



Shareholders' Circular
THIMAR Development Holding Company

The Extraordinary General Assembly Held on **//1445 AH (corresponding to **/**/2024 AD)**

The company's capital will be reduced by one hundred and eighty-five million (185,000,000) Saudi riyals, decreasing from the original amount of (250,000,000) Saudi riyals to sixty-five million (65,000,000) Saudi riyals. This reduction will result in a decrease in the total number of shares from twenty-five million (25,000,000) shares to Six million five hundred thousand (6,500,000) shares. This is to be accomplished through the cancellation of (18,500,000) shares.

Financial Advisor



wasatah capital
وساطة كابيتال

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Information on the Legal Accountant who prepared the report on the agreed procedures concerning the proposed reduction in the company's capital as per the financial statements for the year ended December 31, 2023.

Ibrahim Ahmed Al-Bassam and Partners Company - Legal Accountants

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Background on the Company

- THIMAR Development Holding Company (formerly the National Agricultural Marketing Company - THIMAR) was established as a Saudi joint stock company by Ministerial Resolution No. (364) dated 18/05/1408H (corresponding to 08/01/1988 AD), and the company is registered in the Kingdom of Saudi Arabia under the commercial registration number (1010068222) issued in Riyadh on 17/05/1408H (corresponding to 07/01/1988 AD).
 - The company's main headquarters are located in Riyadh - Olaya district – Al-Uroub Road branch.
-

- **Contact Information**

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Background on the Company

The company's capital is two hundred and fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) shares with a nominal value of ten (10) Riyals per share, fully paid. Below are the most important events and changes in the company's capital since its establishment:

| Date | Event |
|--|--|
| 18/05/1408 AH (corresponding to 08/01/1988 AD) | THIMAR Development Holding Company (formerly the National Agricultural Marketing Company "THIMAR") was established as a Saudi joint stock company with a capital of twenty-six million eight hundred and twenty-six thousand (26,826,000) Saudi Riyals, divided into two hundred and sixty-eight thousand two hundred and sixty (268,260) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share. |
| 1998 AD | The extraordinary general assembly approved the split of the company's shares from two hundred and sixty-eight thousand two hundred and sixty (268,260) ordinary shares with a nominal value of one hundred (100) Saudi Riyals to five hundred and thirty-six thousand five hundred and twenty (536,520) ordinary shares with a nominal value of fifty (50) Saudi Riyals each. |
| 17/04/1421 AH (corresponding to 19/07/2000 AD) | The extraordinary general assembly approved the reduction of the company's capital from twenty-six million eight hundred and twenty-six thousand (26,826,000) Saudi Riyals to thirteen million four hundred and thirteen thousand (13,413,000) Saudi Riyals, thereby reducing the number of company shares from five hundred and thirty-six thousand five hundred and twenty (536,520) ordinary shares to two hundred and sixty-eight thousand two hundred and sixty (268,260) ordinary shares, with a nominal value of fifty (50) Saudi Riyals per share. |
| 17/04/1421 AH (corresponding to 19/07/2000 AD) | The extraordinary general assembly approved an increase in the company's capital from thirteen million four hundred and thirteen thousand (13,413,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals. Consequently, the number of company shares increased from two hundred and sixty-eight thousand two hundred and sixty (268,260) ordinary shares to two million (2,000,000) ordinary shares, each with a nominal value of fifty (50) Saudi Riyals, through priority rights shares. |
| 2006 AD | The company's shares were split from two million (2,000,000) ordinary shares to ten million (10,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. |



Background on the Company

| Date | Event |
|--|--|
| 15/03/1441 AH (corresponding to 12/11/2019 AD) | Saudi Tadawul Company has announced the suspension of trading the shares of the National Agricultural Marketing Company 'THIMAR' starting from 15/03/1441H (corresponding to 12/11/2019 AD) for one trading session. This is due to its non-compliance with the publication of its financial statements for the third quarter of 2019 within the prescribed regulatory period. Suppose the company does not announce the financial statements before the end of Tuesday. In that case, 13/04/1441H (corresponding to 10/12/2019 AD), share trading will be suspended again until it announces the financial statements. |
| 14/04/1441 AH (corresponding to 11/12/2019 AD) | Due to the failure of the National Agricultural Marketing Company to announce its financial statements for the third quarter of 2019 within the specified regulatory period, the Saudi Stock Exchange (Tadawul) announced the resumption of the suspension of trading in the shares of the National Agricultural Marketing Company 'THIMAR' starting from 14/04/1441H (corresponding to 11/12/2019AD) until the financial statements are announced. |
| 07/09/1442 AH (corresponding to 19/04/2021 AD) | The announcement of initiating financial restructuring procedures for the company, the National Agricultural Marketing Company 'THIMAR' was notified by the court of a liquidation request filed by one of the creditors on 22/05/1442H (corresponding to 06/01/2021AD). The company objected to the liquidation on 21/06/1442H (corresponding to 03/02/2021AD), and the Ninth Circuit in the Commercial Court of Riyadh ruled to reject the creditor's request for the company's liquidation, granting the National Agricultural Marketing Company 'THIMAR' the right to undergo financial reorganization. The judgment was issued on 25/08/1442H (corresponding to 07/04/2021AD), and the company was notified of the judgment by the company's lawyer on 07/09/1442H (corresponding to 19/04/2021AD). |
| 06/03/1443 AH (corresponding to 12/10/2021 AD) | The extraordinary general assembly agreed to amend Article 2 of the company's articles of association, which pertains to the company's name. The commercial name of the company was changed from (The National Agricultural Marketing Company) to become after the amendment (THIMAR Development Holding Company). |
| 05/07/1443 AH (corresponding to 06/02/2022 AD) | The company prepared a financial restructuring proposal and submitted it to the Ninth Circuit at the Commercial Court in Riyadh. The proposal included information about the company, its activities, its financial status, the economic situation, a list of debts and potential claims, how to deal with them, the method of conducting its activities during the procedure's duration, and its future strategy. |



Background on the Company

| Date | Event |
|--|--|
| 20/08/1443 AH (corresponding to 23/03/2022 AD) | The Commercial Court accepted the company's proposal for financial restructuring and set a date for shareholders and creditors to vote on the proposal. |
| 13/09/1443 AH (corresponding to 14/04/2022 AD) | The shareholders approved the company's proposal to reschedule creditor repayments in the financial restructuring plan approved by the Commercial Court in Riyadh. |
| 17/09/1443 AH (corresponding to 18/04/2022 AD) | The creditors agreed to the company's proposal for the rescheduling of creditor repayments in the financial restructuring plan approved by the Commercial Court in Riyadh. |
| 16/01/1444 AH (corresponding to 14/08/2022 AD) | The company announced on the website of the Saudi Stock Exchange (Tadawul) that it received the verdict from the circuit at the Commercial Court in Riyadh "endorsing the proposal for the financial restructuring of THIMAR Development Holding Company." |
| 24/03/1444 AH (corresponding to 20/10/2022 AD) | The company announced on the Saudi Stock Exchange (Tadawul) website that on 23/03/1444H (corresponding to 19/10/2022), it submitted a request to the financial regulator to postpone creditor repayments for 11 months, to provide the company with sufficient time to prepare everything necessary for implementing the approved financial restructuring plan. |
| 26/04/1444 AH (corresponding to 20/11/2022 AD) | The company announced on the website of the Saudi Stock Exchange (Tadawul) that on 22/04/1444H (corresponding to 16/11/2022), it received a response from the financial regulator approving the court's consent to the postponement request. In the same announcement, the company also attached the updated financial restructuring proposal dated 25/04/1444H (corresponding to 19/11/2022). |



Background on the Company

| Date | Event |
|---|--|
| 17/05/1444 AH (corresponding to 11/12/2022 AD) | The shareholders approved the company's proposal for rescheduling the repayment to creditors in the financial restructuring plan approved by the Commercial Court in Riyadh. |
| 18/05/1444 AH (corresponding to 12/12/2022 AD) | The creditors agreed to the company's proposal to reschedule the repayment of creditors within the financial restructuring plan approved by the Commercial Court in Riyadh. |
| 09/08/1444 AH (corresponding to 01/03/2023 AD) | The suspension of trading for THIMAR Development Holding Company's stock has been lifted after the reasons for the suspension ceased and trading outside the platform was resolved. |
| 16/08/1444 AH (corresponding to 08/03/2023 AD) | The company announced on the Saudi Stock Exchange (Tadawul) website that the Commercial Court in Riyadh has ratified the amendment to the financial restructuring proposal for THIMAR Development Holding Company. |
| 23/03/1445 AH (corresponding to 08/10/2023 AD) | The extraordinary general assembly approved the increase of the company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred and fifty million (250,000,000) Saudi Riyals. Consequently, the number of the company's shares increased from ten million (10,000,000) ordinary shares to twenty-five million (25,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, through the issuance of rights issue shares. This approval was announced on the Saudi Stock Exchange website (Tadawul) . |



