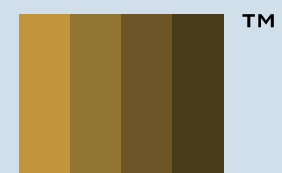


# Tihama Advertising and Public Relations and Marketing Company

Reducing the company's capital by one hundred seventy million seven hundred eighty-three thousand three hundred seventy (170,783,370) Saudi Riyals from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi Riyals. This will result in a decrease in the number of shares from forty million (40,000,000) ordinary shares to twenty-two million nine hundred twenty-one thousand six hundred sixty-three (22,921,663) ordinary shares.

Extraordinary General Assembly 22/05/1447H (corresponding to 13/11/2025G)





# Table of Contents :

Item	Page
Company Information, Financial Advisor and Chartered Accountant	3
Terms and Definitions	4
The Purpose of This Circular	5
Company's Background	6-16
Capital Reduction	17-18
Evolution of Accumulated Losses	19-22
The Company’s Plan and Corrective Steps to Stop Losses	23
General Structure of The Proposed Capital Reduction	24
Reasons for The Capital Reduction and Management Analysis Discussion	25
The Impact of Reducing the Company’s Capital on The Company’s Liabilities	26
The Impact of Reducing the Company’s Capital on The Company’s Shareholders Equity	27-29
How to calculate the share price after capital reduction	30
Potential Risks Resulting From Reducing The Company’s Capital	31-35
Timeline for Capital Reduction Process	36-38
Board of Directors Declaration	39
Regulatory Approvals Required to Complete The Company’s Capital Reduction Process	40
Relevant Rules, Regulations and Instructions	41
Important Information	42-43
Chartered Accountant's Report	44
Documents Available for Review	45
Attachments	46



Company Address

Tihama Advertising and Public Relations and Marketing Company  
Riyadh - Al-Muhammadiyah District - King Fahad Road  
Al-Sahab Building - Fourth Floor  
P.O. Box 4681 - Riyadh 11412  
Kingdom of Saudi Arabia  
Tel: +966 11 2079767  
Fax: +966 11 2079504  
Email: [investor-relations@tihama.com](mailto:investor-relations@tihama.com)  
Website: [www.tihama.com](http://www.tihama.com)



Financial Advisor

**Al-Wasatah Al-Maliah Company (Wasatah Capital )**  
Riyadh -Olaya General Street - Building No. 7459  
Sub -number 2207, Al -Morouj District, Postal code 12283  
P.O. Box 50315, Riyadh 11523  
Kingdom of Saudi Arabia  
Tel: +966 11 4944067  
Fax: +966 11 4944205  
Email: [info@wasatah.com.sa](mailto:info@wasatah.com.sa)  
Website: [www.wasatah.com.sa](http://www.wasatah.com.sa)



**Chartered Accountant for the interim condensed financial statements for the three-month period ending 30/06/2025G and prepared the limited assurance report on the proposed capital reduction based on the date of the unaudited interim condensed consolidated financial statements for the three-month period ending 30/06/2025G**

**PKF Al-Bassam Chartered Accountants Company (Member of PKF International)**  
Riyadh - Al -Sulaymaniyah District - Prince Abdulaziz bin Musaed Street  
P.O. Box 69658 Riyadh 11557  
Kingdom of Saudi Arabia  
Tel: +966 (11) 206 5333  
Fax: +966 (11) 206 5444  
Email: [info.sa@pkf.com](mailto:info.sa@pkf.com)  
Website: [www.pkfbassam.com](http://www.pkfbassam.com)



Terms And Definitions:



Term	Definition	Term	Definition
The Company or The Issuer	Tihama Advertising and Public Relations and Marketing Company.	Rules for offering securities and continuing obligations	The rules for offering securities and continuing obligations issued by the board of the capital market authority pursuant to resolution no. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) based on the capital market law issued by royal decree no. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), and amended by the Authority’s Board Resolution No. (1-94-2025) dated 09/03/1447H (corresponding to 01/09/2025G) and any amendments thereto.
The Extraordinary General Assembly	Extraordinary General Assembly of the Company’s Shareholders.	Listing rules	Listing rules issued by the Saudi stock exchange (Tadawul) and approved by capital market authority resolution board no.(3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G). And amended by its resolution No.2-53-2025 dated 21/11/1446H (Corresponding to 19/05/2025G) and any amendments thereto.
Capital Market Authority or The Authority	Capital Market Authority of The Kingdom of Saudi Arabia.	Circular / shareholder’s circular	This document that is prepared by the company in connection with the capital reduction
Tadawul	The Saudi Tadawul Company (formerly the Saudi Stock Exchange Company) is a subsidiary of the Saudi Tadawul Group, established pursuant to a cabinet resolution dated 29/02/1428H (corresponding to 19/03/2007G) in implementation of the Capital Market Law. It is a saudi closed joint-stock company and the only entity authorized to operate as a stock market in the Kingdom of Saudi Arabia, listing and trading securities.	Chartered accountant report on capital reduction	Limited assurance report on capital reduction, which explains the reasons for the capital reduction and its impact on the company based on the date of the unaudited interim condensed consolidated financial statements for the three-month period ending 30/06/ 2025G
Edaa	Securities Depository Center Company (Edaa)	Shareholders	Company’s shareholders
Ministry of commerce	Ministry of commerce in the kingdom of Saudi Arabia.	Eligible shareholders	Shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly meeting for the capital reduction and who are registered in the company’s shareholders’ records at the Depository Center at the end of the second day following the day of the extraordinary general assembly meeting for the capital reduction.
Companies Law	The companies law issued by royal decree (M/132) dated 01/12/1443H ( corresponding to 30/06/2022G) and any amendments thereto.	Electronic voting	A free electronic service for companies listed on the Saudi Stock Exchange, enabling shareholders to exercise their voting rights on items on the agenda of general assemblies without physically attending, through the Tadawulaty platform of the Securities Depository Center Company.
Saudi Stock Exchange or Market or Tadawul	Saudi Stock Exchange ( for trading stocks in the kingdom of Saudi Arabia )	Saudi Organization for Chartered and Professional Accountants (SOCPA)	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia
Senior Executives	Any natural person who is entrusted - alone or with others - by the Board or a member of the Board with supervisory and management tasks, and who reports directly to the Board of Directors, a member of the Board of Directors, or the Chief Executive Officer.	International Financial Reporting Standards (IFRS)	A collection of accounting standards and their interpretations issued by the International Accounting Standards Board.
Major Shareholders	Shareholders who own 5% or more of the company's shares.	Capital Reduction	Reducing the company’s capital by cancelling (17,078,337) ordinary shares with a nominal value of ten (10) Riyals per share.





## The Purpose of This Circular

- This circular has been prepared by the Company in accordance with Article (61) of the Rules for the Offering of Securities and Continuing Obligations, to provide the necessary information to the Company's shareholders to enable them to vote on the proposed capital reduction at the Extraordinary General Assembly meeting based on awareness and knowledge. Shareholders must read the circular carefully and completely before making their voting decision.
- The financial information and figures included in this circular have been rounded. If the figures in the tables are added together, there may be a slight difference in the figures mentioned in this circular compared to those mentioned in the financial statements due to rounding.
- This circular contains certain forward-looking statements and expectations. These expectations and forward-looking statements may be inferred from the use of forward-looking words and phrases, including, but not limited to, "expects," "aims," "estimates," "intends," "plans," "will," "believes," "seeks," "may," "will be," "could," "should," or the negative thereof or other words of substantial or similar meaning. Forward-looking statements contained in this circular include, but are not limited to, the effects of a capital reduction, the expected dates thereof, and other matters. These statements are subject to change as a result of a number of factors that cannot be accurately estimated, such as future market conditions and the behavior of other market participants. Recipients of this circular should therefore read these expectations and statements accordingly and not rely on them.



## Company's Background

- ❖ Tihama Advertising and Public Relations and Marketing Company (The Company) is a saudi joint stock company under commercial register No.(1010016722) registered in Riyadh on 08/07/1398H (corresponding to 13/06/1978G).
  - ❖ The company started its activity as a limited liability company and then transformed into a saudi joint stock company in accordance with the Companies Law in the Kingdom of Saudi Arabia pursuant to ministerial resolution no. (1397) issued by the ministry of commerce and industry dated 29/06/1403H (corresponding to 13/04/1983G). the company operates in the field of commercial advertising, public relations, marketing, publishing and distribution under the ministry of culture and information license no. (23232).
  - ❖ The company's head office is located in Riyadh - Al-Muhammadiyah district – King Fahad road - al-Sahab building - fourth floor, P.O. box 4681, Riyadh 11412, Kingdom of Saudi Arabia. The company has a branch in Jeddah, registered under commercial register No. (4030008889) dated 03/04/1395H (corresponding to 15/04/1975G).
  - ❖ The company's activities, according to its commercial register No.(1010016722) dated 08/07/1398H (corresponding to 13/06/1978G), are to pursue the following purposes:
    - Film distribution to exhibitors and television networks.
    - Video distribution to exhibitors and television networks.
    - DVD distribution to exhibitors and television networks.
    - Private investment activities of the relevant entities include venture capital companies and investment clubs.
    - Activities of investment companies.
    - Purchase, sale, and subdivision of land and real estate, and off-plan sales activities.
    - Public relations and communications.
    - Advertising agencies and institutions.
    - Renting and operating agricultural and forestry equipment without an operator.
-



## Company's Background

❖ The company's activities, as stated in its articles of association, include pursuing and implementing the following purposes:

- Printing.
- Advertisement.
- Book Publishing.
- Wholesale of other household goods.
- Non-Specialized household trades.
- Publishing newspapers, magazines and periodicals.
- Films, Videos and TV shows production activities.
- Movies, Videos and TV shows distribution activities.
- Packaging and wrapping activities.
- Other financial service activities, excluding insurance and pension financing, not elsewhere classified.
- Real estate activities involving owned or leased property.
- Management consultancy activities.
- Retail sale of books, newspapers, and stationery in specialized stores.
- Rental of machinery, other equipment, and real goods.
- Organization of conferences and trade fairs.
- Other types of education, not elsewhere classified.
- Educational support activities.
- Repair of computers and computer peripheral equipment.

## Contact Information

Contact Person Name: Shareholder Affairs Department

Tel: +966 11 2079767

Fax: +966 11 2079504

Email: [investor-relations@tihama.com](mailto:investor-relations@tihama.com)

Website: [www.tihama.com](http://www.tihama.com)



# Company's Background

Subsidiaries - Continuing Operations:

Company’s Name*	Company’s Overview
Tihama Distribution Company	Tihama Distribution Company is a single-person limited liability company established under the Companies Law of the Kingdom of Saudi Arabia with a capital of 3,500,000 Saudi Riyals and registered under Commercial Registration No. 1010630677 issued in the city of Riyadh on 10/07/1441H (corresponding to 05/03/2020G). Its headquarters located in the city of Riyadh. The company’s activity is the retail sale of computers and their accessories, including printers and their inks, the retail sale of books, magazines, newspapers, and educational aids, the retail sale of stationery, office supplies, newspapers, and magazines (libraries), and the publishing of paper books, dictionaries, atlases, and maps (including: importing and producing written, drawn, or illustrated intellectual vessels).
Tihama Education Company	Tihama Education Company is registered in the Kingdom of Saudi Arabia as a Saudi limited liability company with a capital of 200,000 Saudi Riyals under Commercial Registration No. 1010556302 issued in Riyadh on 29/06/1438H (corresponding to 28/03/2017G). Its headquarters located in Riyadh. The company’s activity is in supplies, retail sale of stationery, office supplies, newspapers and magazines (libraries), and head office activities.
Nassaj ALKhayal for Audio-visual Media Production Company	Nassaj ALKhayal for Audio-visual Media Production Company was registered as a limited liability company with a capital of 100,000 Saudi Riyals under Commercial Registration No. 1010597777 issued in Riyadh on 07/02/1441H (corresponding to 06/10/2019G). Its headquarters located in Riyadh. The company’s activity is to provide marketing services on behalf of others.
Integrated Production for Audio-visual Media Production Company	Integrated Production for Audio-visual Media Production Company is registered as a Saudi limited liability company with a capital of 10,000 Saudi Riyals under Commercial Registration No. 1010560718 issued in Riyadh on 15/06/1440H (corresponding to 20/02/2019G). Its headquarters located in Riyadh. The company’s activity is the production of cinematic films, including traditional animation, films and video programs, TV Showes, the production of television commercials, and the operation of an audio-visual studio.
Tihama First Entertainment Company	Tihama First Entertainment Company was registered as a limited liability company with a capital of 50,000 Saudi Riyals under Commercial Registration No. 1009174716 issued in Riyadh on 13/07/1446H (corresponding to 13/01/2025G). Its headquarters located in Riyadh. The company’s activities include public relations and communications, advertising and publicity agencies and institutions, organizing and managing exhibitions and conferences, organizing and managing crowds, operating exhibition and conference centers and facilities, organizing entertainment events, and renting drones.

