the company may not have sufficient ability to pay its current liabilities using its current assets. Additionally, the working capital amounted to (-334,353,231) Saudi Riyals, (-342,615,528) Saudi Riyals, (-399,694,776) Saudi Riyals, and (-333,131,068) Saudi Riyals as of December 31, 2023, 2024, 2025, and the three-month period ending March 31, 2026, respectively. This indicates that the company's current liabilities exceed its current assets, reflecting a liquidity deficit that may result in the company's inability to fulfill its short-term financial obligations using its current assets.

There is no guarantee of the company's ability to meet its current or future obligations as they fall due, especially short-term ones. Therefore, the company must work to improve its liquidity level in order to be able to meet its short-term obligations, otherwise it will face additional liquidity problems that would negatively impact the company's business and, consequently, its operational and financial results and future prospects.

6. Risks related to accumulated losses

The company's accumulated losses reached (16.84%), (53.52%), (98.38%), and (89.42%) of the capital as of the financial years ended December 31, 2023G, 2024G, 2025G, and the three-month period ended March 31, 2026G, respectively. Based on the procedures and instructions applicable to companies whose shares are listed on the market and whose accumulated losses reach 20% or more of their capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. 4-48-2013 dated 15/1/1435H corresponding to 18/11/2013G based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H, and amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/6/1444H corresponding to 18/1/2023G of Article 5: When a company's accumulated losses reach 50% or more of its capital, it must disclose to the public immediately and without delay via a separate announcement when its accumulated losses reach 50% or more of its capital. The announcement must include the amount of accumulated losses and their percentage of the capital, the main reasons that led to these losses, with a reference in the announcement that these procedures and instructions will be applied to it. In the event that the required disclosure coincides with the announcement of the preliminary or annual financial results, the company is exempt from disclosing via a separate announcement if it includes it in the announcement of the preliminary or annual financial results.

And if the company continues to incur future losses, which may compel it to take the procedures and instructions concerning companies whose shares are listed on the market and whose accumulated losses have reached 50% or more of their capital, this will negatively and materially affect the company's business, operational results, financial position, and future prospects.

7. Risks related to the company's going concern

The company faces risks related to its ability to continue as a going concern, given the existence of financial indicators that may affect its financial position, including incurring net losses during recent years, current liabilities exceeding current assets, in addition to accumulated losses representing a substantial percentage of the paid-up capital. The consolidated financial statements for the financial year ended December 31, 2025G indicated the existence of a material uncertainty that may cast significant doubt on the group's ability to continue its operations.

The company's ability to address these challenges and strengthen its financial position depends on the success of its implementation of its future plans and strategies, which include improving operational efficiency, increasing productivity, developing revenue sources, expanding into new sectors, in addition to enhancing institutional capabilities and digital transformation. If the company is unable to implement these plans or achieve the expected results from them, it may reflect on its ability to meet its obligations and continue practicing its activities, which will negatively impact the company's business, financial position, operational results, and future prospects.

8. Risks related to the company's reputation

A company's capital reduction is generally interpreted negatively by the market as a whole. Furthermore, it may trigger numerous assumptions and expectations regarding the company's financial and business standing, which may not be correct or accurate. This could affect the share price and trading behavior of the company's shares, and may negatively impact the company's business, financial position, operational results, and future prospects.

9. Risks related to unexpected incidents

The company's business and results depend entirely on its continuity. Therefore, if any matter arises that negatively affects its business, or if it is exposed to any incident or emergency that impacts the continuity of the company's business temporarily or permanently, this will materially and negatively affect the company's operational and financial results, and consequently its working capital.