Background on the Company

| Date | Event |
|--|--|
| 16/05/1445 AH (corresponding to 30/11/2023 AD) | The company announced through the Saudi Stock Exchange website (Tadawul) that its board of directors has recommended reducing the company's capital from two hundred and fifty million (250,000,000) Saudi Riyals to sixty-five million (65,000,000) Saudi Riyals. This will be achieved by cancelling eighteen million five hundred thousand (18,500,000) shares of the issued shares of the company, in order to restructure the company's capital to offset accumulated losses. Subsequently, there will be an increase in the company's capital through the issuance of rights issue shares amounting to one hundred and ninety-five million (195,000,000) Saudi Riyals, making the post-increase capital two hundred and sixty million (260,000,000) Saudi Riyals. This is intended to support the company's activities and repay creditors according to the announced financial reorganization plan. |
| 16/10/ 1445 AH (corresponding to 25/04/ 2024 AD) | The Capital Market Authority approved the reduction of the company's capital from two hundred and fifty million (250,000,000) Saudi Riyals to sixty-five million (65,000,000) Saudi Riyals by canceling eighteen million five hundred thousand (18,500,000) shares of the issued shares of the company. This approval was announced on the website of the Capital Market Authority and the Saudi financial market website (Saudi Tadawul). |
| **/**/ 1445 AH (corresponding to **/**/ 2024 AD) | The extraordinary general assembly of the company approved the reduction of the company's capital from two hundred and fifty million (250,000,000) Saudi Riyals to sixty-five million (65,000,000) Saudi Riyals by cancelling eighteen million five hundred thousand (18,500,000) shares of the issued shares of the company. This approval was announced on the Saudi Stock Exchange website (Tadawul) |



Background on the Company - Board of Directors and Secretary:

| Name | Position | Membership Status | Membership Date | Stock ownership | | | |
|--------------------------------|--------------------------------|-------------------|-----------------|-----------------|------------|----------|-------|
| | | | | Directly | | Indirect | |
| | | | | Number | Ratio | Number | Ratio |
| Walid Abdel Aziz Al-Shuwaier | Chairman of Board of Directors | independent | 14/05/2023AD | - | - | - | - |
| Khaled Asaad Khashoggi | Deputy Chairman of the Board | independent | 14/05/2023AD | - | - | - | - |
| Melefi is Manahi Al-Marzouqi | Managing Director | executive | 14/05/2023AD | - | - | - | - |
| Aziz Muhammad Al-Qahtani | member | independent | 14/05/2023AD | - | - | - | - |
| Abdul Karim Muhammad Al-Nahir | member | independent | 14/05/2023AD | 18,750 | 0.075000% | - | - |
| Yasser Suleiman Saleh Al-Aqeel | member | independent | 14/05/2023AD | 10 | 0.000040% | - | - |
| Haitham Faisal Abbas Ascoby | member | Non-executive | 14/05/2023AD | 1 | 0.0000040% | - | - |
| Abdul Azim Motamed Abdul Azim | Secretary of the Council | independent | 14/05/2023AD | - | - | - | - |

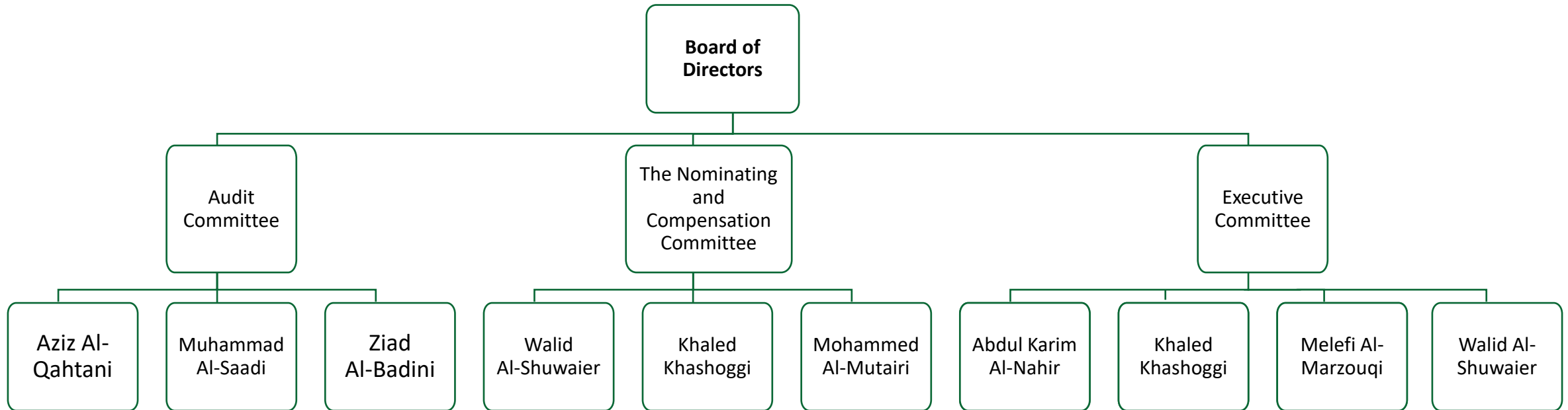
Source: The Company and Tadawul.

- On 18/10/1444H (corresponding to 08/05/2023 AD), the ordinary general assembly approved the election of the members of the board of directors mentioned above for the current term, which began on 14/05/2023 AD and ends on 13/05/2026 AD.

- On 24/10/1444H (corresponding to 14/05/2023 AD), the company's board of directors decided to appoint the Chairman of the Board, the Vice Chairman of the Board, the Managing Director, and the Secretary of the Board mentioned above for the current term, which began on 14/05/2023 AD and ends on 13/05/2026 AD.

- On 09/11/1444H (corresponding to 29/05/2023 AD), the company announced the acceptance of the resignation of the board member Mr. Mohammed Abdulwahab Alsakit via a circular resolution, effective from 29/05/2023 AD. The company also announced the appointment of Mr. Abdul Karim bin Mohammed Al-Nahir as his replacement, with the membership beginning on 29/05/2023 AD and lasting until the end of the current board term.

- On 16/05/1445H (corresponding to 30/11/2023 AD), the members mentioned above recommended reducing the company's capital from (250,000,000) Saudi Riyals to (65,000,000) Saudi Riyals by canceling (18,500,000) shares of the issued shares, then increasing it by issuing rights issue shares valued at (195,000,000) Saudi Riyals.



Source: The company.

Evolution of accumulated losses

| fiscal year | capital | (loss) (Saudi Riyals) | Accumulated losses (Saudi Riyals) | The ratio of accumulated losses to capital | The reason for the increase/decrease in accumulated losses |
|-------------|-------------|---------------------------|---|--|---|
| 2019 | 100,000,000 | 56,735,008) | (54,815,649) | 54. 815 % | 1. Establishment of Provision for Expected Credit Losses. 2. Losses from Excluding Projects Under Implementation . |
| 2020 | 100,000,000 | (11,679,683) | (66,495,332) | 66. 495 % | 1. Establishment of a provision for expected credit losses amounting to 23 million. 2. Exclusion losses for projects under implementation amounting to 15 million. 3. Company's share in losses of affiliate companies amounting to 3 million. |
| 2021 | 100,000,000 | (165,563,843) | (232,059,175) | 232.059 % | 1. Increase in general and administrative expenses by 70 million. 2. Establishment of a provision for expected credit losses amounting to 22 million. 3. Establishment of a provision for doubtful accounts - Execution Court amounting to 4 million. 4. Losses from impairment of property, plant, and equipment amounting to 12.7 million. 5. Financial litigations and claims amounting to 49 million. |
| 2022 | 100,000,000 | (2,955,601) | (235,014,776) | 235.014% | 1. Operational activity ceases . 2. Continuation of general and administrative expenses amounting to 5.3 million.. |
| 2023 | 250,00,000 | (6,530,218) | (259,886,534) | 103.95% | 1. Increase in general and administrative expenses by 9 million riyals. 2. Loss from impairment of property, plant, and equipment amounting to 1 million riyals. 3. Decrease in other revenues by 0.5 million riyals. |



The Company's Plan and Remedial Steps to Stop Losses

Currently, the company is undergoing financial restructuring procedures, and the management has formulated an ambitious strategic plan to uplift the company, outlined as follows:

On 03/02/2022, the company prepared a proposal for financial restructuring and submitted it to the Ninth Department of the Commercial Court in Riyadh. The proposal included information about the company, its activities, financial position, economic situation, list of debts and potential claims, how to deal with them, and the company's strategy for conducting its business during the validity period of the measures and its future strategy.

The company also announced a revised proposal for financial restructuring dated 19/11/2022, which includes rescheduling creditors and deferring payments for an additional 11 months. The company increased its capital by 150 million Saudi Riyals in November 2023 as a first phase of the financial restructuring plan. Consequently, the first installment of creditors was paid, along with other company obligations. Investment activities have commenced, and other available opportunities are being studied.

