Trading Period		Subscription Period	
Starts from [day]	until [day]	Starts from [day]	until [day]
(..)1444H (..)2023G	(..)1444H (..)2023G	(..)1444H (..)2023G	(..)1444H (..)2023G

GO Telecom

Rights Issue Prospectus

Etihad Atheeb Telecom Company (hereinafter referred to as the "Company" or "Go") is a Saudi joint stock company, established by virtue of Royal Decree No. M/6 dated 19/02/1429H (corresponding to 26/02/2008G) and registered under Commercial Register No. 1010263273 issued in the city of Riyadh on 30/02/1430H (corresponding to 25/02/2009G).

Offering twenty five million (25,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals and nominal value of ten (10) Saudi Riyals per share by way of a Rights Issue, representing an increase in the Company's capital from eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals divided into eight million nine hundred and ninety-nine thousand (8,999,900) ordinary shares to three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into thirty-three million nine hundred and ninety-nine thousand (33,999,900) ordinary shares, representing an (277.78%) increase Offering.

Etihad Atheeb Telecom Company (hereinafter referred to as the "**Company**" or "**Go**") is a Saudi joint stock company, established by virtue of Royal Decree No. M/6 dated 19/02/1429H (corresponding to 26/02/2008G) and registered under Commercial Register No. 1010263273 issued in the city of Riyadh on 30/02/1430H (corresponding to 25/02/2009G). The Company operates under the license issued on 05/04/1430H (corresponding to 01/04/2009G) by the Communications, Space and Technology Commission ("**CST**").

The Company's current share capital is eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, paid in full, with a nominal value of ten (10) Saudi Riyals per share ("**Current Shares**").

By virtue of a resolution dated 16/05/1443H (corresponding to 20/12/2021G) and as amended by a resolution dated 17/03/1444H (corresponding to 13/10/2022G), the Extraordinary General Assembly approved increasing the Company's capital from eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals to three hundred and thirty-nine million and nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, through the issuance of Rights Shares valued at two hundred and fifty million (250,000,000) Saudi Riyals, after obtaining the necessary regulatory approvals and the approval of the Extraordinary General Assembly ("**EGM**").

On [•]H (corresponding to [•]G), the EGM approved to increase the Company's share capital by 277.78%, from eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals to three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals through the offering of twenty five million (25,000,000) new ordinary shares (referred to as "**New Shares**", "**Rights Shares**" or the "**Offer Shares**") at an offer price of ten (10) Saudi Riyals per share (referred to as "**Offer Price**"), with a nominal value of ten (10) Saudi Riyals. The Company's shareholders, who are registered at the end of the trading period on the day of the EGM and who are registered in the Company's shareholders register at the Depository Center Company ("**Depositary Center**" or "**Edaa**") as at the end of the second trading day following the EGM on [•]H (corresponding to [•]G), will have the right to subscribe to the New Shares according to their percentage of ownership in that date.

The Rights will be issued in the form of tradable securities (collectively the "**Rights**" and individually "**Right**") to the Company's shareholders, who are registered in the Company's shareholders register as at the close of trading on the date of the EGM to increase the capital ("**Eligibility Date**") and those who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the date of the EGM approving the capital increase on [•]H (corresponding to [•]G) ("**Eligibility Date**")(each Shareholder is referred to as "**Registered Shareholder**" and collectively as "**Registered Shareholders**"). Such Rights will be deposited into the Registered Shareholders' portfolios within two working days from the Eligibility Date in the amount of approximately (2.7778) Rights for each (1) Company share held as at the Eligibility date. Each Right grants its holder the right to subscribe to one New Share at the Offer Price.

Registered Shareholders and other investors ("**New Investors**"), who may trade the Rights and subscribe to the New Shares, will be able to trade and subscribe to the Rights on the Saudi Stock Exchange ("**Tadawul**" or "**Market**"). The trading period and subscription period will commence from [•]H (corresponding to [•]G), provided that the trading period ends on [•]H (corresponding to [•]G) ("**Trading Period**"), while the subscription period will continue until the end of [•]H (corresponding to [•]G) ("**Subscription Period**"). It is important to note that the Trading Period and the Subscription Period will start on the same day, while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

During the Trading Period, Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof, buying additional Rights through the Market or refraining from taking any action in that regard. In addition, New Investors will be able to buy and sell the Rights during trading period through the Market.