\*Tihama Advertising, Public Relations and Marketing Company owns 100% of all subsidiaries listed in the table above, with the exception of:

- Nassaj ALKhayal for Audio-visual Media Production Company(50%)
- Integrated Production for Audio-visual Media Production Company (70%)





# Company's Background

Subsidiaries - Discontinued Operations:

Company’s Name*	Company’s Overview
Tihama Holding for Commercial Investment Company	Tihama Holding Company for Commercial Investment is registered in the Kingdom of Saudi Arabia as a Saudi limited liability company with a capital of 500,000 Saudi Riyals under Commercial Registration No. 1010179387 issued in Riyadh on 25/05/1423H (corresponding to 04/08/2002G). Its headquarters located in Riyadh. The company’s activities include central markets for food and consumer goods, catering, retail sale of food and beverages in kiosks and markets, operation of storage facilities for all types of goods except food, management of subsidiaries of holding companies, investment of funds of subsidiaries of holding companies, ownership of real estate and movable property necessary for holding companies, provision of loans, guarantees and financing to subsidiaries of holding companies, ownership of industrial property rights of subsidiaries of holding companies, and investment company activities.
Tihama Modern Bookstores Company	Tihama Modern Bookstores Company was established as a Saudi limited liability company with a capital of 81,671,977 Saudi Riyals and registered under Commercial Registration No. 4030206816 dated 05/01/1432H (corresponding to 11/12/2010G). Its headquarters located in Riyadh. The company’s activity is to buy, sell and market stationery, books, computers, accessories, furniture and school supplies.
Estidama International Real Estate Company	Estidama International Real Estate Company is registered in the Kingdom of Saudi Arabia as a Saudi limited liability company with a capital of 500,000 Saudi Riyals under Commercial Registration No. 4030206803 issued in Jeddah on 05/01/1432H (corresponding to 11/12/2010G). Its headquarters located in Riyadh. The company’s activity is represented in general construction of non-residential buildings (such as schools, hospitals and hotels), renovations of residential and non-residential buildings, purchase, sale and division of lands and real estate, off-plan sales activities, management and leasing of owned or rented residential properties, management and leasing of owned or rented non-residential properties, management of real estate facilities, management of maintenance and operation operations in its buildings and facilities, and entertainment cities.
Tihama International Advertising Company	Tihama International Advertising Company is registered in the Kingdom of Saudi Arabia as a Saudi limited liability company with a capital of 500,000 Saudi Riyals under Commercial Registration No. 1010305626 issued in Riyadh on 22/04/1432H (corresponding to 27/03/2011G). Its headquarters located in Riyadh. The company’s activity is represented in wholesale sales via the Internet, installation and assembly of neon signs, market research and opinion polls, organization and management of exhibitions and conferences, and operation of exhibition and conference centers and facilities.
Fast Advertising and Publicity Company	Fast Advertising and Publicity Company was registered in the Kingdom of Saudi Arabia as a single-person limited liability company with a capital of 25,000 Saudi Riyals under Commercial Registration No. 1010475663 issued in the city of Riyadh on 27/02/1440H (corresponding to 05/11/2018G). Its headquarters located in the city of Riyadh. The company’s activity is in advertising and publicity institutions and agencies.
Tihama New Media Advertising and Publicity Company	Tihama New Media Advertising and Publicity Company is registered in the Kingdom of Saudi Arabia as a limited liability company with a capital of 100,000 Saudi Riyals under Commercial Registration No. 1010893591 issued in Riyadh on 25/11/1438H (corresponding to 17/08/2017G). Its headquarters located in Riyadh. The company’s activity is the wholesale sale of gifts and luxuries to advertising and publicity agencies and institutions, and the provision of marketing services on behalf of others.

\*Tihama Advertising, Public Relations and Marketing Company owns 100% of all subsidiaries listed in the table above.



# Key Developments in The Company’s Capital

The Company’s current capital is four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,0000) ordinary shares with a nominal value of Ten (10) Saudi Riyals per share, fully paid. The following are the most important events and changes into the company’s capital since its establishment:

Date	Event
03/04/1395H (corresponding to 15/04/1975G)	Tihama Company was established as a limited liability company In Jeddah with a capital of two million two hundred and forty – five thousand (2,245,000) Saudi Riyals.
29/06/1403H (corresponding to 13/04/1983G)	The Company was transformed into a saudi joint stock company in accordance with the Companies Law in the Kingdom of Saudi Arabia pursuant to ministerial resolution no.(1397) issued by the ministry of commerce and industry, and its capital became two hundred million (200,000,000) Saudi Riyals, divided into two million (2,000,000) ordinary shares, with a nominal value of one hundred (100) Saudi Riyals for each share.
11/10/1407H (corresponding to 07/06/1987G)	The Extraordinary General Assembly approved reducing The Company’s capital by (25%) from two hundred million (200,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, divided into two million (2,000,000) ordinary shares with a nominal value of seventy-five (75) Saudi Riyals per share, in order to extinguish the company’s accumulated losses.
16/09/1408H (corresponding to 02/05/1988G)	The Extraordinary General Assembly approved reducing the company’s capital by (20%) from one hundred and fifty million (150,000,000) Saudi Riyals to one hundred and twenty million (120,000,000) Saudi Riyals, Divided into two million (2,000,000) ordinary shares with a nominal value of sixty (60) Saudi Riyals per share, due to the capital exceeding the company’s needs.
14/04/1412H (corresponding to 21/10/1991G)	The Extraordinary General Assembly approved reducing the capital by (16.7%) from one hundred and twenty million (120,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, divided Into two million (2,000,000) ordinary shares with a nominal value of fifty (50) Saudi Riyals per share, in order to extinguish The Company’s accumulated loses.
21/04/1415H (corresponding to 26/09/1994G)	The Extraordinary General Assembly approved increasing the company’s capital by (50%) from one hundred million (100,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, divided into three million (3,000,000) ordinary shares with a nominal value of fifty (50) Saudi Riyals, by issuing one million (1,000,000) new ordinary shares with a nominal value of fifty (50) Saudi Riyals per share.
27/02/1427H (corresponding to 27/03/2006G)	The Capital Market Authority Issued Resolution No. 4-154-2006 based on the council of minister's decision to split the shares of public joint-stock Company’s, That the nominal value of each shares became (10) Saudi Riyals instead of fifty (50) Saudi Riyals. Accordingly, The company’s shares were split to become fifteen million (15,000,0000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.





## Key Developments in The Company’s Capital

Date	Event
16/07/1438H (corresponding to 13/04/2017G)	The Extraordinary General Assembly approved reducing the company’s capital by (50%) from one hundred and fifty million (150,000,000) Saudi Riyals to seventy-five million (75,000,000) Saudi Riyals, divided into seven million and five hundred thousand (7,500,000) ordinary shares with a nominal value of Ten (10) Riyals per share, in order to extinguish the company’s accumulated losses.
24/11/1441H (corresponding to 15/07/2020G)	The Extraordinary General Assembly approved increasing the company’s capital through issuing preemptive rights shares. The subscription represents the offering of ten million (10,000,000) new ordinary shares at an offering price of ten (10) Riyals per share and a nominal value of (10) Saudi Riyals, in order to increase the company’s capital from seventy-five million (75,000,000) Saudi Riyals to one hundred and seventy-five million (175,000,000) Saudi Riyals and to increase the number of shares from seven million five hundred Thousand (7,500,000) to seventeen million five hundred thousand (17,500,000) ordinary shares .
22/07/1443H (corresponding to 23/02/2022G)	The Extraordinary General Assembly approved reducing the company’s capital by (71.43%) from one hundred and seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals in order to restructure the company’s capital to extinguish part of the accumulated losses, which is represented by canceling twelve million and five hundred thousand (12,500,000) ordinary shares , where (1) share was canceled in exchange for (1.4) shares.
10/03/1444H (corresponding to 06/10/2022G)	The Capital Market Authority issued its decision to suspend trading of the company’s shares starting Sunday, 13/03/1444H (corresponding to 09/10/2022G), due to the company filing a request with the court to initiate financial restructuring proceedings under the bankruptcy law.
14/05/1444H (corresponding to 08/12/2022G)	The Capital Market Authority issued its decision to lift the suspension of trading in the shares, starting from Sunday 17/05/1444H (corresponding to 11/12/2022G), due to the issuance of a judicial ruling from the Commercial Court in Riyadh approving the commencement of financial restructuring procedures for the company.
11/09/1444H (corresponding to 02/04/2023G)	The Extraordinary General Assembly approved increasing the company’s capital by issuing preemptive rights shares. The subscription represents the offering of thirty-five million (35,000,000) new ordinary shares at an offering price of ten (10) Riyals per share and a nominal value of ten (10) Saudi Riyals, in order to increase the company’s capital from fifty million (50,000,000) Saudi Riyals, to four hundred million (400,000,000) Saudi Riyals and to increase the number of shares from five million (5,000,000) to forty million (40,000,000) ordinary shares.
25/12/1445H (corresponding to 01/07/2024G)	The Saudi Stock Exchange announced the suspension of trading in Tihama Advertising and Public Relations Company’s shares starting from Monday 25/12/1445H (corresponding to 01/07/2024G) for one trading session, due to the company’s failure to publish its annual financial statements ending 31/03/2024G within the specified statutory period. If the company does not announce its annual financial statements ending 31/03/2024G by the end of Monday 23/01/1446H (corresponding to 29/07/2024G) , Trading in the shares will be suspended again starting from Tuesday 24/01/1446H (corresponding to 30/07/2024G) until it announces the financial statements.
24/01/1446H (corresponding to 30/07/2024G)	Due to Tihama Advertising and Public Relations Company’s failure to announce its annual financial statements ending on 31/03/2024G, within the statutory period, The Saudi Stock Exchange announced the re-suspension of trading in Tihama Advertising and Public Relations Company’s shares, effective Tuesday, 24/01/1446H (corresponding to 30/07/2024G), pending the announcement of the financial statements.



## Key Developments in The Company’s Capital

Date	Event
02/07/1446H (corresponding to 02/01/2025G)	The Saudi Stock Exchange announced lifting the suspension of trading in Tihama Advertising and Public Relations Company shares, effective Thursday 02/07/1446H (corresponding to 02/01/2025G), after the reasons for the suspension were no longer in place.
13/08/1446H (corresponding to 12/02/2025G)	The Saudi Stock Exchange announced the suspension of trading in Tihama Advertising and Public Relations Company’s shares starting from Wednesday 13/08/1446H (corresponding to 12/02/2025G) for one trading session, due to the company’s failure to publish its unaudited interim condensed consolidated financial statements ending 31/12/2024G within the specified statutory period. If the company does not announce its unaudited interim condensed consolidated financial statements ending 31/12/2024G by the end of Thursday 13/09/1446H (corresponding to 13/03/2025G) , Trading in the shares will be suspended again starting from Sunday 16/09/1446H (corresponding to 16/03/2025G) until it announces the financial statements.
25/09/1446H (corresponding to 25/03/2025G)	The company announced on The Saudi Stock Exchange (Tadawul) website the recommendation of its Board of Directors to reduce the company’s capital from four hundred million (400,000,000) Saudi Riyals to two hundred and twenty-six million and twenty-four thousand and two hundred and eighty (226,024,280) Saudi Riyals by cancelling seventeen million and three hundred and ninety-seven thousand and five hundred and seventy-two (17,397,572) ordinary shares of the company’s issued shares, in order to restructure the company’s capital and extinguish an amount of one hundred and seventy-three million and nine hundred and seventy-five thousand and seven hundred and twenty (173,975,720) Saudi Riyals from the company’s accumulated losses, representing (99,99%) of the company’s accumulated losses amounting to one hundred and seventy-three million and nine hundred and seventy-five thousand and seven hundred and twenty-six (173,975,726) Saudi Riyals as of date of the unaudited condensed consolidated interim financial statements 31/12/2024G.
20/02/1447H (corresponding to 14/08/2025G)	The Company announced on The Saudi Stock Exchange (Tadawul) website an amendment to the recommendation of its Board of Directors to reduce the capital from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi Riyals , by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares of the company’s issued shares, in order to restructure the company’s capital and extinguish an amount of one hundred seventy million seven hundred eighty-three thousand three hundred seventy (170,783,370) Saudi Riyals from the company’s accumulated losses, representing (99,99%) of the company’s accumulated losses amounting to one hundred seventy million seven hundred eighty-three thousand three hundred seventy-seven (170,783,377) Saudi Riyals as of date of the unaudited condensed consolidated interim financial statements 30/06/2025G.
23/04/1447H (corresponding to 15/10/2025G)	The Capital Market Authority has approved the reduction of the company’s capital from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi Riyals by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares with a nominal value of ten (10) Saudi Riyals from the company’s issued shares. This approval was announced on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (Tadawul).
22/05/1447H (corresponding to 13/11/2025G)	The Extraordinary General Assembly approved the reduction of the company’s capital from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi Riyals by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares with a nominal value of ten (10) Saudi Riyals from the company’s issued shares. This approval was announced on the website of the Saudi Stock Exchange (Tadawul).





## Board of Directors

On 24/09/1446H (corresponding to 24/03/2025G), the members of the Board of Directors recommended reducing the Company’s share capital from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-six million, twenty-four thousand, two hundred and eighty (226,024,280) Saudi Riyals by cancelling seventeen million, three hundred ninety-seven thousand, five hundred seventy-two (17,397,572) ordinary shares, in order to restructure the Company’s share capital to offset the accumulated losses.

The Board of Directors later amended its recommendation on 19/02/1447H (corresponding to 13/08/2025G) to reduce the share capital from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share to two hundred twenty-nine million, two hundred sixteen thousand, six hundred and thirty (229,216,630) Saudi Riyals divided into twenty-two million, nine hundred twenty-one thousand, six hundred sixty-three (22,921,663) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, by cancelling seventeen million, seventy-eight thousand, three hundred thirty-seven (17,078,337) of the Company’s issued ordinary shares, representing a reduction of 42.70%.

The following table shows the members of the company’s board of directors and their ownership of the company’s shares as of the date of this circular.