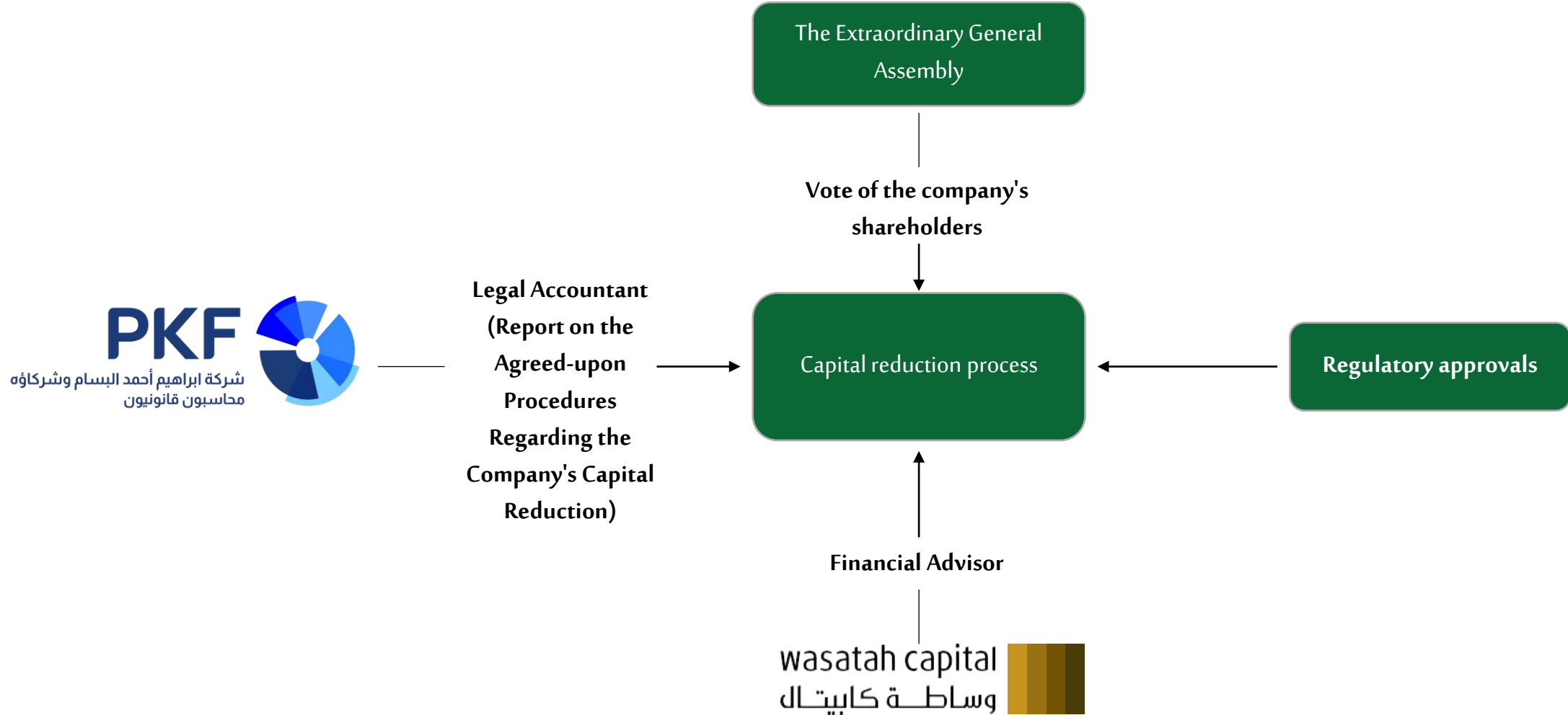
Currently, the company is working on completing the financial restructuring plan by further increasing its capital through the issuance priority rights ordinary shares after completing the process of reducing the company's capital to offset a portion of its accumulated losses. The company's strategic plan is divided into two parts:

1. Entering into existing companies that achieve sustainable returns.
2. Utilizing the company's assets by acquiring equity stakes in investments in the food, real estate, agricultural, and livestock sectors.

To achieve these goals, the company has amended its activities in its bylaws to include: owning necessary properties and assets, providing loans, guarantees, and financing to its subsidiaries, owning intellectual property rights of its subsidiaries, investing in the funds of its subsidiaries, and managing its subsidiaries.

Funding sources will be through increasing capital in several stages based on future opportunities for the company's activities.

The figure below shows the parties involved in the capital reduction process :





The General Structure of the Proposed Capital Reduction

- Current capital of the company is 250,000,000 Saudi Riyals, divided into twenty-five million (25,000,000) shares with a nominal value of ten (10) Riyals per share, fully paid. It was recommended by the Board of Directors on 16/05/1445 AH (corresponding to 30/11/2023AD) to reduce the company's capital from 250,000,000 Saudi Riyals to 65,000,000 Saudi Riyals by canceling eighteen million and five hundred thousand (18,500,000) shares. This restructuring of the company's capital aims to offset the accumulated losses and subsequently increase the company's capital through the issuance of nineteen million and five hundred thousand (19,500,000) shares to reach a post-increase capital of 260,000,000 Saudi Riyals. This is to maximize the company's expansion capacity in investments to support its activities as per the announced financial restructuring plan.
- The capital reduction ratio is 74%, and the reduction process will be carried out by canceling eighteen million and five hundred thousand (18,500,000) shares, which means reducing the number of shares by 0.74 for each 1 share, to offset 71.18% of the total accumulated losses amounting to 259,886,534 Saudi Riyals as of December 31, 2023.
- The company will consolidate any fractional shares resulting from the capital reduction process into one portfolio and then sell them in the market at the prevailing price. The proceeds from the sale will be distributed to the company's shareholders in accordance with their ownership within thirty (30) days from the date of approval by the shareholders in the extraordinary general assembly to reduce the company's capital.
- The financial statements used for capital purposes are those for the fiscal year ended December 31, 2023.

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

- The company's management has worked on developing a strategy to improve the current situation and support the company's future growth and financial performance. They have reached a decision to restructure the company's capital by initiating a capital reduction process to offset 71.18% of the accumulated losses and subsequently increase the company's capital.
- Reducing the accumulated losses is one of the most important decisions given the current circumstances the company is facing. The company is working to rectify its situation to stop the losses and achieve profitability.
- On 16/05/1445 AH (corresponding to 30/11/2023AD), the company announced on the Saudi Stock Exchange (Tadawul) website the recommendation of its Board of Directors to reduce the company's capital from 250,000,000 Saudi Riyals divided into twenty-five million (25,000,000) shares to 65,000,000 Saudi Riyals divided into six million and five hundred thousand (6,500,000) shares. This represents a reduction percentage of 74%. Subsequently, the company's capital will be increased through priority rights worth 195,000,000 Saudi Riyals, resulting in a post-increase capital of 260,000,000 Saudi Riyals. The primary aim of increasing the capital is to maximize the company's expansion capacity in investments to support its activities as per the financial restructuring plan.
- After the company's capital reduction, the accumulated losses will decrease to 74,886,534 Saudi Riyals, representing 115.21% of the company's capital after the reductions as December 31, 2023.



The Impact of the Company's Capital Reduction on the Company's Obligations

- The company appointed Ibrahim Ahmed Al-Bassam and Partners - Certified Public Accountants as the legal accountant to prepare the financial report for the capital reduction process, through which the reduction mechanism and its expected impact on the company's obligations were clarified.
- According to the legal accountant's report, as detailed in (Appendix 1) of the attached report, there will be no impact of the capital reduction on the company's obligations.

The Impact of the Company's Capital Reduction on the Rights of the Company's Shareholders

- The company's accumulated losses amounted to two hundred and fifty-nine million, eight hundred and eighty-six thousand, five hundred and thirty-four (259,886,534) Saudi Riyals as of December 31, 2023. The reduction of the capital by one hundred and eighty-five million (185,000,000) Saudi Riyals will result in extinguishing 71.18% of the total accumulated losses.

The impact on shareholders' rights will be based on the financial statements for the fiscal year ended December 31, 2023.

| Shareholders' equity | Before capital reduction | After capital reduction | the influence |
|--|--------------------------|-------------------------|-----------------|
| | SAR | SAR | SAR |
| capital | 250,000,000 | 65,000,000 | (185,000,000) |
| Regular reserve | 2,883,376 | 2,883,376 | |
| Actuarial gains/(losses) for end-of-service benefits | 26,673 | 26,673 | |
| Revaluation surplus | 38,115,834 | 38,115,834 | |
| Accumulated losses | (259,886,534) | (74,886,534) | 185,000,000 |
| Total Shareholders' equity | 31,139,349 | 31,139,349 | 0 |

Source: The attached certified public accountant's report, the financial statements for the period ending on December 31, 2023.

