



The Board of Directors of Saudi Printing and Packaging Company is pleased to announce the adoption of a new strategy aimed at enhancing operational efficiency and strengthening market share by optimizing the organizational structure and developing products, thereby delivering sustainable value to shareholders, customers, and employees.

The Board has approved this strategy to reinforce the Company's position as a leading player in the packaging industry. The strategy is built around five key pillars, developed based on comprehensive studies covering all aspects of the Company's operations from strategic, operational, and financial perspectives. It focuses on maximizing investment in core strengths while addressing weaknesses and challenges imposed by market conditions.

This direction marks a pivotal phase in the Company's journey, targeting improved product quality, organizational structure, and financial performance. The Board and the executive management team believe that this strategy will steer the Company toward a future aligned with the aspirations of its shareholders, customers, and employees, while strengthening its market presence and contribution. Below is a summary of the five strategic pillars, with any material developments to be announced in due course.

Pillar One: Maximizing the Efficiency and Profitability of Packaging Products

The Company currently offers a broad and diversified range of packaging products through Emirates National Factory for Plastic Industries and its subsidiaries, primarily within the plastic conversion and packaging materials sector. Comprehensive internal analyses have been conducted to assess all products in terms of cost, profitability, market conditions, and long-term demand outlook.

These studies revealed promising opportunities to enhance operational efficiency, profitability, and the Company's future financial sustainability. Opportunities include targeting new customer sectors for certain products, revising prices for selected items, and evaluating the discontinuation of unprofitable products or those that fail to meet the minimum targeted profitability.

Pillar Two: Divestment from Non-Strategic Sectors

Founded in 1963, the Company's operations were long focused on printing products until its 2012 expansion into packaging through the acquisition of Emirates National Factory for Plastic Industries, established in 1995.

Recent market and product evaluations indicate that strategic priorities are evolving in response to changing market dynamics. Consequently, the Company intends to explore divestment options for certain sectors or assets that may not hold future strategic value. This aims to concentrate efforts on high-value, high-return sectors, create a more efficient operating model, reduce costs, enhance profitability, and improve liquidity.



Pillar Three: Focusing on High-Growth Markets such as Saudi Arabia and the Gulf

The Company's current operations are concentrated in Saudi Arabia and the UAE, contributing approximately 40% and 45% of total revenues, respectively. Given the attractiveness and long-term growth prospects of the Saudi and Gulf markets compared to other export markets, the Company plans to further expand its share in these core markets while reducing sales in certain overseas markets with elevated collection risks.

In such markets, dealings will be limited to customers offering clear payment guarantees, in order to mitigate financial risks and enhance operational efficiency.

Pillar Four: Streamlining the Organizational Structure and Boosting Operational Efficiency

The Company has undertaken a comprehensive review of its organizational structure and human resources to identify opportunities for improving operational efficiency and achieving sustainable cost optimization.

This review resulted in a set of organizational initiatives aimed at simplifying the structure and integrating support functions. Initiatives include merging departments with similar functions, addressing production efficiency gaps and role duplication, consolidating shared services such as HR, finance, and supply chain management, and expanding automation and smart operations initiatives. These measures are expected to yield cost savings exceeding 20% of administrative and organizational expenses.

Pillar Five: Completing the Debt Restructuring Program and Reducing Financing Burdens

The Company is implementing a comprehensive debt restructuring plan in cooperation with its long-standing and trusted banking partners in Saudi Arabia and the UAE. The plan aims to improve the capital structure and enhance financial efficiency, allowing the Company to ease pressure on cash flows and allocate resources to priority operational activities.

The Company regards its banking partners as genuine allies in its growth journey. Debt restructuring presents an opportunity to rebuild working capital, enabling the Company to execute its future strategies efficiently and sustainably, while maintaining a strong commitment to sound financial governance.