Name*	Position**	Status	Nationality	Age	Shares held before reduction				Membership Start Date
					Direct		Indirect		
					Amount	Ownership Percentage	Amount	Ownership Percentage	
Hatem Ali Bargash	Chairman	Independent	Saudi	47	-	-	-	-	27/11/2024G
Saleh Ghadir Al-Rashid	Vice Chairman	Independent	Saudi	23	98,000	0.2450000%	-	-	27/11/2024G
Samar Abdulaziz Shalhoub	Board Member	Independent	Saudi	53	-	-	-	-	27/11/2024G
Mohamed bin Abdullah Al-Amer***	Board Member	Independent	Saudi	33	66,000	0.1650000%	-	-	24/03/2025G
Abdullah Abbas Sharqawi	Board Member	Independent	Saudi	38	3,432	0.0085800%	-	-	27/11/2024G
Badr Mohamed Al-Shammari	Board Member	Independent	Saudi	27	-	-	-	-	27/11/2024G

Source : The Company and Tadawul

\*On 25/05/1446H (corresponding to 27/11/2024G), The Ordinary General Assembly approved the election of the mentioned above Board of Directors members for the current session, which began on 27/11/2024G and ends on 26/11/2027G.

\*\*On 28/05/1446H (corresponding to 30/11/2024), The Company’s Board of Directors decided to appoint the Chairman of the Board of Directors, and the Vice Chairman of the Board of Directors mentioned above for the session, which began on 27/11/2024G and ends on 26/11/2027G.

\*\*\*On 24/09/1446H (corresponding to 24/03/2025G), Dr. Mohamed bin Abdullah Al-Amer was appointed as independent member of the Board of Directors, effective from this date, to complete the current Board session, which ends on 26/11/2027G.



## Names and percentages of ownership of the company's shareholders

The following table shows the names and percentages of shareholders’ ownership in the company as of the date of this circular.

Name	Before Capital Reduction				After Capital Reduction				Ownership Percentage Before Capital Reduction		Ownership Percentage After Capital Reduction	
	Direct		Indirect		Direct		Indirect		Direct	Indirect	Direct	Indirect
	Number of shares	Value (Saudi Riyals)	Number of shares	Value (Saudi Riyals)	Number of shares	Value (Saudi Riyals)	Number of shares	Value (Saudi Riyals)				
Board Member / Saleh Ghadir Al-Rashid	98,000	980,000	-	-	56,158	561,580	-	-	0.2450000%	-	0.2450000%	-
Board Member / Mohamed bin Abdullah Al-Amer	66,000	660,000	-	-	37,821	378,210	-	-	0.1650000%	-	0.1650000%	-
Board Member / Abdullah Abbas Sharqawi	3,432	34,320	-	-	1,967	19,670	-	-	0.0085800%	-	0.0085800%	-
Major shareholder / Naghmish Fahd Abdulhadi Al-Ajmi	3,662,421	36,624,210	-	-	2,098,719	20,987,190	-	-	9.1560525%	-	9.1560525%	-
The Public	36,170,147	361,701,470	-	-	20,726,998	207,269,980	-	-	90.4253675%	-	90.4253675%	-
Total	40,000,000	400,000,000	-	-	22,921,663	229,216,630	-	-	100%	-	100%	-

Source : The Company

The company will collect any fractional shares (if any) in one portfolio that will result from the capital reduction process and then sell them in the market at the prevailing price at that time. The proceeds of their sale will then be distributed to the entitled shareholders in the company, each according to his ownership, within (30) thirty days from the date of the shareholders’ approval in the Extraordinary General Assembly to reduce the company’s capital.



## Executive Management Members

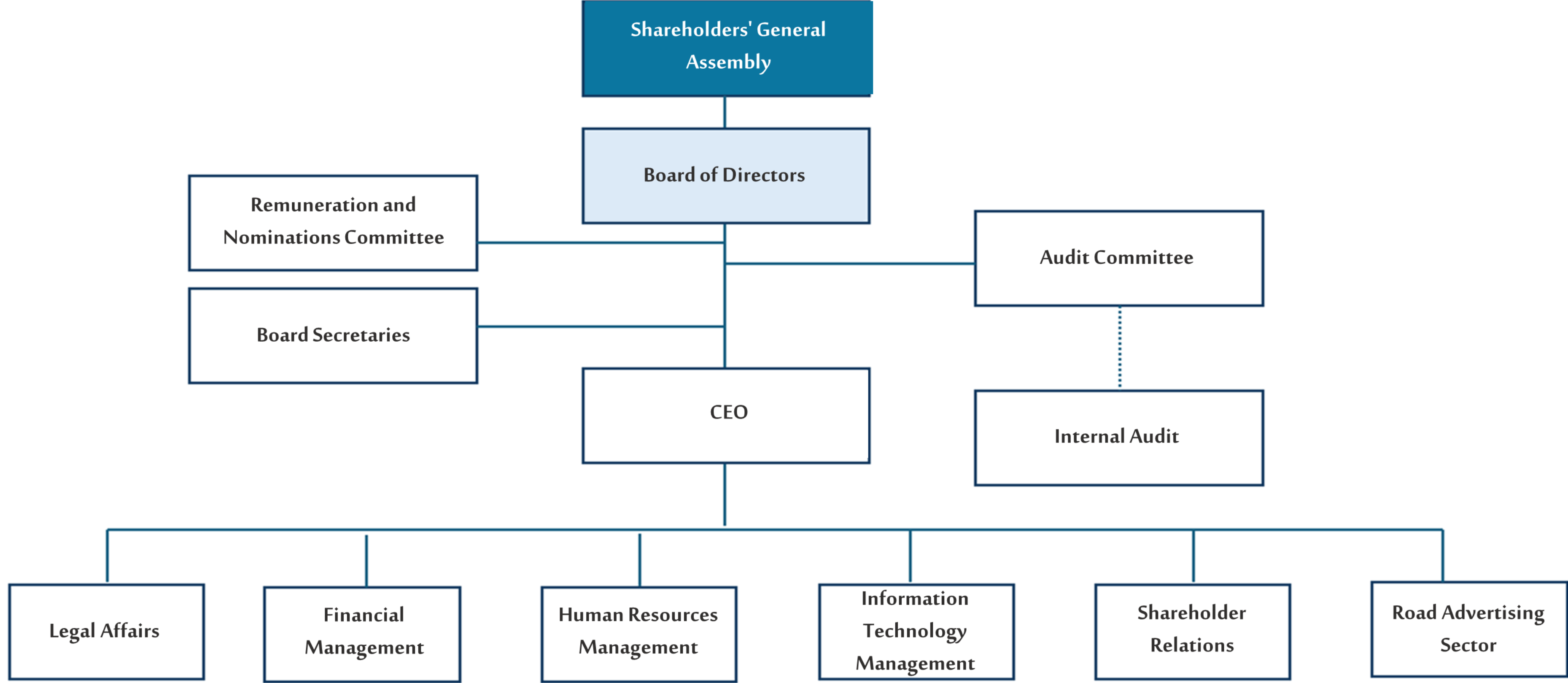
The following table shows the members of the company’s executive management members and their ownership of the company’s shares as of date of this circular

Name	Position	Nationality	Hiring Date	Shares held before reduction			
				Direct		Indirect	
				Amount	Ownership percentage	Amount	Ownership percentage
Hussein Masoud Al-Dosari	CEO	Saudi	14/03/2025G	-	-	-	-
Ashraf Mohamed Abdel Aal	CFO	Egyptian	13/05/2025G	-	-	-	-

Source : The Company



# The Company's Organizational Structure



Source : The Company





# Capital Reduction

## Capital Reduction Procedure

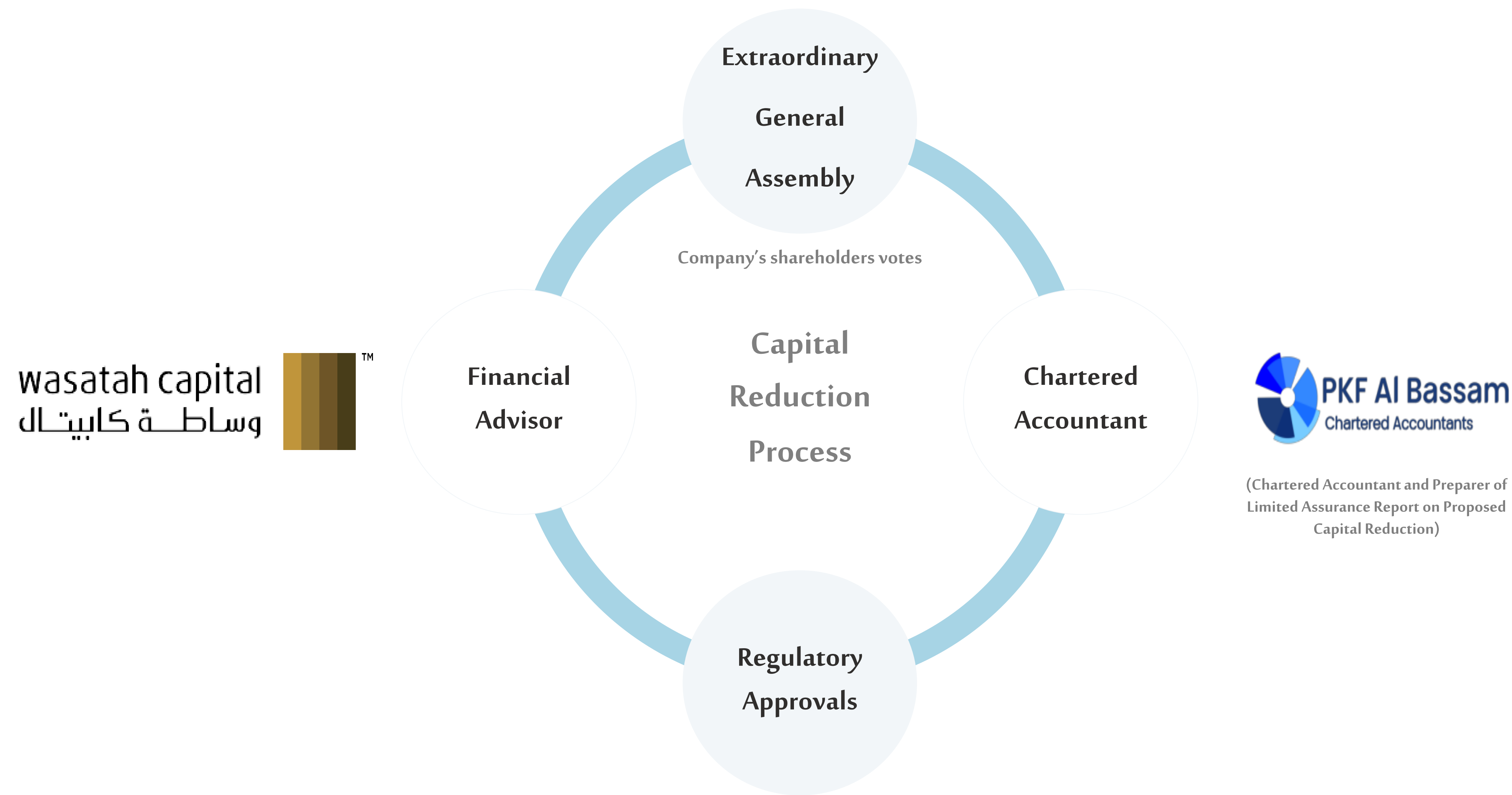
The Capital Reduction process is subject to the following procedures:

- The Company's Board of Directors recommendation regarding the Capital Reduction.
- Appointing financial advisor for the Capital Reduction process.
- Appointing chartered accountant to prepare the accounting report for the Capital Reduction process.
- Preparing and submitting a Capital Reduction request to the Capital Market Authority in accordance with the provisions of article 61 of the Rules for the Offering of Securities and Continuing Obligations, relating to the conditions for Capital Reduction .
- The Capital Market Authority approval to the request to the company's Capital Reduction.
- Submitting a notification to the Saudi Stock Exchange (Tadawul) in the form contained in Appendix (5) of the listing rules.
- The Capital Reduction process is subject to the approval of the Extraordinary General Assembly. Shareholders should be aware that if the approval of the Extraordinary General Assembly is not obtained for this Capital Reduction process, the Capital Reduction process will be completely halted.
- The Saudi Stock Exchange (Tadawul) will suspend trading in the company's shares for two consecutive trading sessions, starting from the day following the approval of the Extraordinary General Assembly to reduce the capital, after which trading will resume at the revised price.
- The Company's Capital Reduction shall become effective by adjusting the number of shares owned by shareholders on the day of the EGM, who appear in the Company's records at Edaa at the end of trading on the second day following the EGM on the Capital Reduction.
- If the Extraordinary General Assembly approves the Capital Reduction, the company will contact the Ministry of Commerce to obtain its approval to amend the commercial register and the company's articles of association.
- The deposit of the proceeds (if any) from the sale of fractional shares resulting from the reduction of the company's capital into the accounts of the eligible shareholders will be announced within (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the company's capital.