Impact of the company's capital reduction on the shareholders' rights

- The company intends to reduce its capital by one hundred and eighty-five million (185,000,000) Saudi Riyals from two hundred and fifty million (250,000,000) Saudi Riyals to sixty-five million (65,000,000) Saudi Riyals by canceling eighteen million five hundred thousand (18,500,000) shares of the company's issued shares, at a cancellation rate of 0.74 shares for every 1 share.
- The company will aggregate any fractional shares (if any) into one portfolio resulting from the capital reduction process, and then sell them in the market at the prevailing price, with the proceeds distributed to the company's shareholders, each according to their ownership within (30) thirty days from the date of approval by the shareholders in the extraordinary general assembly to reduce the company's capital.
- The reduction of the company's capital will not affect the market value of the company's shareholders' portfolios, as indicated below for a shareholder who owns 1,000 shares of the company's shares in his portfolio.

| Item/Clause (estimated)* | Before capital reduction | After capital reduction |
|---|--------------------------|-------------------------|
| Shares owned before dilution | 1000 | N/A |
| Share price before discount (closing 21/03/2024) * | 13.40 Saudi Riyal | N/A |
| Market value of shares before dilution (estimated) | 13,400 Saudi riyals | N/A |
| discount percentage | N/A | 74% |
| Canceled shares | N/A | 740 |
| Shares owned after dilution | N/A | 260 |
| Share price after discount (Appreciation) | N/A | 51.54 Saudi Riyal |
| Market value of shares after dilution (estimated) | N/A | 13,400 Saudi riyals |
| Compensation value resulting from fractional shares (estimated) | N/A | 00.00 Saudi riyals |

*The example in the table above contains estimated values and is for illustrative purposes only. Investment decisions should not be made based on the information provided therein, and the actual value of the shares will depend on market conditions at the time.

**The presentation will be updated for shareholders by adding the closing price of the share on the date of the extraordinary general assembly meeting.

The impact of reducing the company's capital on the rights of the company's shareholders

- It should be noted that shareholders owning three shares or less in the company will have their shares canceled and compensated for fractional shares. The following table illustrates the impact on a shareholder owning up to 10 shares:

| Item/Clause (estimated)* | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| Shares owned before dilution | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Share price before dilution (closing 21/03/2024) ** | 13.40 | 13.4 | 13.4 | 13.4 | 13.4 | 13.4 | 13.4 | 13.4 | 13.4 | 13.40 |
| Canceled shares | 1 | 2 | 3 | 3 | 4 | 5 | 6 | 6 | 7 | 8 |
| Shares owned after dilution | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Number of fractional shares outstanding (estimated) | 0.26 | 0.52 | 0.78 | 0.04 | 0.30 | 0.56 | 0.82 | 0.08 | 0.34 | 0.60 |
| Share price after discount (Appreciation) | 51.54 | 51.54 | 51.54 | 51.54 | 51.54 | 51.54 | 51.54 | 51.54 | 51.54 | 51.54 |
| The market value of shares before dilution | 13.40 | 26.80 | 40.20 | 53.60 | 67.00 | 80.40 | 93.80 | 107.20 | 120.60 | 134.00 |
| Market value of shares after dilution (estimated) | 0.00 | 0.00 | 0.00 | 51.54 | 51.54 | 51.54 | 51.54 | 103.08 | 103.08 | 103.08 |
| Compensation value resulting from fractional shares (estimated) | 13.40 | 26.80 | 40.20 | 2.06 | 15.46 | 28.86 | 42.26 | 4.12 | 17.52 | 30.92 |

*The example in the table above contains estimated values and is for illustrative purposes only. Investment decisions should not be made based on the information provided therein, and the actual value of the shares will depend on market conditions at the time.

**The presentation will be updated for shareholders by adding the closing price of the share on the date of the extraordinary general assembly meeting.



Calculation method for the share price after the capital reduction.

- It has been assumed that the share price before the reduction represents the closing price of Thamar Development Holding Company's share on 21/03/2024, which is (13.40) Saudi Riyals. The following table illustrates how to calculate the share price after the capital reduction.

| Item/Clause (estimated)* | |
|--|-------------------|
| (a) Share price before dilution (Closing 21/03/2024 AD) * * | Saudi Riyal 13.40 |
| (b) Number of shares before dilution | 25,000,000 |
| (c) Market value of the company's shares before dilution = (a) * (b) | 335,000,000 |
| (d) Number of shares after dilution | 6 , 5 00,000 |
| Market value of the company's stock after dilution = (c) ÷ (d) | 51.54 SAR |

*The example in the table above contains estimated values and is intended for guidance. An investment decision should not be made based on the information contained in it, and the actual value of the shares depends on the market conditions at the time.

**The offer to shareholders will be updated by adding the closing price of the share on the day of the extraordinary general assembly.



Potential risks resulting from the company's capital reduction

- **Risks associated with fluctuations in the stock price in the market and the impact on compensating for fractional shares (if any):**

The company's stock/share price may experience significant volatility and instability due to several factors, including market conditions related to stocks, regulatory changes in the sector, and the entry of new competitive companies. In the event of a decrease in the market price of the stock after the capital reduction process, shareholders may incur losses in the value of their investments in the company's shares. Additionally, the impact on the compensation value of fractional shares is similar to the impact of fluctuations in the company's stock price, as these fractions will be sold at the prevailing market price at that time.

- **Risks associated with owning three shares or less:**

If a shareholder owns three shares or less, all of their shares will be canceled, and they will be compensated with fractional shares that will be sold at the prevailing market price. It is worth noting that trading in the company's stock will be suspended for two business days following the approval of the extraordinary general assembly. The Securities Depository Center (Edaa) will apply the reduction to shareholders' investment portfolios in accordance with Article 36, Subsection C-6 of the listing rules (for more details, refer to page 19 'Impact of the Company's Capital Reduction on Shareholders' Rights').

- **Risks associated with the company's continuity.**

The accumulated losses as of December 31, 2023, amounted to SAR 259,886,534, representing 103.95% of the company's capital. This necessitates the application of Article 132 of the Companies Law, which requires "calling for an extraordinary general assembly meeting within 180 days from the date of awareness to consider the company's continuity and take any necessary actions to address or resolve those losses." However, due to the company entering financial restructuring proceedings and in accordance with Article 45 of Chapter Four of the Insolvency Law, the company is exempt from the provisions of the Companies Law regarding the accumulation of losses reaching a specified percentage of the capital, with the commencement of financial restructuring proceedings. The continuity of the company as a going concern is contingent upon the implementation of the proposed financial restructuring, which primarily depends on increasing the company's capital. It is worth noting that in November 2023, the company increased its capital by issuing rights shares worth 150 million Saudi riyals, which helped it repay its creditors according to the financial reorganization proposal (for more details, see page 23 «Risks related to opening regulatory procedures Financial»). On 05/16/1445 AH (corresponding to 11/30/2023 AD), the company's board of directors recommended reducing the company's capital from (250,000,000) Saudi riyals to (65,000,000) Saudi riyals, and then increasing the company's capital by offering priority rights shares of (19,500,000) an ordinary share, so that the capital after the increase becomes (260,000,000) Saudi riyals, and therefore to maximize the company's expansion capacity in investments to support the company's activities according to the announced financial regulation plan, and thus The company's inability to increase its capital or execute the financial restructuring plan and transition the company to profitability will have a significant and fundamental negative impact on the company's continuity.



Potential risks resulting from the company's capital reduction

Risks associated with initiating financial restructuring proceedings:

The National Agricultural Marketing Company (THIMAR), now known as THIMAR Development Holding Company, was petitioned for liquidation by one of its creditors on 22/05/1442 AH (06/01/2021 AD). The company objected to the liquidation on 21/06/1442 AH (03/02/2021 AD). The Ninth Chamber of the Commercial Court in Riyadh rejected the creditor's petition for the company's liquidation and granted the company the right to undergo financial restructuring. The court ruling was issued on 25/08/1442 AH (07/04/2021 AD), and the company was notified of the court's decision to initiate financial restructuring by its legal counsel on 07/09/1442 AH (19/04/2021 AD).

Table: Schedule of creditor payments according to the proposed financial restructuring plan.

| Type of debt | Acceptable amount | Payment dates | | | | | |
|-------------------------|-------------------|----------------|---------------|---------------|---------------|-------------|------------|
| | | 10/31/2023 | 03/31/2025 | 31/03/2026 | 03/31/2027 | 03/31/2028 | 03/31/2029 |
| employees | 6,685,912.88 | 3,342,956.44 | 3,342,956.44 | | | | |
| Suppliers | 66,183,039 | 33,091,518 | 11,030,507 | 11,030,507 | 11,030,507 | | |
| Financial institutions | 32,024,465 | 16,012,233 | 3,202,446.5 | 3,202,446.5 | 3,202,447.5 | 3,202,446.5 | 3,202,446 |
| Government institutions | 12,145,617 | 6,072,807 | 1,214,562 | 1,214,562 | 1,214,562 | 1,214,562 | 1,214,562 |
| Total | 117,039,033.88 | 58,519,514.44* | 18,790,471.94 | 15,447,515.50 | 15,447,515.50 | 4,417,008.5 | 4,417,008 |
| Percentage of the total | | 50% | 16.05% | %13.20 | 13.20% | 3.77% | 3.77% |

•Source: Financial Restructuring Proposal dated 25/04/1444 AH (19/11/2022 AD).

•* They were paid from the proceeds of the offering obtained from the latest capital increase operation of the company through the issuance of preference shares.

Failure by the company to comply with the regulatory provisions for financial restructuring or its inability to meet its obligations according to the timetable for repaying creditors may result in the company entering into liquidation proceedings, with the liquidator selling the company's assets and distributing the proceeds to the creditors. In such a scenario, there is no guarantee that the company's shareholders will receive any compensation for their investment, including the capital they have invested in the company.