7. Timeframe for the Capital Reduction Process

7. Timeframe for the Capital Reduction Process

Date	Event
1. Procedures related to obtaining the Capital Market Authority's approval for the capital reduction	
15/12/1447H (corresponding to 01/06/2026G)	Announcement of the Board of Directors' recommendation to reduce the capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and thirty (68,974,330) Saudi Riyals.
15/12/1447H (corresponding to 01/06/2026G)	Announcement of the appointment of the financial advisor for the company's capital reduction process.
14/01/1448H (corresponding to 29/06/2026G)	Corrective announcement from the Saudi Printing and Packaging Company regarding the Board of Directors' recommendation to reduce the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals.
09/02/1448H (corresponding to 23/07/2026G)	Submitting the application for the company's capital reduction to the Capital Market Authority.
18/03/1448H (corresponding to 31/08/2026G)	Capital Market Authority's approval of the company's capital reduction application. This approval was announced on the Capital Market Authority's website and the Saudi Exchange (Tadawul) website.
2. Procedures related to the Extraordinary General Assembly	
//1448H (corresponding to **/**/2026G)	Calling for this Extraordinary General Assembly and announcing it on the Saudi Exchange (Tadawul) website, and a copy of this presentation was also included in the announcement.
//1448H (corresponding to **/**/2026G)	Providing the documents available for inspection related to the capital reduction process, including this circular (during a period of not less than (14) working days prior to the date of the Extraordinary General Assembly meeting dedicated to reducing the company's capital) (during official working hours from 8:00 AM to 4:00 PM).
//1448H (corresponding to **/**/2026G)	Start of electronic voting on the agenda items of the Extraordinary General Assembly meeting including the capital reduction (First Meeting).
//1448H (corresponding to **/**/2026G)	Convening of the Extraordinary General Assembly including the capital reduction (First Meeting). The quorum for the first meeting is met by the attendance of shareholders representing at least half of the company's capital.
//1448H (corresponding to **/**/2026G)	Convening of the Extraordinary General Assembly including the capital reduction (Second Meeting), one hour after the end of the period specified for the first meeting of the Extraordinary General Assembly in the event that the legal quorum required for its convention is not met. The quorum for the second meeting is met by the attendance of shareholders representing at least one-quarter of the company's capital.
//1448H (corresponding to **/**/2026G)	Publishing the reduction resolution and other resolutions adopted at the first or second meeting of the company's Extraordinary General Assembly on the Saudi Exchange (Tadawul) website, (or announcing the non-convening of the Extraordinary General Assembly in the event that its legal quorum is not met).
3. Procedures related to the event that the legal quorum for the first and second meetings of the Extraordinary General Assembly is not met	
//1448H (corresponding to **/**/2026G)	Announcing on the Saudi Exchange (Tadawul) website the call for the third meeting of the Extraordinary General Assembly at least (21) calendar days prior to the specified date.
//1448H (corresponding to **/**/2026G)	Start of the electronic voting period for shareholders in the third meeting of the Extraordinary General Assembly.
//1448H (corresponding to **/**/2026G)	Convening of the third meeting of the Extraordinary General Assembly. The legal quorum for the convening of the third meeting of the Extraordinary General Assembly is met regardless of the number of shares represented therein.
//1448H (corresponding to **/**/2026G)	Publishing the reduction resolution and other resolutions adopted at the third meeting of the Extraordinary General Assembly on the Saudi Exchange (Tadawul) website.

Date	Event
4. Procedures related to completing the capital reduction process	
//1448H (corresponding to **/**/2026G)	Effectiveness of the capital reduction resolution and announcing it among the resolutions of the Extraordinary General Assembly.
//1448H (corresponding to **/**/2026G)	Suspending the trading of shares on the Saudi Exchange (Tadawul) website for two trading days, starting from the day following the Extraordinary General Assembly's approval of the capital reduction.
//1448H (corresponding to **/**/2026G)	Adjusting the share price after the capital reduction, which will take place on the day following the suspension of share trading.
Within (30) days from the date of the shareholders' approval in the Extraordinary General Assembly for the company's capital reduction	Announcing the deposit of the proceeds from the sale of fractional shares resulting from the company's capital reduction into the accounts of eligible shareholders.

