

**Ithmaar Holding B.S.C.**



**Board of Directors Report on  
Proposed Capital Increase of Ithmaar Holding B.S.C.**

Issued on 11 February 2026

<b>Date</b>	11 February 2026
<b>Company Name</b>	Ithmaar Holding B.S.C.
<b>Trading Code</b>	ITHMR
<b>Subject</b>	Capital increase (including in kind contribution)
<b>Background</b>	<p>Ithmaar Holding B.S.C. (“<b>Company</b>”) has experienced a series of financial challenges over the past few years, resulting in significant accumulated losses.</p> <p>As at the date of the last audited accounts (year ended 31 December 2024), the accumulated losses of Ithmaar stood at 109% of the Company’s paid-up share capital. These losses are primarily attributable to:</p> <ul style="list-style-type: none"> <li>• Impairment provisions related to non-core investments affected by historical financial crises;</li> <li>• The adoption of Financial Accounting Standards (FAS) 30 (Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the equivalent of International Financial Reporting Standards (IFRS) 9), which led to additional impairment charges; and</li> <li>• Economic disruptions caused by the COVID-19 pandemic.</li> </ul> <p>The board of directors of the Company (the "<b>Board</b>") has been working on various initiatives to improve the share capital of Ithmaar, which will strengthen the Company’s consolidated equity.</p> <p>On 17 March 2022, the Board convened an extraordinary general meeting ("<b>EGM</b>") pursuant to article 64(7) of the Company’s articles of association. During the EGM, the Board made certain recommendations and proposed measures to the shareholders of the Company with respect to the losses of the Company, including the offsetting of accumulated losses against share capital. It was subsequently confirmed by the Company that the foregoing measures would be contemplated after the completion of the sale of Ithmaar’s consumer banking business and certain other assets to Al Salam Bank B.S.C. It was agreed that the measures would be subject to further evaluation and presented to the shareholders for approval subject to receipt of any necessary regulatory consent(s).</p> <p>Another initiative of the Company to mitigate the losses was the proposed sale of Ithmaar’s financing and investment portfolio. Negotiations commenced on 6 March 2024 between Ithmaar Holding B.S.C. and GFH Financial Group B.S.C. Shareholders were kept informed throughout the process. However, on 14 April 2025, both parties announced the mutual termination of discussions following preliminary due diligence, as the conditions required for execution of the acquisition were not met.</p>

	<p>Subsequently, the Board discussed and explored options for strengthening the Company's capital position with the Company's major shareholders, Dar Al-Maal Al-Islami Trust and Islamic Investment Company of the Gulf (the "<b>Major Shareholders</b>"). These options included a potential capital reduction followed by a capital increase pursuant to a rights issue under the OFS Module in addition to other remedial measures, all of which remain subject to further review and regulatory approval.</p>
<b>Capital Increase Details</b>	<ul style="list-style-type: none"> <li>• Total rights issue size: USD\$ 96,566,774 (386,267,098 shares).</li> <li>• Shareholders of the Company will be offered 1.02 new shares for every 1 share held.</li> </ul> <p>This capital increase shall follow a capital reduction as set out in the Board's capital reduction report.</p> <p>The Major Shareholders shall partly subscribe for the rights issue with a cash contribution (c.US\$ 12.5 million) and partly an in-kind contribution (as set out below), with a view to improving the equity position of the Company.</p> <p>The in-kind contribution will consist of 100% of the equity interest in 7972440 Canada Inc. ("<b>Canada Inc</b>").</p> <p>Canada Inc. is a Canadian company that holds ownership of the Des Grands Jardins Avenue and Saint-Louis Street property in Gatineau, Québec. The property represents a real estate holding of strategic value, comprising approximately 590 acres of land designated for subdivision development together with an office building of approximately 5,511 square feet (the "<b>Land</b>").</p> <p>Canada Inc. is legally owned by the Company through various subsidiaries on behalf of the Major Shareholders as the ultimate beneficial owners. The Major Shareholders plan to assign their rights in relation to Canada Inc. to the Company as their in-kind contribution to the rights issue thus giving the Company indirectly both the legal and beneficial title to the entirety of the issued shares of Canada Inc and its assets, including the Land as well as all associated assets and rights in respect of Canada Inc and the historical investments and related funding.</p> <p>The Canadian property is earmarked for exit under one of two potential strategies:</p> <ul style="list-style-type: none"> <li>• The property may be disposed of on an "as-is" basis following the receipt of expected approvals for the revised subdivision master plan. This strategy is intended to crystallize planning-enhanced land value while avoiding execution, funding, construction cost escalation, and market absorption risks associated with large scale infrastructure delivery. An "as-is" disposal would enable an earlier exit and near term capital</li> </ul>

realization, while preserving value uplift achieved through de-risking rather than full development; or