# Capital Reduction

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



## Evolution of Accumulated Losses



Year/Financial Period Ended on	Capital (Million Saudi Riyals)	Net Loss/Profit (Million Saudi Riyals)	Accumulated Losses (Million Saudi Riyals)	Accumulated Loss Ratio of Capital (%)	Main Reasons for Accumulated Losses Increasing
March 31, 2015G	150	(41.14)	(33.23)	22.15%	<p>The increase in accumulated losses during this period is mainly due to the following :</p> <ul style="list-style-type: none"><li>Recording a provision for doubtful debts of approximately 12.1 million Saudi Riyals.</li><li>Recording a provision for slow-moving inventory of approximately 7.6 million Saudi Riyals.</li><li>The year was burdened with financial expenses of approximately 9 million Saudi Riyals due to increased financing costs.</li></ul>
March 31, 2016G	150	(38.94)	(72..93)	48.62%	<p>The increase in accumulated losses during this period is mainly due to the following :</p> <ul style="list-style-type: none"><li>Recording an amount of 10.9 million Saudi Riyals in rents for previous fiscal years, after the Dammam Court of Appeal upheld the initial ruling in favor of the King Fahad Causeway Authority.</li><li>Recording provisions of approximately 8.7 million Saudi Riyals for doubtful debts and slow-moving inventory.</li><li>The year's financial burden is approximately 7 million Saudi Riyals for loan financing.</li><li>Ad Art Median Company (a subsidiary at the time) recorded losses of approximately 17 million Saudi Riyals.</li><li>The company's share of associate companies' profits decreased by approximately 8 million Saudi Riyals.</li></ul>
March 31, 2017G	150	(55.66)	(95.52)	63.68%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"><li>The company recorded impairment losses in the value of investments in Renewable Technology Company and Gulf Systems Development Company in the consolidated statement of business in the amount of 19.6 million Saudi Riyals. These are two Saudi limited liability companies in which the company owns a 30% stake. They have not engaged in any activities and have not achieved any revenues since their establishment in 2010G.</li><li>Recording a provision for doubtful debts in the amount of 3.8 million Saudi riyals.</li><li>Ad Art Median Company (a subsidiary at the time) recorded losses of approximately 11 million Saudi Riyals, including a provision for the decline in the value of outstanding revenues of approximately 2.6 million Saudi Riyals.</li></ul>
March 31, 2018G	75	2.96	(17.45)	23.26%	-
March 31, 2019G	75	3.42	(13.60)	18.13%	-

# Evolution of Accumulated Losses



Year/Financial Period Ended on	Capital (Million Saudi Riyals)	Net Loss/Profit (Million Saudi Riyals)	Accumulated Losses (Million Saudi Riyals)	Accumulated Loss Ratio of Capital (%)	Main Reasons for Accumulated Losses Increasing
March 31, 2020G	75	(29.12)	(39.18)	52.24%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"> <li>Operating loss increased due to the impact of the COVID-19 pandemic on all Group sectors.</li> <li>Expiration of the contract for renting advertising sites in Riyadh.</li> <li>The company records a provision for inventory, obsolete and obsolete items, impairment losses and write-off of old debts.</li> <li>Losses from the retail sector increased as a result of the launch of new operations, the impact of the acquisition of a new subsidiary, and the impact of precautionary measures to contain the COVID-19 virus.</li> <li>Impairment losses on intangible assets represent the remaining balance of the right to use e-learning programs and curriculum adaptation.</li> </ul>
March 31, 2021G	175	(80.33)	(114.17)	65.24%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"> <li>The company's business was impacted by the spread of the Covid-19 virus, which significantly impacted the retail sector's gross profit. Additionally, the surrounding economic conditions led to a significant slowdown in the group's advertising and customs operations, which had a negative impact on the company's business and led to a decrease in gross profit of approximately 19.5 million Saudi Riyals.</li> <li>Recording impairment losses of approximately 4.2 million Saudi Riyals on property and equipment.</li> <li>Realizing losses from the share of the results of operations of associate companies amounting to approximately 6.5 million Saudi Riyals.</li> <li>A provision for cases and claims was recorded during the year amounting to approximately 5.3 million Saudi Riyals.</li> <li>Zakat provision increased by approximately 8 million Saudi Riyals, of which approximately 6.5 million Saudi Riyals were provisions recorded by the company based on the revised assessments issued by the Zakat, Income and Customs Authority for the group's companies.</li> <li>Credit loss provisions of approximately 4.6 million Saudi Riyals were recorded.</li> <li>Obsolete goods inventory provision of 5.8 million Saudi Riyals.</li> </ul>



# Evolution of Accumulated Losses



Year/Financial Period Ended on	Capital (Million Saudi Riyals)	Net Loss/Profit (Million Saudi Riyals)	Accumulated Losses (Million Saudi Riyals)	Accumulated Loss Ratio of Capital (%)	Main Reasons for Accumulated Losses Increasing
March 31, 2022G	50	(37.72)	(30.54)	61.07%	-
March 31, 2023G	50	(61.65)	(90.93)	181.86%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"><li>• Impairment losses on trade receivables and other debit balances amounting to approximately 5.3 million Saudi Riyals were recorded.</li><li>• A provision for obsolete goods inventory of approximately 22.6 million Saudi Riyals is recorded.</li><li>• Zakat allocation increased by approximately 7.5 million Saudi Riyals.</li><li>• Recording losses claims of approximately 4.3 million Saudi Riyals, represented by the net book value of the billboard, after the issuance of a ruling to dismiss the company’s lawsuit in the appeal filed by it.</li><li>• Recording losses in lawsuits amounting to 0.5 million Saudi Riyals.</li><li>• Selling expenses increased by approximately 5.5 million Saudi Riyals, primarily due to the expansion of retail operations.</li><li>• The group's share of the results of its associates decreased by approximately 1.9 million Saudi Riyals.</li></ul>
March 31, 2024G	400	(57.31)	(155.60)	38.90%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"><li>• Impairment losses on trade receivables and other debit balances amounting to approximately 1.3 million Saudi Riyals were recorded.</li><li>• Obsolete goods inventory provision of approximately 12.2 million Saudi Riyals.</li><li>• Zakat provision of 10.5 million Saudi Riyals includes 1.9 million Saudi Riyals as a revised provision and 0.324 million Saudi Riyals as an adjustment to previous years’ provision based on the Zakat expert’s report.</li><li>• Legal, consulting, and professional fees increased by 8.3 million Saudi Riyals, including expenses related to financial regulation.</li><li>• The cost of salaries and employee benefits increased by 3.9 million Saudi Riyals this year compared to the same year of the previous year, as a result of settling the dues of some employees in the executive management.</li></ul>

## Evolution of Accumulated Losses



Year/Financial Period Ended on	Capital (Million Saudi Riyals)	Net Loss/Profit (Million Saudi Riyals)	Accumulated Losses (Million Saudi Riyals)	Accumulated Loss Ratio of Capital (%)	Main Reasons for Accumulated Losses Increasing
March 31, 2025G	400	(12.40)	(167.33)	41.83%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"><li>Recording of a provision for slow-moving inventory amounting to approximately SAR 7.8 million.</li><li>Recording of a zakat provision amounting to SAR 4.4 million.</li><li>Selling and marketing expenses increased during the current year compared to the previous year by SAR 3.3 million.</li><li>Depreciation expense increased by SAR 2.1 million compared to the previous year, and variable and short-term lease expenses also increased during the current year by SAR 1.3 million compared to the previous year.</li></ul>
June 30, 2025G	400	(3.55)	(170.78)	42.70%	<p>The increase in accumulated losses during this period is mainly due to the following:</p> <ul style="list-style-type: none"><li>A decrease in gross profit in the current quarter by SAR 381,739 compared to the previous quarter.</li><li>A decrease in the share of results from associates by SAR 3,404,550 in the current quarter compared to the previous quarter.</li><li>A decrease in gains from financial assets at fair value through profit or loss by SAR 980,853 compared to the previous quarter.</li><li>An increase in losses from discontinued operations by SAR 190,993 in the current quarter compared to the previous quarter.</li><li>Zakat expense of SAR 1,100,000 during the current year compared to zakat expense adjustments and reductions in favor of the company amounting to SAR 3,139,060 during the previous quarter.</li></ul>



## The Company's Plan and Corrective Steps to Stop Losses

The company has taken several reform steps aimed at reducing the accumulated losses on the company, which is in the interest of the shareholders, and the most important of these steps are as follows:

- The company is working to reduce operating expenses by terminating the services of some employees whose salaries exceed the nature of their assigned tasks, in addition to terminating consulting contracts with external service providers whose services are not required by the nature of the company's work due to their high fees. The company is also seeking to reduce general and administrative expenses such as car rentals, travel and secondment expenses, marketing, and other non-essential items.
- The company intends to reorganize the education sector to provide administrative independence and operational efficiency, which will contribute to improving financial performance and increasing revenues.
- The company is negotiating with certain curriculum suppliers to improve purchasing and supply terms, including the acceptance of returns, with the aim of reducing slow-moving inventory, which will contribute to reducing potential accounting provisions associated with inventory.
- As part of its expansion and income diversification strategy, the company signed memoranda of understanding with promising companies such as Masar Al-Ula Trading Company and Tatweer Sports Company, with the aim of investing in new sectors including restaurants, sporting events, and e-gaming.
- The company established 'Tihama Al-Oula for Events' as an initial step toward entering the event management sector and has also initiated the process of setting up a company specializing in the training industry.
- The company is conducting a comprehensive evaluation of the performance of its retail branches and is studying scenarios for closing and exiting branches with negative financial returns.
- The company seeks to maximize returns on available liquidity by investing in high-yield financial portfolios under the supervision of accredited financial companies, which supports the group's overall financial performance.
- The company works to develop its production sector by entering into strategic partnerships with highly qualified producers and attracting specialized talent and expertise. This enhances product quality, increases operational efficiency, and increases competitiveness, leading to lucrative financial returns.



## General Structure of The Proposed Capital Reduction

- The current capital of the company is four hundred million (400,000,000) Saudi riyals, divided into forty million (40,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, fully paid.
- The company's capital will be reduced from four hundred million (400,000,000) Saudi riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi riyals by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares, in order to restructure the company's capital to extinguish accumulated losses.
- The percentage of capital reduction is (42.70%), and the reduction process will be carried out by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares, i.e. the number of (1) share will be reduced for every (2.34) shares. To extinguish an amount of one hundred seventy million seven hundred eighty-three thousand three hundred seventy (170,783,370) Saudi riyals from the company's accumulated losses, representing (99.99%) of the company's accumulated losses amounting to one hundred seventy million seven hundred eighty-three thousand three hundred seventy-seven (170,783,377 ) Saudi riyals as of the date of the unaudited condensed consolidated interim financial statements 30/06/2025G, so that the company's accumulated losses after the reduction become an amount of seven (7) Saudi riyals, representing (0.00000305%) of the company's new capital amounting to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi riyals.
- Following the approval of the Extraordinary General Assembly to the capital reduction, the reduction decision will be deemed effective, and trading of the company's shares on the Saudi Stock Exchange (Tadawul) website will be suspended for two trading days, starting from the day following the Extraordinary General Assembly's approval of the capital reduction. Trading will then resume at the revised price.
- The Company will collect any fractional shares (if any) in one portfolio that will result from the capital reduction process and then sell them in the market at the prevailing price at that time. The proceeds of their sale will then be distributed to the eligible shareholders in the Company, each according to his ownership, within thirty (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the Company's capital.
- Date of the financial statements relied upon for capital reduction purposes: The unaudited condensed consolidated interim financial statements for the financial period ending 30/06/2025G.





## Reasons for The Capital Reduction and Management Analysis Discussion

- The company's management worked on developing a strategy to improve the current situation and support the company's future growth and financial performance and reached a decision to restructure the company's capital by reducing the company's capital to extinguish (99.99%) of the accumulated losses.
- Reducing accumulated losses is one of the most important decisions a company can make under the circumstances it is currently facing. The company is working to improve its position to stop losses and achieve profits.
- On 25/09/1446H (corresponding to 25/03/2025G), the company announced through the Saudi Stock Exchange (Tadawul) website the recommendation of its Board of Directors to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to two hundred and twenty-six million and twenty-four thousand and two hundred and eighty (226,024,280) Saudi Riyals by cancelling seventeen million and three hundred and ninety-seven thousand and five hundred and seventy-two (17,397,572) ordinary shares of the company's issued shares, in order to restructure the company's capital to extinguish accumulated losses.
- The Company subsequently announced, on 20/02/1447H (corresponding to 14/08/2025G), the amendment of this Recommendation to become a capital reduction from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share to two hundred and twenty-nine million, two hundred and sixteen thousand six hundred and thirty (229,216,630) Saudi Riyals divided into twenty-two million, nine hundred and twenty-one thousand, six hundred and sixty-three (22,921,663) ordinary shares with a nominal value of ten (10) Saudi Riyals per share by cancelling seventeen million seventy-eight thousand three hundred and thirty-seven (17,078,337) ordinary shares of the company's issued shares, with a decrease of 42.70%.
- After reducing the company's capital, accumulated losses will decrease to seven (7) Saudi Riyals, representing (0.00000305%) of the company's capital after the reduction, as stated in the unaudited condensed consolidated interim financial statements for the financial period ending 30/06/2025G.



## The Impact of Reducing the Company's Capital on The Company's Liabilities

- The Company has appointed PKF Al-Bassam Chartered Accountants Company (Member of PKF International) to prepare a limited assurance report on the proposed reduction in the company's capital, which sets out the reasons for the capital reduction and the impact of such reduction on the company's obligations and shareholders' equity.
- There will be no impact of the capital reduction on the company's obligations as stated in the auditor's report in accordance with what is stated in (Appendix 1) of the attached report.



## The Impact of Reducing the Company's Capital on The Company's Shareholders Equity

- The Company's accumulated losses amounted to one hundred seventy million seven hundred eighty-three thousand three hundred seventy-seven (170,783,377) Saudi Riyals. As of 30/06/2025G, a capital reduction of one hundred seventy million seven hundred eighty-three thousand three hundred seventy (170,783,370) Saudi Riyals will extinguish (99.99%) of the total accumulated losses.
- There will be no adverse impact on the company's liabilities and shareholders' equity. The impact on shareholders' equity will be based on the unaudited condensed consolidated interim financial statements for the financial period ending 30/06/2025G.