8. Board of Directors' Declarations

8. Board of Directors' Declarations

The members of the company's Board of Directors confirm, to the best of their knowledge and belief, that the company's capital reduction is in the best interest of the company and its shareholders.

9. Necessary regulatory approvals to complete the company's capital reduction process

9. Necessary regulatory approvals to complete the company's capital reduction process

The company obtained the Capital Market Authority's approval on 18/03/1448H (corresponding to 31/08/2026G) to reduce the company's capital from six hundred and fifty-two million, seventy thousand, six hundred and forty (652,070,640) Saudi Riyals to sixty-eight million, nine hundred and seventy-four thousand, three hundred and forty (68,974,340) Saudi Riyals, by canceling fifty-eight million, three hundred and nine thousand, six hundred and thirty (58,309,630) ordinary shares of the company's issued shares, representing (89.42%) of the capital. This approval was announced on the Capital Market Authority website and the Saudi Exchange (Tadawul) website on 18/03/1448H (corresponding to 31/08/2026G).

The capital reduction process requires shareholder approval, and shareholders should be aware that if their approval for this capital reduction is not obtained, the capital reduction process will not take place. (The company has called for this Extraordinary General Assembly and announced it on the Saudi Tadawul Company website on **/**/1448H (corresponding to **/**/2026G), and a copy of this presentation has been included in the announcement).

If the shareholders' approval for the capital reduction process is obtained, the company will proceed with the capital reduction procedures and contact the Ministry of Commerce to obtain its approval to amend the company's bylaws and commercial register.

Other than what is mentioned above, there are no other regulatory approvals required for the company to obtain in order to complete the capital reduction process.

10. Relevant Rules, Regulations, and Instructions

10. Relevant Rules, Regulations, and Instructions

- Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any subsequent amendments thereto.

- Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and any subsequent amendments thereto.

- Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by the Capital Market Authority Board Resolution No. (3-6-2026) dated 30/07/1447H (corresponding to 19/01/2026G), and any subsequent amendments thereto.

- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) pursuant to the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any subsequent amendments thereto.

- Executive Regulations of the Companies Law Pertaining to Listed Joint Stock Companies issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G) pursuant to the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, as amended by the Capital Market Authority Board Resolution No. 3-44-2026 dated 11/10/1447H (corresponding to 30/03/2026G) pursuant to the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H, and any subsequent amendments thereto.

- Listing Rules issued by the Saudi Exchange (Tadawul) and approved by the Capital Market Authority Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by its Resolution No. 1-46-2026 dated 13/10/1444H (corresponding to 01/04/2026G), and any subsequent amendments thereto.

- Procedures and Instructions Applicable to Companies Whose Shares Are Listed on the Stock Exchange That Have Accumulated Losses Reaching 20% or More of Their Capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G) pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and any subsequent amendments thereto.

- The Company's Bylaws and any subsequent amendments thereto.

11. Important Information

11. Important Information

Pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any subsequent amendments thereto, and in particular Article (133) of the Companies Law, which stipulates that the capital shall be reduced in one of the following ways:

- Cancelling a number of shares equivalent to the amount required to be reduced.
- Reducing the nominal value of the share by cancelling a part thereof equivalent to the losses incurred by the company.
- Reducing the nominal value of the share by returning part of it to the shareholder or by releasing them from all or part of the unpaid amount of the share value.
- The company purchasing a number of its shares equivalent to the amount required to be reduced, and then cancelling them.