The timeframe for the capital reduction process

| Date | Event |
|--|--|
| 16/05/1445 AH (corresponding to 30/11/2023 AD) | Announcement of the Board of Directors' recommendation to reduce the company's capital from two hundred and fifty million (250,000,000) Saudi Riyals to sixty-five million (65,000,000) Saudi Riyals by canceling eighteen million five hundred thousand (18,500,000) ordinary shares. This is for restructuring the company's capital to offset the accumulated losses, followed by increasing the company's capital through the offering of nineteen million five hundred thousand (19,500,000) preference shares, resulting in a post-increase capital of two hundred and sixty million (260,000,000) Saudi Riyals. This aims to maximize the company's expansion capacity in investments to support its activities according to the declared financial restructuring plan. |
| 16/05/1445 AH (corresponding to 30/11/2023 AD) | Announcement of the appointment of the financial advisor for the capital reduction process of the company. |
| 08/09/1445 AH (corresponding to 18/03/2024 AD) | Submission of the application for reducing the company's capital to the Capital Market Authority. |
| 16 / 10 /1445 AH (corresponding to 25 / 04 /2024 AD) | Approval from the Capital Market Authority on the company's capital reduction request has been obtained. This approval has been announced on the Capital Market Authority website as well as the Saudi Stock Exchange (Tadawul) website. |
| **/ **/1445 AH (corresponding to **/ **/2024 AD) | Invitation to this extraordinary general assembly and its announcement have been posted on the Saudi Stock Exchange (Tadawul) website. Additionally, a copy of this presentation has been included in the announcement. |
| **/ **/1445 AH (corresponding to **/ **/2024 AD) | Commencement of e-voting on the agenda items of the extraordinary general assembly meeting, including the capital reduction proposal (first meeting). |
| **/ **/1445 AH (corresponding to **/ **/2024 AD) | Convening of the extraordinary general assembly meeting, including the capital reduction proposal (first meeting). In the event that the quorum required for the first meeting is not met, the second meeting will be held one hour after the specified time for the first meeting has elapsed. If the quorum required for the second meeting is not met, the third meeting (upon the expiry of the specified time for the second meeting) will be held 21 days after the company's call for the extraordinary general assembly meeting for the third meeting. |
| **/ **/1445 AH (corresponding to **/ **/2024 AD) | Announcement of the results of the extraordinary general assembly meeting. |

The return amounts (if any) resulting from the sale of fractional shares resulting from the company's capital reduction will be deposited into the accounts of eligible shareholders. This will take place within (30) days from the date of approval by the shareholders at the extraordinary general assembly meeting for the capital reduction.



Capital reduction

- **Capital reduction procedures:**
- The company's board of directors recommends a capital reduction.
 - A financial advisor is appointed for the capital reduction process.
 - A legal accountant is appointed to prepare the accounting report for the capital reduction process.
 - Prepare and submit a capital reduction application to the Capital Market Authority in accordance with the conditions of Article 76 of the Rules on the Offering of Securities and Continuing Obligations, related to the conditions of capital reduction.
 - Approval of the Capital Market Authority for the company's capital reduction application.
 - Submit a notification to the Saudi Stock Market (Saudi Tadawul) in the form provided in Annex (5) of the Listing Rules.
 - The extraordinary general assembly approves the company's capital reduction.
- **Approval by members of the Board of Directors :**

The members of the company's board of directors confirm, to the best of their knowledge and belief, that reducing the company's capital is in the interest of the company and its shareholders.



Regulatory approvals required to complete the process of reducing the company's capital.

The company has obtained approval from the Capital Market Authority on 16 / 10 /1445 AH (corresponding to 25 / 04 /2024 AD) to reduce the company's capital from two hundred and fifty million (250,000,000) Saudi Riyals to sixty-five million (65,000,000) Saudi Riyals by canceling eighteen million and five hundred thousand (18,500,000) shares of the company's issued shares, which represent 74% of the capital. This approval was announced on the website of the Capital Market Authority and the Saudi Stock Market (Tadawul) on 16 / 10 /1445 AH (corresponding to 25 / 04 /2024 AD)

- The process of reducing the capital requires the approval of the shareholders, and the shareholders must be aware that if their approval is not obtained for this capital reduction process, then the capital reduction will not occur. (The company has called for this extraordinary general assembly and announced it on the website of the Saudi Tadawul company on **/ **/ 1445 AH (corresponding to **/ **/ 2024AD) and a copy of this proposal has been included in the announcement).
- If the shareholders' approval is obtained for the capital reduction process, the company will proceed with the procedures to reduce its capital and will address the Ministry of Commerce to obtain its approval to amend the company's articles of association and its commercial registration.
- Aside from what was mentioned above, there are no other regulatory approvals that the company needs to obtain in order to complete the process of reducing the capital.



Relevant rules, regulations and instructions

- The Companies Law issued by Royal Decree (M/132) dated 01/12/1443 AH (corresponding to 30/06/2022 AD)
- The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 AH (corresponding to 31/07/2003 AD) and its amendments
- The Rules on the Offering of Securities and Continuing Obligations issued by the Capital Market Authority Council pursuant to Resolution No. 3-123-2017 dated 09/04/1439 AH (corresponding to 27/12/2017 AD) and amended by the decision of the Capital Market Authority Council No. 3-6-2024 dated 05/07/1445 AH (corresponding to 17/01/2024 AD).
- The Listing Rules approved by the decision of the Capital Market Authority Council No. 3-123-2017 dated 09/04/1439 AH (corresponding to 27/12/2017 AD) and amended by the decision of the Capital Market Authority Council No. 1–104–2019 dated 01/02/1441 AH (corresponding to 30/09/2019 AD) and amended by the decision of the Capital Market Authority Council No. 1-19-2022 dated 12/07/1443 AH (corresponding to 13/02/2022 AD) and amended by the decision of the Capital Market Authority Council No. 1-52-2022 dated 12/09/1443 AH (corresponding to 13/04/2022 AD) and amended by its decision No. 3-96-2022 dated 10/02/1444 AH (corresponding to 06/09/2022 AD) and amended by its decision No.1-108-2022 dated 23/03/1444 AH (corresponding to 19/10/2022 AD) and any subsequent amendments.
- The company's articles of association
- The Bankruptcy Law issued by Royal Decree No. (M/50) dated 28/05/1439 AH (corresponding to 14/02/2018 AD) and its amendments
- The procedures and instructions for companies listed on the main market whose accumulated losses amount to (20%) or more of its capital, issued by the decision of the Capital Market Authority Council No. 4–48–2013 dated 15/01/1435 AH (corresponding to 18/11/2013 AD) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 AH, and amended by the decision of the Capital Market Authority Council No. 8-5–2023 dated 25/06/1444 AH (corresponding to 18/05/2023 AD)



Legal Accountant's Report.

- The company appointed Ibrahim Ahmed Al-Bassam and Partners - Legal Accountants to prepare the agreed-upon procedures report concerning the proposed reduction in the company's capital to study the reasons for the capital reduction and the impact of that reduction on the company's obligations and on the shareholders' rights in order to obtain the Capital Market Authority's approval for the capital reduction request (for more details, please refer to the attached legal accountant's report).
- The reading of the legal accountant's report, based on Article 134 of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 AH (corresponding to 30/06/2022 AD), states that the resolution of reduction shall not be issued unless after reading a special report prepared by the auditor about the compelling reasons for it and about the obligations on the company and the impact of the reduction on these obligations.
- A copy of the limited review report prepared by the legal accountant was included in the announcement of the call for this extraordinary general assembly on the website of the Saudi Stock Market (Saudi Tadawul) dated **/**/1445 AH (corresponding to **/**/2024 AD).

Important Information

- Referring to the procedures and instructions for companies listed in the market whose accumulated losses reach (20%) or more of their capital, issued by the decision of the Capital Market Authority No. 4–48–2013 and dated 15/01/1435 AH (corresponding to 18/11/2013 AD) based on the Capital Market Law issued by the Royal Decree No. (M/30) and dated 02/06/1424 AH, and amended by the decision of the Capital Market Authority No. 8-5–2023 and dated 25/06/1444 AH (corresponding to 18/01/2023 AD):
- The company must immediately and without delay disclose to the public through a separate announcement when its accumulated losses reach (20%) or more but less than (35%) of its capital. The announcement must include the amount of the accumulated losses, their percentage of the capital, and the main reasons that led to these losses, indicating in the announcement that these procedures and instructions will be applied to it. If the disclosure required according to this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from making a separate disclosure if it includes it in 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 but less than (50%) of its capital. The announcement must include the amount of the accumulated losses, their percentage of the capital, and the main reasons that led to these losses, indicating in the announcement that these procedures and instructions will be applied to it. If the disclosure required according to this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from making a separate disclosure if it includes it in 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. The announcement must include the amount of the accumulated losses, their percentage of the capital, and the main reasons that led to these losses, with an indication in the announcement that the procedures and instructions for companies listed in the Saudi financial market whose accumulated losses reach (50%) or more of their capital will be applied. If the disclosure required according to this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from making a separate disclosure if it includes it in the announcement of the preliminary or annual financial results.