Subscription to New Shares during the Subscription Period will take place in one phase as follows:

- During this Period, all Registered Shareholders and New Investors will be allowed to subscribe for the New Shares.
- The Registered Shareholder will be entitled to subscribe directly to the number or less than the number of shares held thereby during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe thereto by the end of the settlement period (two working days).
- New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).
- Subscription will be available electronically through investment portfolios in trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("**Rump Shares**"), they will be offered at no less than the Offer Price to a number of institutional investors ("**Institutional Investors**") (referred to as "**Rump Offering**"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on [•]H (corresponding to [•]G) and continue until 5:00 PM on [•]H (corresponding to [•]G) ("**Rump Offering Period**"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro rata basis no later than [•]H (corresponding to [•]G); noting that investor who did not subscribe or sell their Rights, and the owners of fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period.

In the event that Institutional Investors did not subscribe to all of the Rump Shares and factional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 13 ("**Details on Shares and Subscription Terms and Conditions**") of this Prospectus). Final allocation will be announced no later than [•]H (corresponding to [•]G) (the "**Allocation Date**") (please refer to Section 13 ("**Details on Shares and Subscription Terms and Conditions**") of this Prospectus).

Upon completion of the offering, the Company's capital will reach three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into forty-three million nine hundred and ninety-nine thousand and nine hundred (43,999,900) ordinary shares. The net Offering proceeds will be primarily utilized to enhance the Company's solvency margin in order to meet the solvency requirements and to support expansion of the Company's activities (please refer to Section 7 ("**Use of Proceeds**") of this Prospectus).

All Company shares are of one class, and no share gives its holder preferential rights. The New Shares will be fully paid in value and exactly equal to outstanding shares. Each share entitles its holder to one vote, and each Shareholder in the Company (the "**Shareholder**") has the right to attend and vote at the ordinary and extraordinary general assembly of Shareholders (the "**General Assembly**"). Owners of New Shares are entitled to any dividends declared by the Company from the date of their issue (please refer to Section 2 ("**Risk Factors**") of this Prospectus).