  - With reference to the Procedures and Instructions Applicable to Companies Whose Shares Are Listed on the Stock Exchange That Have Accumulated Losses Reaching 20% or More of Their Capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G) pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by the Capital Market Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), and any subsequent amendments thereto.
  - The company must immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach 20% or more and are less than 35% of its capital, provided that the announcement includes the amount of accumulated losses, their percentage of the capital, and the main reasons that led to reaching these losses, with a reference in the announcement that these procedures and instructions will apply to it. In the event that the required disclosure pursuant to this paragraph coincides with the announcement of the preliminary or annual financial results, the company shall be exempt from disclosing via a separate announcement if it includes it within the announcement of the preliminary or annual financial results.
  - The company must immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach 35% or more and are less than 50% of its capital, provided that the announcement includes the amount of accumulated losses, their percentage of the capital, and the main reasons that led to reaching these losses, with a reference in the announcement that these procedures and instructions will apply to it. In the event that the required disclosure pursuant to this paragraph coincides with the announcement of the preliminary or annual financial results, the company shall be exempt from disclosing via a separate announcement if it includes it within the announcement of the preliminary or annual financial results.
  - The company must immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach 50% or more of its capital, provided that the announcement includes the amount of accumulated losses, their percentage of the capital, and the main reasons that led to reaching these losses, with a reference in the announcement that the procedures and instructions applicable to companies whose shares are listed on the Saudi Exchange whose accumulated losses reach 50% or more of their capital will be applied to it. In the event that the required disclosure pursuant to this paragraph coincides with the announcement of the preliminary or annual financial results, the company shall be exempt from disclosing via a separate announcement if it includes it within the announcement of the preliminary or annual financial results.

Pursuant to Article (134) of the Companies Law, the Extraordinary General Assembly may, by resolution, reduce the company's capital if it has incurred losses. In that case alone, the capital may be reduced below the limit stipulated in Article (59) of the Companies Law, which is (500,000) Saudi Riyals. Such resolution shall not be issued until a statement prepared by the board of directors is read out at the General Assembly concerning the reasons necessitating the reduction, the company's obligations, and the impact of the reduction on fulfilling them, accompanied by a report from the company's auditor.

Pursuant to Article (93) of the Companies Law, a meeting of the Extraordinary General Assembly shall not be valid unless attended by shareholders representing at least (half) of the company's shares having voting rights, unless the company's bylaws provide for a higher percentage, provided that it does not exceed (two-thirds). If the quorum necessary for the meeting of the Extraordinary General Assembly is not met, an invitation shall be sent to a second meeting to be held under the same procedures stipulated in Article (91) of the Companies Law. However, the second meeting may be held one hour after the expiration of the period specified for holding the first meeting, provided that the invitation to the first meeting states the possibility of holding such meeting. In all cases, the second meeting shall be valid if attended by shareholders representing at least (a quarter) of the company's shares having voting rights. If the quorum necessary for holding the second meeting is not met, an invitation shall be sent to a third meeting, and the third meeting shall be valid regardless of the number of shares having voting rights represented therein.

Pursuant to Article (93) of the Companies Law, the resolution of the Extraordinary General Assembly to reduce the company's capital shall be issued with the approval of (three-quarters) of the voting rights represented at the meeting.

In the event that the company's shareholders approve the capital reduction, the capital reduction resolution shall be effective for all shareholders of the company holding shares at the end of the trading day of the Extraordinary General Assembly meeting convened for the capital reduction, and who are registered in the company's shareholders register at the Edaa (Depository Center) at the end of the second trading day following the day of the Extraordinary General Assembly meeting convened for the capital reduction. This includes shareholders who did not attend the Extraordinary General Assembly meeting, as well as those who attended the meeting and did not vote or voted against the capital reduction resolution.

12. Auditor's Report

12. Auditor's Report

The company has appointed Ernst & Young Professional Services (a professional limited liability company) to prepare a limited assurance report on the proposed reduction of the company's capital, setting out the reasons for the capital reduction and the impact of such reduction on the company's obligations and shareholders' equity in order to obtain the approval of the Capital Market Authority for the capital reduction request (for further details, please refer to the limited assurance report on the proposed capital reduction attached to this circular).

Pursuant to Article (134) of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) which came into force on 26/06/1444H (corresponding to 19/01/2023G), and any subsequent amendments thereto, the reduction resolution shall not be issued until a special report prepared by the auditor is read out concerning the reasons necessitating it, the obligations owed by the company, and the impact of the reduction on such obligations.