Shareholders Equity	Before Capital Reduction Saudi Riyals	After Capital Reduction Saudi Riyals	Impact Saudi Riyals
Capital	400,000,000	229,216,630	(170,783,370)
Accumulated Losses	(170,783,377)	(7)	170,783,370
Actuarial losses	(1,770,978)	(1,770,978)	
Other Reserves	(27,691,761)	(27,691,761)	
<b>Total shareholders' equity attributable to the parent company's shareholders</b>	<b>199,753,884</b>	<b>199,753,884</b>	<b>0</b>

Source : The attached auditor's report, the unaudited condensed consolidated interim financial statements for the financial period ending 30/06/2025G.



## The Impact of Reducing the Company's Capital on The Company's Shareholders Equity

- The Company intends to reduce its capital by one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million, two hundred sixteen thousand, six hundred thirty (229,216,630) Saudi Riyals by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares of the company's issued shares at a cancellation rate of (0.427) ordinary shares for every (1) share.
- The company will collect any fractional shares (if any) in one portfolio that will result from the capital reduction process and then sell them in the market at the prevailing price at that time. The proceeds of their sale will then be distributed to the entitled shareholders in the company, each according to his ownership, within (30) thirty days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the company's capital.
- Reducing the company's capital will not affect the market value of the company's shareholders' portfolios, as shown below for a shareholder who owns 1,000 shares of the company's stock in his portfolio:

Item (Estimated)*	With the capital reduction process	Without the capital reduction process
Shares owned before the reduction	1,000	1,000
Share price before the reduction (closing date 13/11/2025G)**	15.73 Saudi Riyals	15.73 Saudi riyal
Cancelled shares	427	Not applicable
Shares owned after the reduction	573	Not applicable
Share price after the reduction (estimated)	27.45 Saudi Riyals	Not applicable
Market value of shares before reduction (estimated)	15,730 Saudi Riyals	15,730 Saudi Riyals
Market value of shares After reduction (estimated)	15,728.86 Saudi Riyals	Not applicable
Compensation value resulting from share fractions (estimated)	1.14 Saudi Riyals	Not applicable

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

\*\*The closing price has been updated as of the end of trading on the day of the Extraordinary General Assembly meeting, 22/05/1447H (corresponding to 13/11/2025G)..





## The Impact of Reducing the Company's Capital on The Company's Shareholders Equity

- It should be noted that a shareholder who owns one share of the company's shares in his portfolio will have his share cancelled and will be compensated for the fractional shares due. The following table illustrates the impact on a shareholder who owns up to 10 shares:

*Item (Estimated)										
Shares owned before the reduction	1	2	3	4	5	6	7	8	9	10
Share price before the reduction (closing date 13/11/2025G)**	15.73	15.73	15.73	15.73	15.73	15.73	15.73	15.73	15.73	15.73
Canceled shares	1	1	2	2	3	3	3	4	4	5
Shares owned after reduction	0	1	1	2	2	3	4	4	5	5
Number of fractional shares outstanding (estimated)	0.57	0.15	0.72	0.29	0.87	0.44	0.01	0.58	0.16	0.73
Share price after the reduction (estimated)	27.45	27.45	27.45	27.45	27.45	27.45	27.45	27.45	27.45	27.45
Market value of shares before the reduction	15.73	31.46	47.19	62.92	78.65	94.38	110.11	125.84	141.57	157.30
Market value of shares after the reduction (estimated)	0.00	27.45	27.45	54.90	54.90	82.35	109.80	109.80	137.25	137.25
Compensation value resulting from share fractions (estimated)	15.73	4.01	19.74	8.02	23.75	12.03	0.31	16.04	4.32	20.05

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

\*\*The closing price has been updated as of the end of trading on the day of the Extraordinary General Assembly meeting, 22/05/1447H (corresponding to 13/11/2025G)..



## How to Calculate The Share Price After The Capital Reduction

- The share price before the reduction was considered to represent the closing price of Tihama Advertising and Public Relations and Marketing Company share on 13/11/2025G, which amounted to (15.73) Saudi Riyals. The following table shows how to calculate the share price after the capital reduction.

Item (Estimated)*	Value
(A) Share price before the reduction (closing date 13/11/2025G)**	15.73
(B) Number of shares before the reduction	40,000,000
(C) Market value of the company's shares before the reduction = (A) * (B)	629,200,000
(D) Number of shares after reduction	22,921,663
<b>The market value of the company's share after the reduction = (C) ÷ (D)</b>	27.45

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

\*\*The closing price has been updated as of the end of trading on the day of the Extraordinary General Assembly meeting, 22/05/1447H (corresponding to 13/11/2025G)..



## Potential Risks Resulting From Reducing The Company's Capital

- The company's management believes that the decision to reduce the company's capital is one of the most important decisions in light of the circumstances the company is going through as a result of accumulated losses amounting to one hundred seventy million seven hundred eighty-three thousand three hundred seventy-seven (170,783,377) Saudi Riyals, as in the initial unaudited condensed consolidated financial statements on 30/06/2025G, representing (42.70%) of the company's capital, which will decrease after reducing the capital by one hundred seventy million seven hundred eighty-three thousand three hundred seventy (170,783,370) Saudi Riyals to seven (7) Saudi Riyals, i.e. (0.00000305%) of the company's capital after the reduction (for more information, please refer to page No. (25) "Reasons for The Capital Reduction and Management Analysis Discussion" of this circular).
- In addition, this decision and its impact were studied from an accounting perspective, and the limited accounting assurance report on the capital reduction confirmed that there are no risks related to financial obligations resulting from this decision. As for the ranking of the potential risks mentioned below, their ranking does not imply their importance.

### Risks related to the volatility of the share price in the market and the impact of compensation for fractional shares (if any):

The company's share price may be subject to significant volatility and instability due to several factors, including equity market conditions, regulatory changes in the sector, and the entry of new competitors. If the market price of the share declines following the capital reduction, shareholders will lose the value of their investment in the company's shares. Furthermore, the impact on the value of the fractional share compensation is similar to the impact of fluctuations in the company's share price, as these fractional shares will be sold at the prevailing market price at the time.

### Risks related to owning one share:

In the event that a shareholder owns only one share, his share will be cancelled, and he will be compensated with fractional shares that will be sold at the time. It should be noted that trading in the company's share will be suspended for two business days following the day of approval of the Extraordinary General Assembly, provided that the Securities Depository Center (Edaa) applies the reduction to the shareholders' investment portfolios, based on Article No. 38 and Subparagraph C-6 of the Listing Rules (for more details, please refer to page No. (27) "The Impact of Reducing the Company's Capital on The Company's Shareholders Equity").



## Potential Risks Resulting From Reducing The Company's Capital

### Risks related to future expectations

The company's future results and performance data cannot be predicted and may differ from what is stated in this circular. Actual results are determined by the company's achievements and ability to develop, which cannot be accurately predicted or determined. Inaccurate data and results are a risk that shareholders should be aware of to avoid affecting their investment decisions.

### Risks Related to Liquidity and Working Capital Adequacy

Liquidity risk is the company's inability to meet its financial liabilities as they fall due. The company's liquidity ratio as of June 30, 2025, was 2.09 times, and its net working capital amounted to 148.72 million Saudi Riyals as of June 30, 2025. However, the company cannot guarantee that any unforeseen or unforeseen events that may require immediate liquidity will not occur, and there is no guarantee that the company will be able to meet its obligations on their due dates in the future and maintain its net working capital levels. This could adversely affect the company's business and, consequently, its liquidity and credit standing.

### Risks related to unexpected accidents

The Company's business and results depend entirely on its continuity. Therefore, if any event occurs that would negatively impact its business or if it is exposed to any accident or emergency that would temporarily or permanently affect the continuity of the company's business, this will have a negative and material impact on the company's operational and financial results and, consequently, working capital.

### Risks related to the company's reputation

Companies reducing their capital are generally interpreted negatively by the market. Furthermore, it may create many assumptions and expectations about the financial and commercial position of the company, which may not be correct or accurate, which may affect the share price and trading behaviour of the company's shares, and may negatively affect the company's business, financial position, results of operations, and future prospects.





## Potential Risks Resulting From Reducing The Company's Capital

### Risks of non-compliance with current laws and regulations and the issuance of new laws and regulations

The Company is subject to the supervision of several government agencies in the Kingdom of Saudi Arabia, including, but not limited to, the Capital Market Authority, the Ministry of Commerce, the Saudi Stock Exchange (Tadawul), and the Zakat, Tax, and Customs Authority. Therefore, the Company is exposed to the risks of changes in laws, regulations, circulars, and policies in the Kingdom. The costs of complying with these regulations are high. Changes to existing laws or regulations, or the issuance of new laws or regulations, will result in the Company incurring additional unexpected financial expenses related to compliance with these regulations and the requirements of these laws. Failure to comply with these regulations on a consistent basis may result in the Company being subject to penalties and fines imposed by the relevant supervisory authorities. This could adversely affect its business, results of operations, financial position, and future prospects.

### Risks related to the company's continuity

The company's continuity depends on the success of its expansion strategy, which includes, but is not limited to, developing the production sector by entering into strategic partnerships with qualified producers, attracting specialized expertise, and signing memoranda of understanding in new fields. The company's field is rapidly changing and relies heavily on innovation and rapid response to market trends. Therefore, the company's inability to implement its expansion plans as required may lead to greater losses. With reference to Article (132) of the Companies Law, which stipulates that if the company's losses reach half of the issued capital, the board of directors must disclose this and its recommendations regarding these losses within (60) days from the date of learning that they have reached this amount, and call the extraordinary general assembly to meet within (180) days from the date of learning of this to consider the company's continuity and take any necessary measures to address or resolve these losses. This may negatively impact its financial position, business results, and future prospects.

### Risks Related to the Accuracy and Integrity of Financial Statements

The Company may face accounting errors resulting from the misapplication of accounting standards, which may affect the accuracy of presentation and disclosure—whether quantitative or qualitative—in the financial statements, footnotes, or supporting schedules. This could render the financial statements misleading and inappropriate for external users who do not have access to the Company's detailed books and records. It should be noted that the consolidated financial statements for the financial year ended 31 March 2022, 2023 and 2024 included amendments to the consolidated statement of profit or loss The consolidated statement of cash flows and the consolidated statement of financial position.

If the Company identifies any additional accounting errors that led to incorrect data in prior fiscal years, or if any accounting errors are found in future years, the Company may be subject to various violations and penalties, This may negatively impact its financial position, business results, and future prospects.



## Potential Risks Resulting From Reducing The Company's Capital

### Risks related to accumulated losses

Accumulated losses amounted to (61.07%), (181.86%), (38.90%), (41.83%), and (42.70%) of the company's capital for the fiscal years ending March 31, 2022G, 2023G, 2024G, 2025G and the three-month period ending June 30, 2025G, respectively. It is worth noting that on 25/06/1444H (corresponding to 18/01/2023G), The Capital Market Authority's Board issued a resolution No. (08-05-2023) amending the procedures and instructions for listed companies whose accumulated losses amount to 20% or more of their capital, specifically Article Four, which stipulates that if a company's accumulated losses amount to 35% or more and less than 50% of its capital, the company must announce this event immediately. These procedures stipulate the following:

- When the company's accumulated losses reach 35% or more and are less than 50% of its capital, the company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach 35% or more and are less than 50% of its capital. The announcement must include the number of accumulated losses, their percentage of capital, and the main reasons that led to these losses, with an indication in the announcement that these procedures and instructions will be applied to it. If the required disclosure coincides with the announcement of the preliminary or annual financial results, the company is exempt from disclosing in a separate announcement if it includes it in the announcement of the preliminary or annual financial results. If the company fails to disclose its losses in accordance with the above-mentioned procedures, it may be subject to penalties or fines imposed by the Capital Market Authority, which could have a material adverse impact on the company's business, results of operations, and future prospects.
- Upon receipt of a report from the chartered accountant detailing its financial position, the company must immediately and without delay disclose to the public in a separate announcement when its accumulated losses have been reduced to less than 35% of its capital. The announcement must include the measures taken by the company to adjust its situation, and the chartered accountant's report must be attached to the announcement.

There is no certainty that the company will incur additional losses in the future, which will force it to take the necessary measures and instructions for listed companies with accumulated losses of 35% or more and less than 50% of their capital. The company's sustainability depends on reducing operating expenses and improving administrative efficiency, while diversifying income sources and entering into strategic partnerships in the areas of events and training to enhance financial performance and sustainable growth. The company's inability to implement its plans will negatively impact its future growth opportunities, which will be reflected in its financial position and results of operations.



Risks Related to the Application of the Accounting Standards accredited by the Saudi Organization for Chartered and Professional Accountants

The Company's financial statements for the fiscal years ended March 31, 2022G, 2023G, 2024G, 2025G and the three-month period ending June 30, 2025G were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Company is committed to apply the amendments or changes that may occur to those standards from time to time. There is no guarantee that the mandatory application of certain accounting standards will not change in subsequent years.

In addition, New standards and a set of amendments to standards have been issued and are effective from 1 January 2024 and have been reflected in the Group's consolidated annual financial statements, in addition to the below Amendments:

Amendment to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	<p>IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories - operating, investing and financing and present subtotals for operating profit or loss and profit or loss before financing and income taxes.</p> <p>Further, operating expenses are presented directly on the face of the income statement - classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature. IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.</p>

The Company's non-compliance with International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia may necessitate the reclassification of certain financial statement items by the auditor to clarify the impact of the standards that the Company did not adhere to. If reclassified, this will affect the reader's ability to understand and analyze the Company's financial position. Moreover, the repetition of such practices and non-compliance with preparing financial statements in accordance with the International Financial Reporting Standards (IFRS) will expose the Company to violations and fines, which will consequently adversely and materially affect the Company's financial results, financial position and future prospects.