The Company listed one hundred million (100,000,000) ordinary shares on Tadawul through an initial public offering dated 04/04/1430H (corresponding to 31/03/2009G), and (30%) of the shares were offered for public subscription. On 06/09/1432H (corresponding to 06/08/2011G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve reducing the Company's capital from one billion (1,000,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals by cancelling sixty million (60,000,000) ordinary shares. On 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve the increasing the Company's capital from four hundred million (400,000,000) Saudi Riyals to one billion five hundred and seventy five million (1,575,000,000) Saudi Riyals through issuing one hundred seventeen million five hundred thousand (117,500,000) Rights Shares at an Offering Price of ten (10) Saudi Riyals per share. On 13/07/1438H (corresponding to 10/04/2017G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve decreasing the Company's capital from one billion five hundred and seventy five million (1,575,000,000) Saudi Riyals to six hundred thirty million (630,000,000) Saudi Riyals through the cancellation of ninety four million five hundred thousand (94,500,000) shares. On 27/05/1439H (corresponding to 13/02/2018G), the Extraordinary General Assembly of Company Shareholders was held and resolved to decrease the Company's capital from six hundred thirty million (630,000,000) Saudi Riyals to four hundred seventy two million five hundred thousand (472,500,000) Saudi Riyals through the cancellation of fifteen million seven hundred fifty thousand (15,750,000) ordinary shares. On 19/08/1440H (corresponding to 24/04/2019G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve reducing the Company's capital from four hundred seventy two million five hundred thousand (472,500,000) Saudi Riyals to three hundred fifty million five hundred twenty nine thousand (350,529,000) Saudi Riyals by cancelling twelve million one hundred ninety seven thousand (12,197,000) ordinary shares. On 03/07/1441G (corresponding to 27/02/2020G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve reducing the Company's capital from three hundred fifty million five hundred and twenty-nine thousand (350,529,000) Saudi Riyals to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals by cancelling twelve million two hundred thousand (12,200,000) of the Company's shares. On 20/06/1443H (corresponding to 23/01/2022G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve reducing the Company's capital from two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, by cancelling thirteen million eight hundred and fifty-three thousand (13,853,000) of the Company's issued ordinary shares with a nominal value of ten (10) Saudi Riyals per share. On [•]H (corresponding to [•]G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve increasing the Company's capital from eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals to three hundred thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals through a rights issue. As the date of this Prospectus the number of listed shares up is eight million nine hundred and ninety-nine thousand nine hundred (8,999,900) shares. Currently, the Company's Current Shares are traded on the Saudi Stock Exchange. The Company has filed an application with the Saudi Capital Market Authority ("**CMA**") in the Kingdom of Saudi Arabia for registering and offering the New Shares. Another application has been submitted by the Company with Tadawul to accept the listing of the New Shares. This Prospectus has been approved as all the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled. The trading of New Shares is expected to commence on Tadawul shortly after the final allocation of New Shares and refund of extra subscriptions (please refer to page "xvi" ("**Key Dates and Subscription Procedures**") of this Prospectus). Upon registering and listing of the New Shares, Saudi nationals; non-Saudi nationals holding valid residence permits in Saudi Arabia; GCC nationals, Saudi and GCC companies and funds and Qualified Foreign Financial Investors will be permitted to trade in the Shares pursuant to the CMA's Rules for Qualified Foreign Financial Institutions Investment in Listed Shares. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons authorized by CMA (the "**Licensed Person**"), noting that the Licensed Person shall in such case be the registered legal owner of shares.

The "**Important Notice**" and Section 2 "**Risk Factors**" of this Prospectus together with the entirety of the Prospectus should be read carefully prior to making a decision to invest in the New Shares offered hereunder.

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on [•]H (corresponding to [•]G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