A copy of the limited assurance report on the proposed reduction of the company's capital prepared by Auditor has been included in the announcement of the call for this Extraordinary General Assembly on the Saudi Exchange (Tadawul) website on **/**/1448H (corresponding to **/**/2026G).

13. Documents Available for Inspection

13. Documents Available for Inspection

The shareholders' circular will be published and made available to the public for a period of not less than (14) working days prior to the convening of the Extraordinary General Assembly meeting dedicated to reducing the company's capital.

The company will make the following documents available for inspection at its headquarters in Riyadh, Al-Murooj District - King Abdulaziz Branch Road, P.O. Box 12282, Riyadh 4451, Kingdom of Saudi Arabia, from the date of the Capital Market Authority's approval on 18/03/1448H (corresponding to 31/08/2026G) until the date of the Extraordinary General Assembly meeting on **/**/1448H (corresponding to **/**/2026G) during official working hours from 8:00 AM to 4:00 PM:

- A copy of the company's board of directors' recommendation to reduce the company's capital.
- A copy of the Financial Advisor appointment letter.
- A copy of the limited assurance report on the proposed reduction of the company's capital.
- A copy of the Authority's announcement regarding its approval of the company's request to reduce its capital, published on the website of the Capital Market Authority and the Saudi Exchange (Tadawul) website.
- A copy of this shareholder circular (the presentation submitted to the company's shareholders at the Extraordinary General Assembly meeting).

14. Attachments

14. Attachments

- A copy of the limited assurance report on the proposed capital reduction.
- Proxy form for attending the Extraordinary General Assembly meeting.

الشركة السعودية للطباعة والتغليف
SAUDI PRINTING & PACKAGING CO.

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LIMITED ASSURANCE REPORT ON THE PROPOSED DECREASE IN CAPITAL TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope

We have been engaged by Saudi Printing and Packaging Company (a Saudi joint stock company) (the "Company") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements endorsed in the Kingdom of Saudi Arabia (hereinafter referred to as the "Engagement"), to report on the Board of Directors' resolution dated 15 Thul-Hijjah 1447H (corresponding to 01 June 2026), approving the recommendation to the Extraordinary General Assembly, on the proposed decrease in the Company's share capital from ⃁ 652,070,640 to ⃁ 68,974,340 through the cancellation of 58,309,630 shares at a par value of ⃁ 10 per share, resulting in a total reduction amount of ⃁ 583,096,300, and the statement prepared by the Company's Board of Directors to the Extraordinary General Assembly concerning the reasons for the proposed decrease in capital through the cancellation of 58,309,630 shares, based on the Company's unaudited interim condensed consolidated financial statements, and the impact of the proposed decrease in capital on the settlement of the Company's obligations as at 31 March 2026, as set out in Appendix (1). As a result of this reduction, the amount of accumulated losses will be reduced to ⃁ 5. (the "Subject Matter")

Criteria Applied by the Company

In preparing the Subject Matter, the Company applied the below criteria (the "Criteria"). Such Criteria were specifically designed for the statement prepared by the Company's Board of Directors to the Extraordinary General Assembly concerning the proposed decrease in the Company's capital. As a result, the Subject Matter information may not be suitable for another purpose.

- Article (132), Article (133) and Article (134) of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- Article 61 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017), as amended from time to time.
- Article 16 of the Company's by law's relating to share capital and capital reduction; and
- Board of Directors' resolution dated 15 Thul-Hijjah 1447H (corresponding to 01 June 2026), which proposes the decrease in share capital from ⃁ 652,070,640 to ⃁ 68,974,340 by ⃁ 583,096,300 through the cancellation of 58,309,630 shares.
- The Board of Directors' statement concerning the reasons for the proposed decrease in the Company's capital, the Company's obligations and the impact of such decrease on the settlement of these obligations "Appendix (1)
- The Company's accounting records as at 31 March 2026.