## Timeline for Capital Reduction Process

Date	Event
<b>1- Procedures related to obtaining the approval of the Capital Market Authority for capital reduction</b>	
25/09/1446H (corresponding to 25/03/2025G)	Announcement of the Board of Directors' recommendation to reduce the capital from four hundred million (400,000,000) Saudi Riyals to two hundred and twenty-six million and twenty-four thousand and two hundred and eighty (226,024,280) Saudi Riyals.
05/10/1446H (corresponding to 03/04/2025G)	Announcement of the appointment of the financial advisor for the company's capital reduction process.
22/11/1446H (corresponding to 20/05/2025G)	Submitting a request to reduce the company's capital to the Capital Market Authority.
20/02/1447H (corresponding to 14/08/2025G)	Announces the latest developments regarding the Board of Directors' recommendation to the company's capital reduction from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi Riyals.
23/04/1447H (corresponding to 15/10/2025G)	The Capital Market Authority has approved the company's capital reduction request. This approval was announced on the Capital Market Authority's website and the Saudi Stock Exchange (Tadawul).
<b>2- Procedures related to the Extraordinary General Assembly</b>	
01/05/1447H (corresponding to 23/10/2025G)	Providing the available documents for inspection related to the capital reduction process, including this circular (within a period of no less than (14) days before the date of the extraordinary general assembly meeting for reducing the company's capital) (during official working hours from Sunday to Thursday from 9:00 AM to 5:00 PM).
01/05/1447H (corresponding to 23/10/2025G)	The invitation to this Extraordinary General Assembly was made and announced on the website of the Saudi Stock Exchange (Tadawul), and a copy of this circular was included in the announcement.
17/05/1447H (corresponding to 08/11/2025G)	Beginning of electronic voting on the items of the Extraordinary General Assembly meeting, including the reduction of capital (first meeting).





# Timeline for Capital Reduction Process

Date	Event
<b>2- Procedures related to the Extraordinary General Assembly</b>	
22/05/1447H (corresponding to 13/11/2025G)	Holding the Extraordinary General Assembly including the capital reduction (first meeting), The quorum for the first meeting shall be completed by the attendance of a number of shareholders representing at least half of the company’s capital.
22/05/1447H (corresponding to 13/11/2025G)	Holding the Extraordinary General Assembly, including the capital reduction (second meeting), shall be held one hour after the end of the period specified for holding the first Extraordinary General Assembly meeting, if the legal quorum required for its convening is not met. The legal quorum for the second meeting shall be met with the attendance of a number of shareholders representing at least a quarter of the company’s capital.
25/05/1447H (corresponding to 16/11/2025G)	Publishing the reduction decision and other decisions taken at the first or second meeting of the company’s Extraordinary General Assembly on the website of the Saudi Stock Exchange (Tadawul), (or announcing the non-convening of the Extraordinary General Assembly in the event that its legal quorum is not achieved).
<b>3- Procedures related to the event of failure to achieve the legal quorum for the first and second meetings of the Extraordinary General Assembly</b>	
Not applicable, as the second EGM was held	Announcing on the Saudi Stock Exchange website the invitation to the third meeting of the Extraordinary General Assembly at least (21) days before the date set for it.
Not applicable, as the second EGM was held	The beginning of electronic voting period for shareholders in the third Extraordinary General Assembly meeting.
Not applicable, as the second EGM was held	Holding the third meeting of the Extraordinary General Assembly. The legal quorum for holding the third meeting of the Extraordinary General Assembly shall be achieved regardless of the number of shares represented therein.
Not applicable, as the second EGM was held	Publishing the reduction decision and other decisions taken at the third extraordinary general assembly meeting on the Saudi Stock Exchange (Tadawul) websites.



## Timeline for Capital Reduction Process

Date	Event
<b>4- Procedures related to completing the capital reduction process</b>	
22/05/1447H (corresponding to 13/11/2025G)	The decision to reduce capital shall be implemented and announced in the resolutions of the Extraordinary General Assembly.
25/05/1447H (corresponding to 16/11/2025G)	Suspension of trading of shares on the Saudi Stock Exchange (Tadawul) website for two trading days, starting from the day following the approval of the Extraordinary General Assembly to reduce capital.
27/05/1447H (corresponding to 18/11/2025G)	The share price shall be adjusted after the capital reduction, and shall be on the day following the suspension of share trading.
25/06/1447H (corresponding to 12/12/2025G)	Announcing the deposit of the proceeds from the sale of fractional shares resulting from the reduction of the company's capital into the accounts of the eligible shareholders.

Announcing the deposit of the proceeds from the sale of fractional shares (if any) resulting from the reduction of the company's capital into the accounts of the eligible shareholders, within (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the company's capital.



# Board of Directors Declaration

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 best interests of the Company and its shareholders.



## Regulatory Approvals Required to Complete The Company's Capital Reduction Process

- The Company obtained the approval of the Capital Market Authority on 23/04/1447H (corresponding to 15/10/2025G) to reduce the company's capital from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (229,216,630) Saudi Riyals by cancelling seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares of the company's issued shares, which represent (42.70%) of the capital. This approval was announced on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (Tadawul) on 23/04/1447H (corresponding to 15/10/2025G)
- The capital reduction process requires shareholders' approval, and shareholders should be aware that if their approval is not obtained for this capital reduction process, the capital reduction process will not take place. (The company called for this Extraordinary General Assembly and announced it on the Saudi Stock Exchange's website on 01/05/1447H (corresponding to 23/10/2025G), and a copy of this circular was included in the announcement.)
- If shareholders approve the capital reduction, the company will proceed with the capital reduction process and contact the Ministry of Commerce to obtain its approval to amend the company's articles of association and commercial register.
- Other than what is mentioned above, there are no other regulatory approvals that the Company is required to obtain to complete the capital reduction process.





## Relevant Rules, Regulations and Instructions

- The Companies Law issued by Royal Decree (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and any amendments thereto.
- The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) and any amendments thereto
- The rules for offering securities and continuing obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and amended by Resolution No. 3-114-2024 of the Board of the Capital Market Authority dated 04/04/1446H (corresponding to 07/10/2024G) and amended by the Authority's Board Resolution No. (1-94-2025) dated 09/03/1447H (corresponding to 01/09/2025G) and any amendments thereto.
- The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, as amended by Resolution No. 8-5-2023 of the Board of the Capital Market Authority dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H and any amendments thereto
- The Executive Regulations of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, amended by Resolution No. 2-114-2024 of the Capital Market Authority's Board dated 04/04/1446H (corresponding to 07/10/2024G) based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H and any amendments thereto.
- Listing Rules approved by Capital Market Authority's Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Capital Market Authority's Board Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G) and amended by Capital Market Authority's Board Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/12/2021G) and amended by Capital Market Authority's Board Resolution No. 1-19-2022 dated 12/07/1443H (corresponding to 13/02/2022G) and amended by Capital Market Authority's Board Resolution No. 1-52-2022 dated 12/09/1443H (corresponding to 13/04/2022G) and amended by its Resolution No. 3-96-2022 dated 10/02/1444H (corresponding to 06/09/2022G) and amended by its Resolution No. 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G) and amended by its Resolution No. 4-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G) and amended by its Resolution No.2-53-2025 dated 21/11/1446H (Corresponding to 19/05/2025G) and any amendments thereto.
- Procedures and instructions for companies whose shares are listed on the market and whose accumulated losses amount to (20%) or more of their capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, and amended by Capital Market Authority's Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G) and any amendments thereto.
- The company's articles of association and any amendments thereto.



## Important Information

- Based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and any amendments thereto, and in particular Article (133) of the Companies Law, which stipulates that capital shall be reduced in one of the following ways:
  - ❖ A number of shares will be cancelled equivalent to the amount required for the capital reduction.
  - ❖ Reducing the nominal value of the share by cancelling a part of it equal to the loss incurred by the company.
  - ❖ Reducing the nominal value of the share by refunding a portion to the shareholder or by releasing them from all or part of the unpaid amount of the share's value
  - ❖ The company purchases a number of its shares equal to the amount required to be reduced, and then cancels them.
- With reference to the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses amount to (20%) or more of their capital, issued by the Board of the Capital Market Authority pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, and amended by Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G) of the Capital Market Authority's Board and any amendments thereto.
- The company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach (20%) or more and less than (35%) of its capital, provided that the announcement includes the amount of accumulated losses, their percentage of capital and the main reasons that led to reaching these losses, with an indication in the announcement that these procedures and instructions will be applied to it. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempt from disclosure in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- The company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach (35%) or more and less than (50%) of its capital, provided that the announcement includes the amount of accumulated losses, their percentage of capital and the main reasons that led to reaching these losses, with an indication in the announcement that these procedures and instructions will be applied to it. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempt from disclosure in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- The company must disclose to the public immediately and without delay in 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 whose shares are listed on the Saudi Stock Exchange, whose accumulated losses reach (50%) or more of their capital, will be applied. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempt from disclosure in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- If the company's shareholders approve the capital reduction, the reduction decision will be effective for all of the company's shareholders registered in the company's records with the Saudi Stock Exchange (Tadawul) 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, as well as shareholders who attended the meeting but did not vote or voted against the capital reduction decision.





## Important Information

- Pursuant to Article (134) of the Companies Law, the company's capital may be reduced by a decision of the Extraordinary General Assembly if it incurs losses. In this case alone, the capital may be reduced to less than the limit stipulated in Article (59) of the Companies Law, i.e. (500,000) Saudi Riyals. The decision shall not be issued except after reading a statement in the General Assembly prepared by the Board of Directors on the reasons for the reduction, the company's obligations, and the effect of the reduction on fulfilling them. A report from the company's auditors shall be attached to this statement.
  - Article Eleven of the Company's Articles of Association: Reducing Capital
    - 1) The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if the company incurs losses. Only in the latter case may the capital be reduced to less than the limit stipulated in Article (Fifty-Nine) of the Companies Law. The reduction decision shall not be issued except after reading a statement, at a general assembly prepared by the Board of Directors, on the reasons for the reduction, the company's obligations, and the effect of the reduction on fulfilling them. A report from the company's auditors shall be attached to this statement.
    - 2) If the capital reduction is due to its excess over 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 the invitation is accompanied by a statement clarifying the amount of capital before and after the reduction, the date of the meeting and the date of the reduction's effectiveness. If any of the creditor's objects to the reduction and submits their documents to the company on the aforementioned date, the company must pay them their debt if it is due or provide them with a sufficient guarantee to pay it if it is deferred.
    - 3) Equality must be observed among shareholders holding shares of the same type and class when reducing capital.
  - Article Forty-Five of the Company's Articles of Association: Quorum for the Extraordinary General Assembly Meeting
    - 1) An Extraordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least half of the company's shares with voting rights.
    - 2) If the quorum required to hold an Extraordinary General Assembly meeting in accordance with paragraph (1) of this Article is not available, an invitation shall be sent for a second meeting to be held under the same conditions stipulated in Article (Ninety-One) of the Companies Law. However, the second meeting may be held one hour after the expiry of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes information indicating the possibility of holding that meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (quarter) of the company's shares with voting rights.
    - 3) If the quorum required to hold the second meeting is not available, an invitation shall be sent to a third meeting to be held under the same conditions stipulated in Article (Ninety-One) of the Companies Law, and the third meeting shall be valid regardless of the number of shares with voting rights represented therein.
  - According to Article (93) of the Companies Law, the decision of the Extraordinary General Assembly to reduce the company's capital shall be issued with the approval of (three-quarters) of the voting rights represented at the meeting.
-



## Chartered Accountant's Report

- The company has appointed PKF Al-Bassam Chartered Accountants Company (Member of PKF International) to prepare a limited assurance report on the proposed reduction in the company's capital, which explains the reasons for the capital reduction and the impact of that reduction on the company's obligations and shareholders' equity, in order to obtain the approval of the Capital Market Authority for the capital reduction request (for more details, please see the attached chartered accountant's report).
- Based on Article 134 of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), which entered into force on 26/06/1444H (corresponding to 19/01/2023G) and the amendments thereto, the reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the company, and the effect of the reduction on these obligations.
- A copy of the limited assurance report prepared by the chartered accountant was included in the announcement of the invitation to this Extraordinary General Assembly on the website of the Saudi Stock Exchange (Tadawul) dated 01/05/1447H (corresponding to 23/10/2025G).





## Documents Available for Review

- The shareholders' circular will be published and made available to the public within a period of no less than (14) days prior to the holding of the Extraordinary General Assembly to reduce the company's capital.
- The company will make the following documents available for review at its headquarters located in Riyadh, Al-Muhammadiyah District, King Fahad Road, Al-Sahab Building 4th Floor, P.O. Box 4681, Riyadh 11412, Kingdom of Saudi Arabia, Starting from the date of the Capital Market Authority's approval on 23/04/1447H (corresponding to 15/10/2025G), until the date of the Extraordinary General Assembly meeting on 22/05/1447H (corresponding to 13/11/2025G), during official working hours from 9:00 A.M. to 5:00 P.M.
- A copy of the company's Board of Directors' recommendation to reduce the company's capital.
- A copy of the letter appointing the financial advisor.
- A copy of the limited assurance report on the proposed capital reduction
- A copy of the Authority's announcement approving the company's request to reduce its capital, published on the Capital Market Authority's website and the Saudi Stock Exchange (Tadawul).
- A copy of this circular to shareholders (the presentation made to the company's shareholders at the Extraordinary General Assembly meeting).