Important Information

- Based on the Companies Law issued by the Royal Decree No. (M/132) and dated 01/12/1443 AH (corresponding to 30/06/2022 AD), and specifically Article (132) of the Companies Law, if the losses of a joint-stock company reach half of the issued capital, the board of directors must disclose this and its recommendations regarding these losses within sixty days from the date of awareness of reaching this amount, and call an extraordinary general assembly to meet within one hundred and eighty days from the date of knowledge to consider the continuation of the company with taking any necessary measures to address these losses, or to dissolve it.
- According to Article (93) of the Companies Law, the quorum for the extraordinary general assembly to be valid is the presence of shareholders representing at least half of the voting shares of the company unless the company's bylaws stipulate a higher percentage, provided it does not exceed two-thirds. If this quorum is not met in the first meeting, a second meeting is called, and the second meeting is valid if attended by shareholders representing at least one-quarter of the voting shares of the company. If not convened after that, a third meeting is called in accordance with the conditions stipulated by the Companies Law, and the third meeting is valid regardless of the number of voting shares represented in it.
- According to Article (93) of the Companies Law, decisions of the extraordinary general assembly are made by a two-thirds majority of the shares represented in the meeting unless the decision is related to increasing or reducing the capital, extending the duration of the company, dissolving it before the expiration of its term as stipulated in its bylaws, merging with another company, or splitting into two or more companies. In such cases, it is not valid unless approved by three-quarters of the voting rights represented in the meeting.
- In case the company's shareholders approve the capital reduction, the reduction decision will be effective on all shareholders registered in the company's records at the Securities Depository Center (Depository Center) at the end of trading on the second day following the day of the extraordinary general assembly meeting. This includes shareholders who did not attend the extraordinary general assembly meeting and those who attended the meeting but did not vote or voted against the capital reduction decision.



Documents Available for Review

- The shareholders' circular will be published and made available to the public for a period of not less than (14) days before the extraordinary general assembly regarding the company's capital reduction is convened.
- The company will provide the following documents for review at the company's headquarters in Riyadh - Al-Uroub Road, Building No. 3549, Subsidiary No. 8498, Olaya District, Postal Code 12333, from the date of the Capital Market Authority's approval on) 16 / 10 /1445 AH (corresponding to 25 / 04 /2024 AD) until the date of the extraordinary general assembly on ****/**/1445 AH (corresponding to ****/**/2024 AD**)** during official working hours from 8:00 AM to 4:30 PM:
 - A copy of the company's board of directors' recommendation to reduce the company's capital.
 - A copy of the appointment letter of the financial advisor.
 - A copy of the legal accountant's report related to the reduction of the company's capital.
 - A copy of the Authority's announcement of its approval of the company's application to reduce its capital, published on the website of the Capital Market Authority and the Saudi Stock Market (Tadawul).
 - A copy of this circular to shareholders (the offer presented to the company's shareholders at the extraordinary general assembly meeting).



Attachments

- A copy of the legal accountant's report.
- A proxy form for attending the extraordinary general assembly meeting.

**PKF****Ibrahim Ahmed Al-Bassam
& Co.** Certified Public Accountants

AGREED-UPON PROCEDURES REPORT ON THE SHARE CAPITAL REDUCE OF THIMAR DEVELOPMENT HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

13 March 2024

**TO THIMAR DEVELOPMENT HOLDING COMPANY.
(A SAUDI JOINT STOCK COMPANY)
Riyadh, Kingdom of Saudi Arabia**

Purpose of Agreed-Upon Procedures Report

We have conducted Agreed-Upon procedures for the purpose of assisting “Thimar Development Holding Company (A Saudi Joint Stock Company)” (The Company) in decreasing the company’s share capital and may not be suitable for another purpose.

We have complied with the approved requirements of the following applicable controls:

Article 76 - of Chapter Two of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

Article 132 - (Company Losses) of the Companies Regulations issued by the Ministry of Commerce.

Article 133 - Methods of reducing capital from the companies’ regulations issued by the Ministry of Commerce.

Article 134 - (Issuing a decision to reduce capital) of the Companies Regulations issued by the Ministry of Commerce.

Article 7 - (Capital) - of the company’s bylaws.

Article 8 - (Subscription to shares) of the company’s bylaws.

Article 16 - (Capital reduction) of the company’s bylaws.

The subject of the agreed upon procedures relates to Appendix No. (1) attached, prepared by the company’s management, regarding the reasons that prompted the company’s Board of Directors to reduce the capital and the impact of the aforementioned reduction on the company’s historical financial statements as of December 31, 2023.

Management responsibilities

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Chartered accountant Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagement*, that is endorsed in the Kingdom of Saudi Arabia. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

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AGREED-UPON PROCEDURES REPORT ON THE SHARE CAPITAL REDUCE OF THIMAR DEVELOPMENT HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

Chartered accountant Responsibilities (Continued)

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied to the International Code of Conduct and Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, that is endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants, and for the purpose of implementing this engagement, we have committed to the independence requirements that we must complied to.

Our office applies International Standard on Quality Control (ISQC) 1, *Quality Control for offices that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, that is endorsed in the Kingdom of Saudi Arabia and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have implemented the procedures described below, which were agreed upon with the company in the engagement letter at xx xx 2023 for the purpose of presenting the results of the procedures we have undertaken to the Ministry of Commerce.

| S.no | Procedures | Findings |
|-------------|---|---|
| 1 | Obtaining the recommendation of the Executive Committee to the Board of Directors to reduce the capital from (250,000,000) Saudi riyals to (65,000,000) Saudi riyals, in an amount of 185,000,000 Saudi riyals. | We have obtained the recommendation of the Executive Committee to the Board of Directors to reduce the capital from (250,000,000) Saudi riyals to (65,000,000) Saudi riyals, in an amount of 185,000,000 Saudi riyals, which occurred on November 29, 2023. |
| 2 | Obtaining the Board of Directors' recommendation to the Extraordinary General Assembly to reduce the company's capital from (250,000,000) Saudi Riyals to (65,000,000) Saudi Riyals. | We have obtained a recommendation from the Board of Directors to the Extraordinary General Assembly to reduce the company's capital from (250,000,000) Saudi Riyals to (65,000,000) Saudi Riyals on November 30, |

**PKF**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**AGREED-UPON PROCEDURES REPORT ON THE SHARE CAPITAL REDUCE OF
THIMAR DEVELOPMENT HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)****Procedures and Findings (Continued)**

| S.no | Procedures | Findings |
|------|--|---|
| 3 | Obtaining the information provided by the company and included in the aforementioned Appendix No. 1, which explains the reasons for reducing the capital and the impact of the reduction on the company's historical financial statements as of December 31, 2023. | We have obtained the information provided by the company and included in Appendix No. 1, which explains the reasons for reducing the capital and the impact of the aforementioned reduction on the company's historical financial statements as of December 31, 2023. |

Ibrahim Ahmed Al-Bassam & Co.


Ibrahim Al-Bassam
Certified Public Accountant
License No. 337
Riyadh, Kingdom of Saudi Arabia



Date: Ramadan 3, 1445
 Corresponding to (March 13, 2024)

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APPENDIX 1
CAPITAL REDUCTION REPORT
THIMAR DEVELOPMENT HOLDING COMPANY
(SAUDI JOINT STOCK COMPANY)

MARCH 12, 2024

Thimar Development Holding Company

(Saudi joint stock company)

Appendix to the capital reduction report

| | |
|--|-------|
| Description of company requirements | 3 |
| Historical financial statements | 4-7 |
| Notes on the financial statements, the reasons for reducing capital, and the impact of that reduction on the company's obligations | 8-9 |
| Relevant materials of rules and regulations | 10-14 |

Description

- As of December 31, 2023 , the company's accumulated losses amounted to (259,886,534) Saudi riyals, which represents 103.95% of the company's capital.
- On November 29, 2023 , the Executive Committee recommended to the Board of Directors to reduce the capital from ("250,000,000") Saudi riyals to ("65,000,000") Saudi riyals, in an amount of 185,000,000 Saudi riyals. Due to the company's need to extinguish the accumulated losses and then increase the company's capital from (65,000,000) Saudi riyals to (260,000,000) Saudi riyals in order to maximize the company's expansion capacity in investments to support the company's activities according to the financial regulation plan.
- On November 30, 2023 , the Board of Directors recommended to the Extraordinary General Assembly to reduce the company's capital from ("250,000,000") Saudi riyals to ("65,000,000") Saudi riyals, by 185,000,000 thousand Saudi riyals, with a capital reduction rate of 74% and a cancellation rate. (0.74) shares for every 1 share. . The number of shares before the dilution is ("25,000,000") shares, and after the dilution it will become ("6,500,000") ordinary shares. The Board of Directors also recommended, after the process of reducing the company's capital, to increase the company's capital through offering priority rights shares worth (195,000,000) Saudi riyals, so that the company's capital after the increase would become (260,000,000) Saudi riyals, divided into (26,000,000) ordinary shares.
- The proposed method for reducing capital is to cancel (18,500,000) shares, meaning the capital will be reduced by 185,000,000 Saudi riyals from accumulated losses. There is no impact of reducing the company's capital on its financial obligations.
- We would also like to note that the capital reduction process is conditional on the approval of the concerned authorities and the extraordinary general assembly.
Each shareholder's ownership percentage in the company will not change due to the reduction in the number of shares. Also, the total value of the company's shareholders' investments will not change due to the process of reducing the number of shares alone. Any fractions of shares that will result from the process of reducing the capital will be collected and sold, and then the proceeds of their sale will be distributed to the company's shareholders, each according to his entitlement to those fractions.