Management's Responsibilities

The Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on evidence we have obtained.

Our Responsibilities (continued)
We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000") that is endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with the Company on 12 August 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report.

The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Independence and Quality Management
We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia and have the required competencies and experience to conduct this assurance engagement.

Our firm also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, that is endorsed in the Kingdom of Saudi Arabia, which requires that we 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.

Description of Procedures Performed
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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- We have obtained a copy of the Board of Directors' resolution approving the recommendation to the Extraordinary General Assembly in respect of the proposed decrease in the Company's share capital.
- We have obtained a copy of the statement prepared by the Board of Directors to the Extraordinary General Assembly concerning the reasons for the proposed decrease in share capital, the Company's obligations as at 31 March 2026 and the impact of the proposed decrease on the settlement of those obligations, as set out in Appendix (1), and discussed the same with management.
- We have traced the outstanding obligations disclosed in Appendix (1) with the Company's unaudited interim condensed consolidated financial statements as at 31 March 2026 for consistency.
- We have compared the proposed decrease in share capital, including the reduction amount of SR 583,096,300 and the cancellation of 58,309,630 shares, with the Board of Directors' resolution and related supporting documentation.

We also performed such other procedures as we considered necessary in the circumstances.

LIMITED ASSURANCE REPORT ON THE PROPOSED DECREASE IN CAPITAL TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Other Matters

- The attached appendix (1) is stamped by us for identification purposes only.
- The adjusted proposed capital decrease balance will be reflected in the accounting records of the Company after the completion of all legal procedures.

Our conclusion is not modified in respect of these matters.

Conclusion

Based on our procedures and evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter as of 12 August 2026, in order for it to be in accordance with the Criteria applied by the Company referred to above.

Restricted Use

This report is intended solely for the information and use of the Company (and its shareholders) and for submission to Capital Market Authority and Ministry of Commerce and is not intended to be and should not be used by anyone other than those specified parties.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 29 Safar 1448H
(12 August 2026G)

Annex A – Board of Directors' Statement

A. Grounds and reasons for share capital reduction

The Board of Directors of Saudi Printing and Packaging Company (the "Company") issued a resolution by circulation on 01/06/2026G (corresponding to 15/12/1447H) recommending to the Extraordinary General Assembly 89.42% reduction in the Company's share capital from Saudi Riyals 652,070,640 to Saudi Riyals 68,974,340, in order to restructure the Company's capital and extinguish accumulated losses, which have reached 89.42% of the Company's issued capital as at 31 March 2026. In accordance with Article 133(a) of the Companies Law, the reduction will be implemented through the cancellation of 58,309,630 of the Company's shares. The Board's recommendation is conditional upon obtaining the necessary regulatory approvals from the Capital Market Authority and the approval of the Extraordinary General Assembly.

Criteria Applied by the Company:

- Pursuant to Articles 132, 133 and 134 of the Companies Law issued under Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30 June 2022), effective as of 26/06/1444H (corresponding to 19 January 2023); Article 61 of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017), as amended from time to time; and Article 16 of the Company's Bylaws relating to share capital and its reduction
- Further to the Board of Directors' resolution dated 15 Thul-Hijjah 1447H (corresponding to 01 June 2026), proposing to reduce the Company's share capital from SAR 652,070,640 to SAR 68,974,340 through the cancellation of 58,309,630 shares.

The details of the capital reduction are as follows:

a) The capital before the reduction is Saudi Riyals 652,070,640, and the capital after the reduction will be Saudi Riyals 68,974,340, reflecting an 89.42% decrease.

b) The number of shares before the reduction is 65,207,064, and the number of shares after the reduction will be 6,897,434.

c) Reason for the reduction: Restructuring of the Company's capital to extinguish accumulated losses in the amount of Saudi Riyals 583,096,300, resulting in the company's accumulated losses after the reduction amounting to 5 Saudi riyals, as shown in the unaudited condensed consolidated financial statements as of March 31, 2026.

d) Method of reduction: Cancellation of 58,309,630 shares, equivalent to 0.8942 shares for every one (1) share owned, resulting in a post-reduction share capital of Saudi Riyals 68,974,340.

