

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF THEMAR DEVELOPMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
SAUDI JOINT STOCK COMPANY
RIYADH-KINGDOM OF SAUDI ARABIA
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Thimar Development Holding Company (the "Group") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

We have audited the financial statements of the Company, which comprise the following:

- The **statement of financial position** as at 31 December 2025;
- The **statement of profit or loss** for the year then ended;
- The **statement of comprehensive income** for the year then ended;
- The **statement of changes in equity** for the year then ended;
- The **statement of cash flows** for the year then ended; and
- The **notes to the financial statements**, including material accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants as endorsed in the Kingdom of Saudi Arabia and relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note (4-1) to the accompanying consolidated financial statements, which indicates that the Group incurred a loss of SAR 13,027,361 for the year ended 31 December 2025. In addition, the accumulated losses as at 31 December 2025 amounted to SAR 94,653,914, representing 146% of the share capital.

Accordingly, pursuant to Article (132) of the Companies Law, the Company is required to convene an Extraordinary General Assembly within one hundred and eighty days from the date of becoming aware of such losses to consider the continuation of the Group and to take any necessary actions to address these losses or dissolve the Company. However, due to the Group entering into a financial reorganization proposal and procedures, as disclosed in Note (1), and in accordance with Article (45), Chapter Four of the Bankruptcy Law and its Implementing Regulations, the Group is exempted from the application of the provisions of the Companies Law with respect to the accumulated losses reaching the statutory threshold.

Furthermore, the Group's ability to continue as a going concern is dependent on the successful implementation of the financial reorganization proposal.

As stated in Note (4-1), these events or conditions, along with the other matters set forth in Note (1), indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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EMPHASIS OF MATTER

We draw attention to Note (1) to the accompanying consolidated financial statements, which indicates that Thimar Development Holding Company is subject to a financial reorganization procedure in accordance with the court judgment issued on 7 April 2021 (corresponding to 25 Sha'ban 1442H) in Case No. 1970 of 1442H, which ordered the commencement of the financial reorganization procedure for the Company and the appointment of Hani bin Saleh Al-Aqili as the Financial Reorganization Trustee.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How we addressed the key audit matters
Revaluation of Land	
<ul style="list-style-type: none"> ❖ As at 31 December 2025, the Group holds land under Property, Plant and Equipment at a fair value of SAR 35,496,786 (31 December 2024: SAR 46,094,245). ❖ The land is measured using the revaluation model, whereby the Group's owned land is revalued to its fair value at the reporting date for revaluation purposes. The valuations were performed by independent external valuers appointed by management, and the lower of the two valuations was adopted in accordance with the regulatory instructions in this regard. ❖ The revaluation of land is considered a key audit matter because it is a significant area of judgment, supported by a set of assumptions, and involves a high degree of estimation uncertainty with the potential for a material impact on the results. ❖ The land was valued using the market approach (comparative method). 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ❖ Assessing the competence, capabilities, and objectivity of the valuation experts ❖ Obtaining an understanding of the work performed by the valuation experts ❖ Evaluating the appropriateness of the experts' work as audit evidence for the related assertions ❖ Assessing the adequacy of the information and disclosures related to the revaluation of land, as presented in Notes (3-2) and (6) to the consolidated financial statements ❖ Verifying the calculation method applied by management in selecting the lower of the two fair value estimates for each land plot, in accordance with the requirements of the Capital Market Authority (CMA) ❖ Evaluating the valuation methodology and determining whether the key assumptions, including market comparability of land, were within an acceptable range ❖ Engaging an independent external expert and assessing their competence, capabilities, and objectivity for the purposes of our audit ❖ Assessing the reasonableness and appropriateness of the conclusions or results of the engaged expert and their consistency with other audit evidence

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OTHER INFORMATION

Other information consists of the information included in the Group's Annual Report for the year ended 31 December 2025, other than the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report. Management is responsible for the other information included in its annual report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information as described above, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

MANAGEMENT'S AND THOSE CHARGED WITH GOVERNANCE RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants, and in accordance with the Companies Law and the Company's Articles of Association. Management is also responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) as endorsed in the Kingdom of Saudi Arabia will always detect every material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if it is reasonably expected that, individually or in aggregate, they could influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit conducted in accordance with ISAs as endorsed in Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following procedures:

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- ❖ Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks, obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omission, misleading representations, or override of internal control
- ❖ Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ❖ Conclude on the appropriateness of management's use of the going concern basis of accounting, based on the audit evidence obtained, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- ❖ Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- ❖ Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year. These matters are the key audit matters and are described in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF Al Bassam
Certified Public Accountants