Thimar Development Holding Company

(Saudi joint stock company)

Appendix to the capital reduction report

1- The company's historical financial data extracted from the financial statements as of December 31, 2023.

Consolidated statement of financial position

| | Note | 31 December 2023 | 31 December 2022 (Restated Note 29) | 1 January 2022 (Restated Note 29) |
|---|------|--------------------|--|--------------------------------------|
| Assets | | | | |
| Non-Current Assets | | | | |
| Property, plant, and equipment, net | 6 | 48,436,478 | 43,318,376 | 11,713,391 |
| Investments in associates, net | 7 | - | - | - |
| Total Non-Current Assets | | 48,436,478 | 43,318,376 | 11,713,391 |
| Current Assets | | | | |
| Assets available for sale | | - | 580,000 | 780,000 |
| Trade Receivables, net | 8 | - | - | - |
| Prepaid expenses and other debit balances, net | 9 | 1,410,841 | 110,165 | 930,227 |
| Due from related parties, net | 10-2 | - | - | - |
| Investments at FVTPL | 11 | 6,000,000 | - | - |
| Cash and cash equivalents | 12 | 47,107,031 | 212,201 | 623,303 |
| Total Current Assets | | 54,517,872 | 902,366 | 2,333,530 |
| Total Assets | | 102,954,350 | 44,220,742 | 14,046,921 |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Share capital | 13 | 250,000,000 | 100,000,000 | 100,000,000 |
| Statutory reserve | | 2,883,376 | 2,883,376 | 2,883,376 |
| Actuarial gains / (loss) on end of service benefits | 14 | 26,673 | (34,303) | (155,283) |
| Revaluation surplus | 6 | 38,115,834 | 31,658,561 | - |
| Accumulated (losses) | | (259,886,534) | (235,014,776) | (232,059,175) |
| Total Equity | | 31,139,349 | (100,507,142) | (129,331,082) |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Employee's end of service benefits | 14 | 118,163 | 84,810 | 856,066 |
| Islamic Loans | 15 | 14,121,289 | - | - |
| Trade payables | 16 | 28,031,577 | - | - |
| Accrued expenses and other credit balances | 17 | 4,130,579 | - | - |
| Due to related parties | 10-3 | 602,472 | - | - |
| Zakat payable | 18 | 3,724,677 | - | - |
| Total Non-Current Liabilities | | 50,728,757 | 84,810 | 856,066 |
| Current Liabilities | | | | |
| Islamic Loans | 15 | - | 32,033,389 | 32,024,465 |
| Trade payables | 16 | 4,141,560 | 69,578,556 | 69,680,793 |
| Accrued expenses and other credit balances | 17 | 8,279,593 | 25,875,110 | 23,660,660 |
| Due to related parties | 10-3 | 657,042 | 1,379,078 | 1,379,078 |
| Zakat payable | 18 | 8,008,049 | 15,776,941 | 15,776,941 |
| Total Current Liabilities | | 21,086,244 | 144,643,074 | 142,521,937 |
| Total Liabilities | | 71,815,001 | 144,727,884 | 143,378,003 |
| Total Equity and Liabilities | | 102,954,350 | 44,220,742 | 14,046,921 |
| Contingent Liabilities and Capital Commitments | 28 | | | |

Chairman of Board

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

Thimar Development Holding Company

(Saudi joint stock company)

Appendix to the capital reduction report

1- The company's historical financial data extracted from the financial statements as of December 31, 2023. (Continued)

Consolidated statement of profit or loss

| | Note | 31 December 2023 | 31 December 2022 (Restated Note 29) |
|--|------|---------------------|--|
| Revenue | | - | - |
| Cost of revenue | | - | - |
| Gross profit | | - | - |
| General and administrative expenses | 19 | (15,719,161) | (6,412,734) |
| General and administrative expenses – financial reorganizational procedure | 20 | (100,000) | (550,000) |
| Provision for legal suits | 17 | (275,000) | - |
| (Impairment) / reversal of impairment in property, plant, and equipment | 6 | (974,008) | 341,652 |
| Operational losses from operations | | (17,068,169) | (6,621,082) |
| Impairment provision in prepayments and other receivables | 9 | (74,422) | (256,988) |
| Reversal of Expected Credit Losses | 8 | - | 107,969 |
| Impact of cash flow's modifications for financial liabilities | 21 | 7,312,523 | - |
| Other Revenues | 22 | 3,299,850 | 3,814,500 |
| Net (loss) for the year before zakat | | (6,530,218) | (2,955,601) |
| Zakat | 18 | - | - |
| Net (loss) for the year | | (6,530,218) | (2,955,601) |
| Basic and diluted (loss) per share: | | | |
| Basic and diluted (loss) per share of net (loss) for the year attributable to shareholders of the Company | 23 | (0.53) | (0.30) |
| Other comprehensive income: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Revaluation surplus | 6 | 6,457,273 | 31,658,561 |
| Actuarial gains from remeasurements of employees defined benefit obligations | 14 | 60,976 | 120,980 |
| Total other comprehensive income | | 6,518,249 | 31,779,541 |
| Total comprehensive (loss) / income for the year | | (11,969) | 28,823,940 |

Chairman of Board

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

Thimar Development Holding Company

(Saudi joint stock company)

Appendix to the capital reduction report

1- The company's historical financial data extracted from the financial statements as of December 31, 2023. (Continued)

Consolidated statement of changes in equity

| | Note | Share Capital | Statutory Reserve | Actuarial Gains / (Loss) for End Of Service Benefits | Revaluation Surplus | Accumulated Losses(| Total |
|--|------|--------------------|-------------------|--|---------------------|----------------------|----------------------|
| Balance as at 1 January 2022 - Before Adjustment | | 100,000,000 | 2,883,376 | (155,283) | - | (228,946,726) | (126,218,633) |
| Prior years adjustments | 28 | - | - | - | - | (3,112,449) | (3,112,449) |
| Balance as at 1 January 2022 - After Adjustment | | 100,000,000 | 2,883,376 | (155,283) | - | (232,059,175) | (129,331,082) |
| Net (loss) for the year - Before Adjustment | | - | - | - | - | (4,705,412) | (4,705,412) |
| Adjustments | | - | - | - | - | 1,749,811 | 1,749,811 |
| Net (loss) for the year - After Adjustment | | - | - | - | - | (2,955,601) | (2,955,601) |
| Other comprehensive income for the year | | - | - | 120,980 | 31,658,561 | - | 31,779,541 |
| Total comprehensive income for the year | | - | - | 120,980 | 31,658,561 | (2,955,601) | 28,823,940 |
| Balance as at 31 December 2022 | | 100,000,000 | 2,883,376 | (34,303) | 31,658,561 | (235,014,776) | (100,507,142) |
| Balance as at 1 January 2023 | 28 | 100,000,000 | 2,883,376 | (34,303) | 31,658,561 | (235,014,776) | (100,507,142) |
| Net (loss) for the year | | - | - | - | - | (6,530,218) | (6,530,218) |
| Other comprehensive income for the year | | - | - | 60,976 | 6,457,273 | - | 6,518,249 |
| Total comprehensive (loss) for the year | | - | - | 60,976 | 6,457,273 | (6,530,218) | (11,969) |
| Share capital increasing | | 150,000,000 | - | - | - | - | 150,000,000 |
| Flotation costs paid | | - | - | - | - | (18,341,540) | (18,341,540) |
| Balance as at 31 December 2023 | | 250,000,000 | 2,883,376 | 26,673 | 38,115,834 | (259,886,534) | 31,139,349 |

Chairman of Board

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

1- The company's historical financial data extracted from the financial statements as of December 31, 2023. (Continued)