المركز الرئيسي: الرياض ٩٢٠٠١٥٦٦٥ فاكس ٠١١-٢٠٣١٢٧١ ص.ب ٥٠٢٠٢ الرياض ١١٥٢٣ - الفروع: جدة ٦٣٩٦٠٦٠ فاكس ٦٣٩١٠٠٣ / ٦٣٩٤٠٩٥ ص.ب ١٦٢٤ جدة ٢١٤٤١ - الدمام فاكس ٨٤٧١٩٦٠
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E-mail: sppc@sppc.com.sa

B. Company's liabilities

Based on the condensed consolidated interim financial statements (Unaudited) for the three-month period ended 31 March 2026, the Company's liabilities as at 31 March 2026 are as follows:

In Saudi Riyals

Current liabilities	555,143,428
Non-current liabilities	211,673,210
Total liabilities	**766,816,638**

C. Impact of the share capital reduction on the Company's financial position and liabilities

The Company proposes restructuring its capital by reducing it by SAR 583,096,300 through the cancellation of 58,309,630 shares, due to accumulated losses reaching 89.42% of capital. The reduction aims to eliminate accumulated losses, leaving a residual balance of SAR 5 based on Based on the interim condensed consolidated financial statements (Unaudited) for the three months period ended 31 March 2026. The Company states that the reduction will have no material impact on its liabilities, Business operations, financial performance, operating performance, regulatory position. The reduction will also not affect the market value of shareholders' portfolios. The Company will collect any fractional shares (if any) in one portfolio that will result from the capital reduction process and then sell them in the market at the prevailing price at that time. The proceeds of their sale will then be distributed to the eligible shareholders in the Company, each according to his ownership, within thirty (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the Company's capital.

All amounts in the table below are expressed in Saudi Riyals.

Item	Before the proposed share capital reduction (Balance as at 31 March 2026)*	Impact of share capital reduction	After the proposed share capital reduction
Assets			
Non-current assets			

المركز الرئيسي: الرياض ✆ ٩٢٠٠١٥٦٦٥ فاكس ٢٠٣١٢٧١-١١ ص.ب ٥٠٢٠٢ الرياض ١١٥٢٣ - الفروع: جدة ✆ ٦٣٩٦٠٦٠ فاكس ٦٣٩١٠٠٣ / ٦٣٩٤٠٩٥ ص.ب ١٦٢٤ جدة ٢١٤٤١ - الدمام ✆ فاكس ٨٤٧١٩٦٠
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E-mail:sppc@sppc.com.sa

Item	Before the proposed share capital reduction (Balance as at 31 March 2026)*	Impact of share capital reduction	After the proposed share capital reduction
Property, plant and equipment	412,311,621	-	412,311,621
Intangible assets and goodwill	175,255,046	-	175,255,046
Investment properties	5,788,410	-	5,788,410
Right-of-use assets	3,247,799	-	3,247,799
Restricted bank balances	9,792,852	-	9,792,852
Total non-current assets	**606,395,728**	**-**	**606,395,728**
Current assets			
Prepayments and other current assets	15,239,731	-	15,239,731
Inventories	80,303,165	-	80,303,165
Trade receivables	112,727,590	-	112,727,590
Cash and short-term deposits	13,741,874	-	13,741,874
Total current assets	**222,012,360**	**-**	**222,012,360**
Assets held for sale	343,230	-	343,230
Total assets	**828,751,318**	**-**	**828,751,318**
Equity			
Issued capital	652,070,640	(583,096,300)	68,974,340
Contractual reserve	2,909,935	-	2,909,935