## Attachments

- A copy of the limited assurance report on the proposed capital reduction
- Form of proxy to attend the Extraordinary General Assembly meeting

## INDEPENDENT LIMITED ASSURANCE REPORT

TO THE SHAREHOLDERS OF TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(1 / 4)

---

### INTRODUCTION

According to the request of the management of Tihama for Advertising, Public Relations and Marketing (the "Company"), we have performed a limited assurance engagement in order to determine whether anything has come to our attention that causes us to believe that the subject matter detailed below (the "Subject Matter") has not been prepared, in all material respects, in accordance with the applicable criteria set out below (the "Applicable Criteria"), and accordingly issuing the Agreed-Upon Procedures report, which may not be suitable for any other purpose.

---

### SUBJECT MATTER

The subject matter relates to the limited assurance engagement in connection with the Board of Directors' resolution of Tihama Advertising, Public Relations, and Marketing Company, Resolution No. 56 by circulation dated 19 Safar 1447H (corresponding to 13 August 2025), regarding the reduction of the Company's share capital from four hundred million (SAR 400,000,000), representing forty million (40,000,000) ordinary shares, to two hundred twenty-nine million two hundred sixteen thousand six hundred thirty (SAR 229,216,630), representing twenty-two million nine hundred twenty-one thousand six hundred sixty-three (22,921,663) ordinary shares, representing a decrease of 42.70% of the Company's share capital. The reduction was effected through the cancellation of seventeen million seventy-eight thousand three hundred thirty-seven (17,078,337) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, in order to offset accumulated losses amounting to one hundred seventy million seven hundred eighty-three thousand three hundred seventy (SAR 170,783,370), leaving the Company's accumulated losses at seven (SAR 7) Saudi Riyals after the reduction.

---

### APPLICABLE CRITERIA

1. Articles (132, 133, and 134) of the Companies Law issued by the Ministry of Commerce.
2. Article (61), Chapter Two (Part Six) of the Rules on the Offering of Securities and Continuing Obligations issued by the Capital Market Authority.
3. Articles (7, 8, and 11) of the Company's Articles of Association.

---

### MANAGEMENT RESPONSIBILITY

Management and the Chairman of the Board of Directors of the Company are responsible for preparing the Subject Matter of assurance and presenting it appropriately in accordance with the applicable criteria. Management is also responsible for establishing and maintaining an adequate internal control system to ensure that the Subject Matter is free from material misstatements, whether due to fraud or error, selecting and applying appropriate criteria, maintaining sufficient records, and making reasonable estimates in accordance with the circumstances.

## INDEPENDENT LIMITED ASSURANCE REPORT

TO THE SHAREHOLDERS OF TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(2 /4)

---

### OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the limited assurance engagement we have performed in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", as adopted in the Kingdom of Saudi Arabia, and the terms and conditions of this engagement as agreed with the Company's management.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and as such, do not provide all the evidence that would be required for a reasonable assurance engagement. The procedures performed depend on our professional judgment, including the assessment of the risks of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls in determining the nature and extent of our procedures, this engagement was not designed to provide assurance on the effectiveness of the internal control system.

---

### INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), as adopted in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Our firm applies International Standard on Quality Management (ISQM) 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", as adopted in the Kingdom of Saudi Arabia. Accordingly, we maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

---

### SUMMARY OF PROCEDURES PERFORMED

Our procedures regarding systems and controls relating to the preparation of the Notification in accordance with the requirements of applicable criteria, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.



## INDEPENDENT LIMITED ASSURANCE REPORT

TO THE SHAREHOLDERS OF TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY

A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

(3 / 4)

---

### SUMMARY OF PROCEDURES PERFORMED (CONTINUED)

The procedures performed in the limited assurance engagement differ in nature and timing and are less in scope than the reasonable assurance engagement. Consequently, the level of assurance obtained in the limited assurance engagement is much less than the assurance that would have been obtained had we performed the reasonable assurance engagement. As part of this engagement, we have not performed any procedures of reviewing, examining, or verifying the subject matter of assurance, nor of the records or other sources from which the subject in question was extracted. Accordingly, we will not express reasonable assurance opinion.

Our procedures included:

- Obtaining the Board of Directors' resolution dated 19 Safar 1447H (corresponding to 13 August 2025G), pursuant to which the Board resolved to amend recommendation regarding the reduction of the Company's share capital from SAR 400 million to SAR 229.2 million, representing a reduction of 42.70%, for the purpose of extinguishing the Company's accumulated losses..
- Reviewing the Company's report on the reasons for the capital reduction, which concluded that the reduction will have no impact on the Company's cash accounts or shareholders' equity, or the Company's liabilities.
- Obtaining the Company's trial balance as of 30 June 2025, as well as the condensed interim consolidated financial statements (unaudited) as of 30 June 2025.
- Reviewing Articles (132, 133, and 134) of the Companies Law issued by the Ministry of Commerce; Article (61), Chapter Two (Part Six) of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority; and Articles (7, 8, and 11) of the Company's Articles of Association.

---

### CONCLUSION

Based on the limited assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared and presented fairly, in all material respects, in accordance with the applicable criteria.

---

### OTHER MATTER

The proposed adjusted share capital balance will be reflected in the Company's accounting records after the approval of the Company's shareholders and the completion of the statutory procedures with the Ministry of Commerce.

**INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)**

**TO THE SHAREHOLDERS OF TIHAMA FOR ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA**

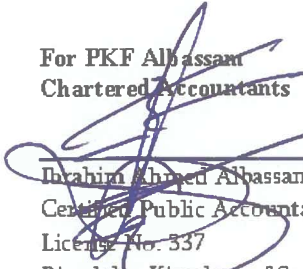
(4 /4)

**RESTRICTIONS ON THE USE OF OUR REPORT**

Our report has been prepared at the request of the Company's management for presentation to the shareholders at their Extraordinary General Meeting, in accordance with the applicable guidelines set out in this report. This report may not be used for any other purpose or distributed to any party other than the Ministry of Commerce and the Capital Market Authority. Furthermore, no part of this report may be quoted or referred to without our prior written consent.

Our report has been prepared at the request of the Company's management for presentation to the shareholders at their Extraordinary General Meeting, in accordance with the applicable guidelines set out in this report. This report may not be used for any other purpose or distributed to any party other than the Ministry of Commerce and the Capital Market Authority. Furthermore, no part of this report may be quoted or referred to without our prior written consent.

For PKF Al Bassam  
Chartered Accountants

  
Ibrahim Ahmed Albassam  
Certified Public Accountant  
License No. 337  
Riyadah - Kingdom of Saudi Arabia  
16 Rabi' Al-Awwal 1447H  
Corresponding to: 8 September 2025





**REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND  
THE IMPACT OF THAT REDUCTION ON THE LIABILITIES OF  
TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING  
COMPANY (A SAUDI JOINT STOCK COMPANY)  
AS OF JUNE 30, 2025**

Tihama Advertising Public Relations & Marketing Company  
شركة تهامة للإعلان والعلاقات العامة والتسويق

الرياض Riyadh | س.ت.د 1010016722 | C.R 1010016722 | +966 92 000 97671 | +966 11 207 9767 | +966 11 207 9504 | صندوق البريد 4681 | الرمز البريدي 11412 Zip-Code: 11412  
Saudi Shareholding Company | Equity capital 400,000,000 SAR | رأس المال 400,000,000 ريال | شركة مساهمة سعودية | [www.tihamaholding.com](http://www.tihamaholding.com)

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY  
AS OF JUNE 30, 2025**

---

Description of company requirements	3
Historical financial statements	4-8
Notes on the financial statements, the reasons for reducing capital, and the impact of that reduction on the company's obligations	9-10
Relevant materials of rules and regulations	10-12



**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

---

**Description**

- As of June 30, 2025, the company's accumulated losses amounted to (170,783,377) Saudi riyals, which represents 42.70% of the company's capital.
- On August 13, 2025, the Board of Directors recommended to the Extraordinary General Assembly to reduce the company's capital from four hundred million (400,000,000) Saudi Riyals to two hundred twenty-nine million, two hundred sixteen thousand, six hundred thirty (229,216,630) Saudi Riyals, by one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals, by canceling Seventeen million, seventy-eight thousand, three hundred thirty-seven (17,078,337) ordinary shares, i.e. the capital will be reduced by one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals from the accumulated losses. This is to restructure the company's capital to extinguish the accumulated losses.
- There is no impact of reducing the company's capital on its financial obligations.
- The percentage of capital reduction is (42.70%), and the reduction process will be carried out by cancelling Seventeen million, seventy-eight thousand, three hundred thirty-seven (17,078,337) ordinary shares, which means the number of (1) share will be reduced for every (2.34) shares. To extinguish an amount of one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals from the company's accumulated losses, representing (99.99%) of the company's accumulated losses amounting to one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy-seven (170,783,377) Saudi Riyals as of the date of the unaudited condensed consolidated interim financial statements as of June 30, 2025. The company's accumulated losses after the reduction will be an amount of seven (7) Saudi riyals, representing (0.0%) of the company's new capital of two hundred twenty-nine million, two hundred sixteen thousand, six hundred thirty (229,216,630) Saudi Riyals.
- The proposed method for reducing capital is to cancel Seventeen million, seventy-eight thousand, three hundred thirty-seven (17,078,337) ordinary shares (Eligible shareholders will be compensated according to their rights in the fractional shares resulting from the reduction process), i.e. the capital will be reduced by one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals from the accumulated losses.
- We would also like to note that the capital reduction process is subject to the approval of the relevant authorities and the Extraordinary General Assembly.
- The company's capital reduction will not affect the market value of shareholders' portfolios. It should be noted that any shareholder holding shares in the company will have their shares cancelled, and they will be compensated for any resulting fractional shares. The company will consolidate any fractional shares (if any) into a single portfolio, which will arise from the capital reduction process, and then sell them in the market at the prevailing price. The proceeds from the sale will be distributed to the entitled shareholders according to their ownership, within thirty (30) days from the date of the shareholders' approval of the capital reduction at the Extraordinary General Assembly.

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT**  
**REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND**  
**MARKETING COMPANY AS OF JUNE 30, 2025**

**1- The company's historical financial data extracted from the financial statements as of June 30, 2025.**

<b>Interim Condensed Consolidated Statement of Financial Position</b>	<b>30 June 2025 (Unaudited)</b>	<b>31 March 2025 (Audited)</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property and equipment, net	4,474,240	5,634,406
Right-of-use assets, net	10,750,503	13,541,427
Investment in associates	57,570,026	55,470,370
Financial assets at fair value through other comprehensive income	-	-
Intangible assets	100,002	100,002
<b>Total Non-Current Assets</b>	<b>72,894,771</b>	<b>74,746,205</b>
<b>Current Assets</b>		
Inventory	40,702,082	41,109,560
Trade receivables and other debit balances	53,784,042	59,001,670
Financial assets at fair value through profit or loss	138,941,324	107,452,105
Due from related party	691,956	691,956
Cash and cash equivalents	51,029,366	88,361,360
<b>Total Current Assets</b>	<b>285,148,770</b>	<b>296,616,651</b>
<b>Total Assets of Continuing Operations</b>	<b>358,043,541</b>	<b>371,362,856</b>
<b>Total Assets of Discontinued Operations</b>	<b>923,688</b>	<b>1,423,273</b>
<b>Total Assets</b>	<b>358,967,229</b>	<b>372,786,129</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	400,000,000	400,000,000
Accumulated losses	(170,783,377)	(167,327,979)
Actuarial losses	(1,770,978)	(1,770,978)
Other reserves	(27,691,761)	(27,736,758)
<b>Total Equity attribute to Shareholder of the Parent Company</b>	<b>199,753,884</b>	<b>203,164,285</b>
Non-controlling interest	(4,611,615)	(4,521,360)
<b>Total Equity</b>	<b>195,142,269</b>	<b>198,642,925</b>
<b>Non-Current Liabilities</b>		
Lease liability - non-current portion	-	506,444
Employees' defined benefits obligations	2,932,923	3,051,432
<b>Total Non-Current Liabilities</b>	<b>2,932,923</b>	<b>3,557,876</b>
<b>Current Liabilities</b>		
Trade payables and other credit balances	79,132,531	86,864,228
Due to a related party	221,280	221,280
Lease liabilities - current portion	28,521,228	31,249,768
Dividends payable	8,808,754	8,808,754
Zakat payable	19,744,915	18,657,253
<b>Total Current Liabilities</b>	<b>136,428,708</b>	<b>145,801,283</b>
<b>Total Liabilities of Continuing Operations</b>	<b>139,361,631</b>	<b>149,359,159</b>
<b>Total Liabilities of Discontinued Operations</b>	<b>24,463,329</b>	<b>24,784,045</b>
<b>Total Equity and Liabilities</b>	<b>358,967,229</b>	<b>372,786,129</b>

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY**  
**(SAUDI JOINT STOCK COMPANY)**  
**REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT**  
**REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND**  
**MARKETING COMPANY AS OF JUNE 30, 2025**