Consolidated statement of cash flows

| | 31 December 2023 | 31 December 2022 (Restated Note 29) |
|---|---------------------|--|
| Cash Flows From Operating Activities | | |
| Net (loss) for the year before zakat | (6,530,218) | (2,955,601) |
| Adjustments to reconcile net (loss) for the year before zakat to net cash flows generated from operating activities: | | |
| Depreciation of property ,plant and equipment | 377,404 | 421,576 |
| Employee benefit obligations | 117,991 | 58,976 |
| Gains on sale of property ,plant and equipment | (251,144) | (14,500) |
| Gains on sale of assets available for sale | (19,124) | - |
| Loss /(reversal) of impairment in property, plant, and equipment | 974,008 | (341,652) |
| Impact of cash flow's modifications for financial liabilities | (7,312,523) | - |
| | (12,643,606) | (2,831,201) |
| Changes in assets and liabilities: | | |
| Prepaid expenses and other debit balances, net | (1,300,676) | 820,062 |
| Trade payables | (33,354,371) | (102,237) |
| Accrued expenses and other credit balances | (12,691,068) | 2,214,450 |
| Cash (used in) / generated from operating activities | (59,989,721) | 101,074 |
| End of service benefits paid | (23,662) | (709,252) |
| Zakat paid | (3,543,546) | - |
| Net cash (used in) operating activities | (63,556,929) | (608,178) |
| Cash Flows From Investing Activities | | |
| Paid for purchasing of property, plant and equipment | (13,597) | (26,348) |
| Proceeds from sale of property, plant and equipment | 252,500 | 14,500 |
| Proceeds from sale of assets available for sale | 599,124 | 200,000 |
| Paid for investments | (6,000,000) | - |
| Net cash (used in) / generated from investing activities | (5,161,973) | 188,152 |
| cash flows from financing activities | | |
| Due to related parties | (32,496) | - |
| Proceeds from Capital increasing | 150,000,000 | - |
| Islamic Loans (paid) / received | (16,012,232) | 8,924 |
| Flotation costs paid | (18,341,540) | - |
| Net cash generated from financing activities | 115,613,732 | 8,924 |
| Net change in cash and cash equivalents | 46,894,830 | (411,102) |
| Cash and cash equivalents at beginning of the year | 212,201 | 623,303 |
| Cash and cash equivalents at end of the year | 47,107,031 | 212,201 |

Chairman of Board

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

2- Notes on the financial statements, the reasons for reducing capital, and the impact of that reduction on the company's obligations.

2-1 Liabilities

Total liabilities represent 69.75% of the company's total assets as of December 31, 2023 AD. Liabilities consist mainly of loans, trade payables, accrued expenses, other credit balances, due to related parties, and due legal zakat. The capital reduction will not have any impact on the company's liabilities.

2-2 Accumulated losses

As of December 31, 2023, the company's accumulated losses amounted to (259,886,534) Saudi riyals, which represents 103.95% of the company's capital.

Reducing capital by SAR 185,000,000 will reduce accumulated losses to SAR 74,886,534.

2-3 Capital

The capital before reduction is 250,000,000 Saudi riyals.

The capital before reduction is ("250,000,000") Saudi riyals, divided into twenty-five million ("25,000,000") ordinary shares. With a nominal value of 10 Saudi riyals per share

2- Notes on the financial statements, the reasons for reducing capital, and the impact of that reduction on the company's obligations.

2-4 Reasons for reducing capital

The purpose of reducing the capital by an amount of (185,000,000) Saudi riyals is to absorb the accumulated losses as of December 31, 2023 AD, and then the company will increase its capital by issuing priority rights shares in order to maximize the company's expansion capacity in investments to support the company's activities according to the financial regulation plan.

2-5 Effect of capital reduction

The impact on shareholders' equity based on the audited financial statements for the year ending December 31, 2023 will be as follows:

| Shareholders' equity | Before the reduction | After the reduction | Change |
|--|----------------------|---------------------|---------------|
| Capital | 250,000,000 | 65,000,000 | (185,000,000) |
| Statutory reserve | 2,883,376 | 2,883,376 | |
| Actuarial gains/(losses) for end-of-service benefits | 26,673 | 26,673 | |
| Revaluation surplus | 38,115,834 | 38,115,834 | |
| Accumulated (losses). | (259,886,534) | (74,886,534) | 185,000,000 |
| Total | 31,139,349 | 31,139,349 | |

The capital reduction will have no impact on the company's cash accounts. In addition, there will be no impact on the net shareholders' equity and liabilities of the company.

3- Relevant articles of laws and regulations.

- **Capital Market Authority**

Article (76) of Chapter Two of the Rules for the Offer of Securities and Continuing Obligations

issued by the Capital Market Authority:

A) An issuer who wishes to reduce its capital must submit an application to the Authority that includes - as a minimum - the information contained in Appendix 23 of these rules to obtain its approval before obtaining the approval of the Extraordinary General Assembly to reduce the capital, provided that it is attached to the following application:

- (1) Letter of appointment of the financial advisor.
- (2) Letter of appointment of the legal advisor (if any).
- (3) A report from an external certified public accountant on the reasons for reducing the capital and the impact of that reduction on the issuer's obligations.
- (4) The proposed method for reducing capital and the expected effects of that reduction.
- (5) A copy of the shareholders' circular referred to in Paragraph (B) of this Article.
- (6) Any other documents required by the Capital Market Authority.

B) The issuer must issue a circular to its shareholders that includes the information necessary to enable shareholders to vote in the extraordinary general assembly meeting based on awareness and knowledge. The circular must include - as a minimum - the following information:

- (1) The general structure of the proposed capital reduction.
- (2) The reasons for reducing capital, including management's discussion and analysis in this regard.
- (3) Risk factors related to capital reduction.

(4) The time period of the operation.

(5) A statement from the members of the issuer's board of directors confirming their belief that reducing capital is in the interest of the issuer and shareholders.

(c) The shareholders' circular - which is submitted to the Authority regarding the request to reduce the issuer's capital - must be prepared in Arabic, and reference should be made in the margin of the circular to the relevant paragraphs stipulated in these rules, with an explanation of any changes from previous drafts, and it must include all Draft circular on the first page, draft number and date of submission.

- **Corporate system**

Article (132) Company losses

If the losses of the joint-stock company amount to (half of the issued capital), the Board of Directors must disclose that and the recommendations it has reached regarding those losses within sixty days from the date of its learning that they have reached this amount, and invite the extraordinary general assembly to meet within (one hundred and eighty) days. From the date of learning of this, to consider the continuation of the company and take any necessary measures to address or resolve those losses.

Article (133) Methods of reducing capital:

The capital is reduced in one of the following ways:

A) Cancel a number of shares equal to the amount required to be reduced.

B) Reducing the nominal value of the share by canceling a part of it equivalent to the loss incurred by the company

C) Reducing the nominal value of the share by returning part of it to the shareholder or by absolving

him of all or some of the unpaid amount of the value of the share. Purchase

D) The company has a number of its shares equivalent to the amount required to be reduced, and then cancelled.

Article (134) Issuing a decision to reduce capital:

The extraordinary general assembly may decide to reduce the capital if it exceeds the company's needs or if it suffers losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article Fifty-Nine of the Law. The reduction decision shall not be issued except after reading a statement in the General Assembly prepared by the Board of Directors about the reasons necessitating the reduction, the company's obligations, and the effect of the reduction on fulfilling them. A report from the company's auditor shall be attached to this statement. It may be sufficient to present the aforementioned statement to the shareholders in cases where the General Assembly's decision is issued by circulation.

- **Policy of the company:**

Article (7) Capital:

The company's capital is set at 250,000,000 Saudi riyals, divided into 25,000,000 nominal shares of equal value, each of which is worth 10 Saudi riyals, all of which are ordinary shares.

Article (8) Subscription to Shares:

Shareholders subscribed to the company's entire 25,000,000 shares, valued at 250,000,000 Saudi riyals, all of which are fully paid ordinary shares.

Article (16) Capital Reduction:

The extraordinary general assembly may decide to reduce the capital if it exceeds the company's needs

or if the company suffers losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article (Fifty-Nine) of the Law. The reduction decision shall not be issued except after reading a statement in the General Assembly prepared by the Board of Directors about the reasons necessitating the reduction, the company's obligations, and the effect of the reduction on fulfilling them. A report from the company's auditor is attached to this statement. It may be sufficient to present the aforementioned statement to the shareholders in cases where the General Assembly resolution is passed by circulation. If the capital reduction is a result of it exceeding the company's needs, the creditors must be invited to express their objections - if any - to the reduction at least (forty-five days) before the date set for holding the extraordinary general assembly meeting to take the reduction decision, provided that a statement explaining the amount of the capital is attached to the invitation. Money before and after the reduction, the date of holding the meeting and the effective date of the reduction. If any of the creditors objects to the reduction and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is due or provide him with sufficient guarantee to fulfill it if it is due. The person who has notified the company of his objection to the reduction and whose debt has not been paid if it is current, or provided sufficient guarantee to fulfill it if it is due, may apply to the competent judicial authority before the date specified for holding the extraordinary general assembly to take the reduction decision, and the competent judicial authority in this case shall have the right to It orders the repayment of the debt, the provision of sufficient guarantee, or the postponement of the extraordinary general assembly meeting, as the case may be.

The reduction shall not be invoked against the creditor who submitted his request on the date

stipulated in Paragraph (1) of this Article unless he has satisfied what was due from his debt or obtained sufficient guarantee to fulfill what was not due.

End of Report

نموذج التوكيل

نموذج التوكيل غير متاح وذلك بسبب انعقاد الجمعية العامة العادية عن طريق وسائل التقنية الحديثة باستخدام منظمة تداولتي. وللإستفسارات يرجى التواصل بإدارة علاقات المستثمرين عبر

هاتف: +966 (59) 1616638

البريد الإلكتروني: thimarshareholders@thimar.com.sa

Power of attorney form

The proxy form is not available due to the holding of the ordinary general assembly meeting through modern technology means using tadawulaty system. For inquiries, please contact the Investor Relations Department via:

Phone: +966 (59) 1616638

Email: thimarshareholders@thimar.com.sa