Item	Before the proposed share capital reduction (Balance as at 31 March 2026)*	Impact of share capital reduction	After the proposed share capital reduction
Accumulated losses	(583,096,305)	583,096,300	(5)
Share discount	(9,737,210)	-	(9,737,210)
Other reserves	(212,380)	-	(212,380)
Total equity	**61,934,680**	-	**61,934,680**
Liabilities			
Non-current liabilities			
Loans and Murabaha	106,022,611	-	106,022,611
Loan from a shareholder	75,000,000	-	75,000,000
Employees' defined benefit liabilities	25,951,806	-	25,951,806
Lease liabilities	3,551,792	-	3,551,792
Trade payables	1,147,001	-	1,147,001
Total non-current liabilities	**211,673,210**	-	**211,673,210**
Current liabilities			
Trade payables	74,273,556	-	74,273,556
Accrued expenses and other current liabilities	34,489,103	-	34,489,103
Loans and Murabaha	394,949,284	-	394,949,284

المركز الرئيسي: الرياض ٩٢٠٠١٥٦٦٥ فاكس ٠١١-٢٠٣١٢٧١ ص.ب ٥٠٢٠٢ الرياض ١١٥٢٣ - الفروع: جدة ٦٣٩٦٠٦٠ فاكس ٦٣٩١٠٠٣ / ٦٣٩٤٠٩٥ ص.ب ١٦٢٤ جدة ٢١٤٤١ - الدمام فاكس ٨٤٧١٩٦٠
Head Office: Riyadh 920015665 Fax 011-2031271 P.O Box 50202 Riyadh 11523 - Branches: Jeddah 6396060 Fax 6391003 / 6394095 P.O Box 1624 Jeddah 21441 - Dammam Fax 8471960
E-mail:sppc@sppc.com.sa

Item	Before the proposed share capital reduction (Balance as at 31 March 2026)*	Impact of share capital reduction	After the proposed share capital reduction
Loan from a shareholder	11,372,809	-	11,372,809
Lease liabilities	346,896	-	346,896
Due to a related party	32,521,822	-	32,521,822
Dividends payable	697,151	-	697,151
Zakat and taxation	6,492,807	-	6,492,807
Total current liabilities	**555,143,428**	-	**555,143,428**
Total liabilities	**766,816,638**	-	**766,816,638**
Total equity and liabilities	**828,751,318**	-	**828,751,318**

***** *Source: Interim condensed consolidated statement of financial position (Unaudited) for the three-month period ended 31 March 2026 of Saudi Printing and Packaging Company.*

Amrou Masry

Chief Executive Officer

Mohamed Samany

Finance Director

EY
Initialed for identification purposes only, to be read in conjunction with our report dated

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الشركة السعودية للطباعة والتغليف
Saudi Printing & Packaging co.

Power of Attorney Form

I am the shareholder (..............................), a (...........) national, as evidenced by my ID No. (...............................) in my personal capacity or as an authorized signatory for / Director / Chairman of the Board of Directors of the company(...)

Owner of (.....................) shares of the Saudi Printing and Packaging Company, a Saudi joint-stock company registered in the Commercial Register under No. (1010219709) on 01/05/1427H. Pursuant to Article (32) of the Company's Articles of Association, I hereby authorize (.................. ....) to represent me at the Extraordinary General Assembly meeting to be held on (...........) corresponding to (.................. ....) in Riyadh at (............) p.m., God willing, at the company's headquarters and via modern technology using the Tadawulaty system, and I have authorized him to vote on my behalf on the items listed on the agenda and any other matters that may be put to a vote by the General Assembly, and to sign on my behalf all resolutions and documents related to this meeting. This power of attorney shall be valid for this meeting or any subsequent meeting to which it may be adjourned.

Name of the Authorized Representative:

Title of the Authorized Representative: National ID Number of the Authorized Representative

Signature of the Principal (along with the official seal if the shareholder is a legal entity)

***This power of attorney does not apply if the meeting is held exclusively via modern technology.**