**2- The company's historical financial data extracted from the financial statements as of June 30, 2025. (Continued)**

<b>Interim Condensed Consolidated Statement of Profit or Loss</b>	<b>For the Three-Months Period ended</b>	
	<b>30 June 2025 (Unaudited)</b>	<b>30 June 2024 (Unaudited)</b>
Revenues from continued operations	9,881,427	11,079,268
Cost of revenues	(4,527,005)	(4,810,152)
<b>Gross profit</b>	<b>5,354,422</b>	<b>6,269,116</b>
Selling and marketing expenses	(9,251,829)	(10,742,794)
General and administrative expenses	(3,467,278)	(5,419,996)
Finance cost	(96,730)	(244,880)
Gain from financial assets at Fair value through Profit or loss	1,897,778	-
Other income	1,476,142	3,060,100
Share of results from associated companies	2,054,659	2,521,820
<b>Loss from continued operations for the Period before zakat</b>	<b>(2,032,836)</b>	<b>(4,556,634)</b>
Zakat	(1,100,000)	(2,125,000)
<b>Net loss from continued operations for the Period</b>	<b>(3,132,836)</b>	<b>(6,681,634)</b>
<b>Discontinued operations</b>		
Loss from discontinued operations for the Period	(412,817)	(665,298)
<b>Net loss for the Period</b>	<b>(3,545,653)</b>	<b>(7,346,932)</b>
<b>Net loss for the Period attributed to:</b>		
Shareholders of the parent company	(3,455,398)	(7,165,072)
Non-Controlling interest	(90,255)	(181,860)
	<b>(3,545,653)</b>	<b>(7,346,932)</b>
<b>Basic and diluted loss per share attributable to the shareholders of the company</b>		
From continued operations	(0.08)	(0.16)
From discontinued operation	(0.01)	(0.02)

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

**3- The company's historical financial data extracted from the financial statements as of June 30, 2025. (Continued)**

<b>Interim Condensed Consolidated Statement of Other Comprehensive Income</b>	<b>For the Three-Months Period ended</b>	
	<b>30 June 2025 (Unaudited)</b>	<b>30 June 2024 (Unaudited)</b>
<b>Net Loss for the period</b>	<b>(3,545,653)</b>	<b>(7,346,932)</b>
<b>Other comprehensive gain/(loss)</b>		
<b>Items that can be reclassified to profit or loss:</b>		
Share of foreign currency translation reserve in an associate company	44,997	(511,608)
<b>Total other comprehensive (loss)/ gain for the period</b>	<b>44,997</b>	<b>(511,608)</b>
<b>Total comprehensive loss for the period</b>	<b>(3,500,656)</b>	<b>(7,858,540)</b>
<b>Total comprehensive loss for the period attributed to:</b>		
Shareholder in parent company	(3,410,401)	(7,676,680)
Non-controlling interest	(90,255)	(181,860)
<b>Total comprehensive loss for the period</b>	<b>(3,500,656)</b>	<b>(7,858,540)</b>



**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY**

**(SAUDI JOINT STOCK COMPANY)**

**REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY AS OF JUNE 30, 2025**

**4- The company's historical financial data extracted from the financial statements as of June 30, 2025. (Continued)**

<b>Interim Condensed Consolidated Statement of change in Equity</b>	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Actuarial losses</b>	<b>Other reserves</b>	<b>Total Equity Attribute to Shareholder of the parent Company</b>	<b>Non- Controlling interest</b>	<b>Total equity</b>
<b>Balance as of 1 April 2025</b>	<b>400,000,000</b>	<b>(167,327,979)</b>	<b>(1,770,978)</b>	<b>(27,736,758)</b>	<b>203,164,285</b>	<b>(4,521,360)</b>	<b>198,642,925</b>
<b>Net loss for the period</b>	-	(3,455,398)	-	-	(3,455,398)	(90,255)	(3,545,653)
<b>Other comprehensive loss for the period</b>	-	-	-	44,997	44,997	-	44,997
<b>Total comprehensive loss for the period</b>	-	(3,455,398)	-	44,997	(3,410,401)	(90,255)	(3,500,656)
<b>Balance as of 30 June 2025 (Unaudited)</b>	<b>400,000,000</b>	<b>(170,783,377)</b>	<b>(1,770,978)</b>	<b>(27,691,761)</b>	<b>199,753,884</b>	<b>(4,611,615)</b>	<b>195,142,269</b>
 Balance as of 1 April 2024 (as previously stated) – (audited)	400,000,000	(159,925,206)	(2,660,091)	(22,652,590)	214,762,113	(3,938,371)	210,823,742
Restatement	-	4,328,369	-	(4,580,575)	(252,206)	-	(252,206)
Balance as of 1 April 2024 (Restated)	400,000,000	(155,596,837)	(2,660,091)	(27,233,165)	214,509,907	(3,938,371)	210,571,536
<b>Net loss for the period</b>	-	(7,165,072)	-	-	(7,165,072)	(181,860)	(7,346,932)
<b>Other comprehensive loss for the period</b>	-	-	-	(511,608)	(511,608)	-	(511,608)
<b>Total comprehensive loss for the period</b>	-	(7,165,072)	-	(511,608)	(7,676,680)	(181,860)	(7,858,540)
<b>Balance as of 30 June 2024 (Unaudited)</b>	<b>400,000,000</b>	<b>(162,761,909)</b>	<b>(2,660,091)</b>	<b>(27,744,773)</b>	<b>206,833,227</b>	<b>(4,120,231)</b>	<b>202,712,996</b>

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

**5- The company's historical financial data extracted from the financial statements as of June 30, 2025. (Continued)**

<b>Interim Condensed Consolidated Statement of Cash Flows</b>	<b>For the Nine-Months Period Ended</b>	
	<b>30 June 2025 (Unaudited)</b>	<b>30 June 2024 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Loss from continued operations for the period before zakat	(2,032,836)	(4,556,634)
Loss from discontinued operations for the period before zakat	(412,817)	(415,298)
<b>Loss before Zakat</b>	<b>(2,445,653)</b>	<b>(4,971,932)</b>
<b>Adjustment for non-cash item</b>		
Depreciation of property and equipment	1,192,971	1,364,081
Depreciation of right of use assets	2,790,924	3,038,289
Gain from Short term deposits	-	(2,059,636)
Share of results from Investment in associate companies	(2,054,659)	(2,521,820)
Provision for slow moving inventory	92,513	172,781
Gain from financial assets at Fair value through Profit or loss	(1,897,778)	-
Provision for employees' defined benefits obligations	191,930	350,172
Finance cost	96,730	398,993
	<b>(2,033,022)</b>	<b>(4,229,072)</b>
<b>Changes in working capital</b>		
Inventory	314,965	954,294
Trade receivables and other debit balances, net	4,055,103	(36,939,181)
Trade payables and other credit balances	(7,756,507)	(31,581,564)
Employees' defined benefits obligations paid	(310,439)	(46,817)
Zakat paid	(12,338)	(729,747)
<b>Net cash flows used in operating activities</b>	<b>(5,742,238)</b>	<b>(72,572,087)</b>
Change in working capital from Discontinued operations	178,869	(142,990)
<b>Net cash flows used in operating activities</b>	<b>(5,563,369)</b>	<b>(72,715,077)</b>
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(32,805)	(293,541)
Dividends received from associate companies	-	1,403,493
Collected from Financial assets at FVTPL	408,559	-
Additional investment in financial assets at FVTPL	(30,000,000)	-
<b>Net cash flows (used in) / generated from investing activities</b>	<b>(29,624,246)</b>	<b>1,109,952</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(2,144,379)	(1,014,241)
Finance cost paid	-	(154,112)
<b>Net cash flows used in financing activities</b>	<b>(2,144,379)</b>	<b>(1,168,353)</b>
<b>Net change in cash and cash equivalents</b>	<b>(37,331,994)</b>	<b>(72,773,478)</b>
Cash and cash equivalents at the beginning of the Year	88,361,360	244,613,741
Less: changes in restricted bank balance	-	20,751,481
<b>Cash and cash equivalents at the end of the Period</b>	<b>51,029,366</b>	<b>192,591,744</b>

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

---

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

**6-1 Liabilities**

Total liabilities represent 45.64% of the company's total assets as of June 30, 2025. Liabilities consist mainly of trade payables, lease liabilities, due legal zakat and due to related parties. The capital reduction will not have any impact on the company's liabilities.

**6-2 Accumulated losses**

As of June 30, 2025, the company's accumulated losses amounted One hundred seventy million, seven hundred eighty-three thousand, three hundred seventy-seven (170,783,377) Saudi riyals, which represents 42.70% of the company's capital.

Reducing the capital by One hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals will reduce the accumulated losses to Seven (7) Saudi Riyals.

**6-3 Capital**

The capital before reduction is 400,000,000 Saudi riyals.

The capital after reduction is Two hundred twenty-nine million, two hundred sixteen thousand, six hundred thirty (229,216,630) Saudi Riyals, divided into Twenty-two million, nine hundred twenty-one thousand, six hundred sixty-three (22,921,663) ordinary shares. With a nominal value of 10 Saudi riyals per share

**6-4 Reasons for reducing capital**

The purpose of reducing the capital by an amount of one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals is to extinguish an amount of one hundred seventy million, seven hundred eighty-three thousand, three hundred seventy (170,783,370) Saudi Riyals from the company's accumulated losses, representing (99.99%) of the company's accumulated losses amounting to One hundred seventy million, seven hundred eighty-three thousand, three hundred seventy-seven (170,783,377) Saudi riyals as of the date of the unaudited condensed consolidated interim financial statements as of June 30, 2025.

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

**6- Notes on the financial statements, the reasons for reducing capital, and the impact of that reduction on the company's obligations (Continued)**

**6-5 Effect of capital reduction**

The impact on shareholders' equity based on the audited financial statements for the year ending June 30, 2025 will be as follows:

Shareholders' equity	Before the reduction	Reduction amount	After the reduction
Capital	400,000,000	(170,783,370)	229,216,630
Accumulated losses	(170,783,377)	170,783,370	(7)
Actuarial lose	(1,770,978)	-	(1,770,978)
Other reserves	(27,691,761)	-	(27,691,761)
<b>Total Equity attribute to Shareholder of the Parent company</b>	<b>199,753,884</b>	<b>-</b>	<b>199,753,884</b>

- 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.
- In the event that a shareholder owns only one share, his share will be cancelled, and he will be compensated with fractional shares that will be sold at the time

**7- Relevant articles of laws and regulations.**

**• Capital Market Authority**

**Article (61) 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 apply to the Authority that includes - as a minimum - the information contained in Appendix 25 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.



**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

---

**7- Relevant articles of laws and regulations (Continued)**

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 purchases a number of its shares equal to the amount required to be reduced, and then cancels them.

**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 incurs losses. In the latter case alone, the capital may be reduced to less than the limit stipulated in Article 59 of the Bylaws. The reduction decision shall not be issued except after reading a statement in the General Assembly prepared by the Board of Directors on the reasons for 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 suffice to present the aforementioned statement to the shareholders in cases where the General Assembly's decision is issued by circulation.

**TIHAMA ADVERTISING, PUBLIC RELATIONS AND MARKETING COMPANY  
(SAUDI JOINT STOCK COMPANY)  
REPORT ON THE REASONS FOR THE CAPITAL REDUCTION AND THE IMPACT OF THAT  
REDUCTION ON THE LIABILITIES OF TIHAMA ADVERTISING, PUBLIC RELATIONS AND  
MARKETING COMPANY AS OF JUNE 30, 2025**

---

**7- Relevant articles of laws and regulations (Continued)**

**Article (7) Capital:**

The company's capital was set at four hundred million Saudi riyals (400,000,000) riyals, divided into (40,000,000) shares of equal nominal value, each of which is worth (10) Saudi riyals, and all of them are ordinary shares in exchange for cash shares, and the value of which was paid in cash is four hundred million riyals (400,000,000) riyals, and the cash amounts paid from the issued capital were deposited with one of the licensed banks.

**Article (8) Subscription to Shares:**

The shareholders subscribed to the entire issued capital shares amounting to 400,000,000 riyals, fully paid.

**Article (11) Capital Reduction:**

- 1 - The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if the company incurs losses. Only in the latter case may the capital be reduced to less than the limit stipulated in Article (Fifty-Nine) of the Companies Law. The reduction decision shall not be issued except after reading a statement, at a general assembly prepared by the Board of Directors, on the reasons for the reduction, the company's obligations, and the effect of the reduction on fulfilling them. A report from the company's auditors shall be attached to this statement.
- 2 - If the capital reduction results from its excess over the company's needs, creditors must be invited to express their objections, if any, to the reduction at least forty-five days prior to the date set for the extraordinary general assembly meeting to decide on the reduction. The invitation must be accompanied by a statement specifying the amount of capital before and after the reduction, the date of the meeting, and the effective date of the reduction. If any creditor objects to the reduction and submits their documents to the company by the aforementioned date, the company must pay their debt if it is due, or provide them with sufficient guarantee to pay it if it is deferred.
- 3 - Equality must be observed among shareholders holding shares of the same type and class when reducing capital.

**End of Report**



**Chief Executive officer**

Hussein Masoud Al-Dosari



**Chief Financial officer**

Ashraf Mohamed Abdelaal

## Proxy Form

Date:

Corresponding to:

I (authorizing shareholder's full name) ..... with national ID number ..... in my (personal) capacity or (an authorized signatory/Chairman/Manager) of ..... (name of authorizing Company) and the owner of (.....) shares of Tihama Holding Co. (Saudi Joint Stock Company) with Commercial Registration number 101016722 dated 13/06/1978 and pursuant to Article (42) of Company's bylaws, hereby authorize ..... (name of the representative) to attend the Extraordinary General Assembly meeting which will be held the Company's head office and through modern technology means using the Tadawulaty system, at ..... on ..... corresponding to ..... AH to vote on my behalf on the agenda and to sign on my behalf on all resolutions and documents related to this meeting. This authorization is valid for this meeting and any subsequent adjourned meeting.

Full Name of signing the proxy: .....

Type of signing the proxy:

ID number:

.....

.....

Signature and Stamp

- This proxy does not apply if the assembly is held via modern technology only.