- Alternatively, pursue a medium term strategy involving attainment of the revised master plan, securing local project financing, funding selective infrastructure and phased development works. This approach would be designed to maximise the eventual exit outcome through a staged disposal process. This strategy would be pursued subject to prevailing market conditions, funding availability, municipal approval timelines, and the achievement of satisfactory risk adjusted return thresholds

Both strategies will be assessed in the context of prevailing market conditions, regulatory timelines, and funding availability, with the overriding objective of derisking the asset, optimising timing of disposal, and maximising value realisation for Ithmaar Holding.

The land was valued by two independent real estate valuers, Cushman & Wakefield and Groupe Proval Outaouais appointed by Ithmaar. Below is an extract of their valuation opinions.

a. Cushman & Wakefield's valuation opinion:

As per the valuation report from Cushman & Wakefield dated 27 January 2025 the valuation of the land was estimated to be Canadian Dollars 60,180,000 (equivalent to approximately US\$ 43,941,460 based on exchange rate of 1.3695 published on CBB website as of 31 December 2025).

b. Groupe Proval Outaouais's valuation opinion:

As per the valuation report from Groupe Proval Outaouais dated 22 December 2025 the valuation of the land was estimated to be Canadian Dollars 55,040,000 (equivalent to approximately US\$ 40,188,401 based on exchange rate of 1.3695 published on CBB website as of 31 December 2025).

The above valuations are based on recognized professional appraisal methodologies, including direct comparison and subdivision development analysis, and assume implementation of a revised subdivision master plan, subject to receipt of the relevant municipal and regulatory approvals. The valuations incorporate assumptions in relation to development phasing, infrastructure costs, environmental conservation

	<p>requirements (including wetlands), absorption periods, and applicable discount rates, as set out in the respective valuation reports.</p> <p>The variance between the two valuation opinions primarily reflects differences in assumptions relating to development timing, cost inputs, and market absorption, rather than any divergence in the assessment of the underlying development potential of the land.</p>
<b>Effect of Rights issue</b>	<ul style="list-style-type: none"> <li>• Total equity post rights issue (assuming 100% is subscribed) will be US\$ 191,240,083 (764,960,331 shares).</li> <li>• Refer to Annexure 1 for further details in respect of the equity capital of the Company post-capital reduction and rights issue.</li> </ul>
<b>Shareholder Approval</b>	<p>The Board recommends to the shareholders of the Company to approve the proposed capital increase at the upcoming EGM, to be held on 5 March 2026.</p>

**Annexure 1**

	<b>Consolidated</b>	<b>AS-IS</b>	<b>Set off accumulated losses</b>	<b>After Set off of accumulated losses</b>	<b>Rights issue</b>	<b>Revised</b>
Share capital	757,689	(663,017)		94,672	96,567	191,239
Treasury shares	(30,149)	30,149		-	-	-
Reserves						
- Share premium, Statutory & General reserve	243,203	(195,783)		47,420	-	47,420
- Other reserves	(130,676)	-		(130,676)	-	(130,676)
Accumulated losses	(828,650)	828,650		-	-	-
<b>Total owners' equity</b>	<b>11,417</b>	<b>(1)</b>		<b>11,416</b>	<b>96,567</b>	<b>107,983</b>
<b>No. of shares (000)</b>						
Total shares issued	3,030,755	(2,652,062)		378,693	386,267	764,960
Treasury shares	(120,595)	120,595		-	-	-
Number of issued shares (net of Treasury shares)	2,910,160	(2,531,467)		378,693	386,267	764,960
<b>Book value per share (\$)</b>	<b>0.00</b>			<b>0.03</b>		<b>0.14</b>
<b>Accumulated losses to share capital (%)</b>	<b>109%</b>			<b>0%</b>		<b>0%</b>