Financial Advisor

الجزيرة كابيتال
ALJAZIRA CAPITAL الجزيرة للأسواق المالية

Lead Manager and Underwriter

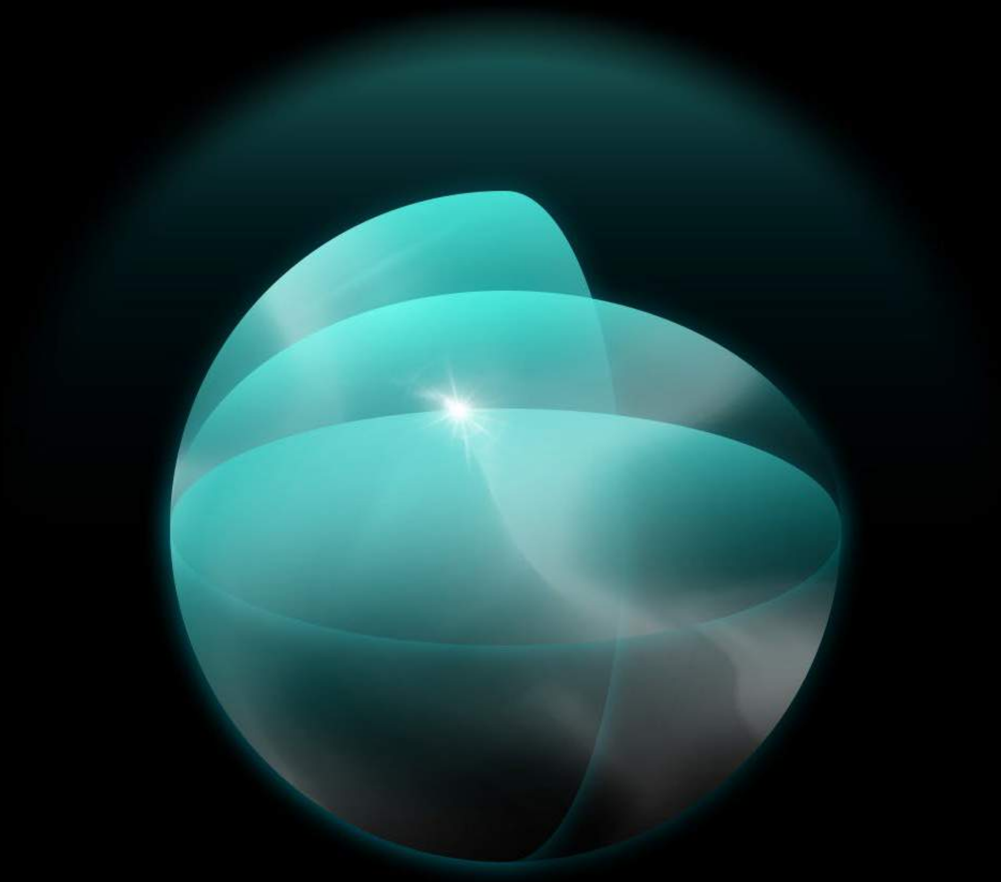
الخير كابيتال
ALKHAIR CAPITAL

This Prospectus includes information provided in the application for listing and offering of securities in accordance with Rules on the Offer of Securities and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority" or "CMA") , and the application for listing of securities in compliance with the listing rules of the Saudi Stock Exchange. The Directors, whose names appear on page (iv) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. If you do not understand the contents of this Prospectus, you should consult a licensed financial advisor.

This Prospectus was issued on 17/07/1444H (corresponding to 08/02/2023G).

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purpose only. The Arabic Prospectus Published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages.

UNLIMITED IS YOURES



GO Telecom

go.com.sa

Important Notice

This Prospectus (the "**Prospectus**") provides full details of information relating to the Company and the Rights Shares offered for subscription. In subscribing to the Rights Shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the head office of the Company, the Lead Manager, or by visiting the company's website (www.go.com.sa), Financial Advisor's website (www.aljaziracapital.com.sa), or the CMA's website (www.cma.org.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Meeting for the capital increase. In the event that the Extraordinary General Meeting does not approve the capital increase within six months from the date of the Authority's approval on registering and offering the Right Issue, such an approval given by the Authority shall be deemed to be canceled.

The Company has appointed Aljazira Capital as a financial advisor ("**Financial Advisor**"), and Al Khair Capital Saudi Arabia as lead manager ("**Lead Manager**") and underwriter ("**Underwriter**") (Please refer to Section 11 ("**Underwriting**") of this Prospectus for more information) regarding the offering of Rights Shares to increase the Company's capital under this Prospectus.

This Prospectus includes information given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by the board of the CMA pursuant to Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G). The Members of the Board of Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA or Tadawul will not take any responsibility for the contents of this Prospectus, and will not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable studies and enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the market and industry information referenced herein are derived from external sources. While none of the Company, its directors, Financial Advisor, or the Company's advisors, whose names appear on Pages (vii) and (viii) of this Prospectus ("**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of its Advisors have independently verified such information. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus, as of the date of its publication, is subject to change. In particular, the actual financial condition of the Company and the value of Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither this Prospectus nor any oral or written communication in relation to the Rights Shares is intended to be, nor should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events.

This Prospectus should not be regarded as a recommendation by the Company or any of its directors or its Advisors, to participate in the subscription process to the Rights Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition, or particular investment needs of individuals wishing to invest in Rights Shares. Prior to making an investment decision, each recipient of this Prospectus shall obtain independent professional advice from a financial adviser licensed by CMA in relation to subscribing for the New Shares in order to assess the appropriateness of investment opportunity and information herein, with regard to the recipient's respective objectives, financial positions and needs.

All Registered Shareholders and other public investors ("**New investors**") may trade in the Rights and subscribe for the New Shares on the Saudi Stock Exchange ("**Tadawul**" or "**Exchange**") during the Trading Period and Subscription Period, which both will commence on [•]H (corresponding to [•]G), where the trading period will end on the sixth day on [•]H (corresponding to [•]G) ("**Trading Period**"), and the subscription period will continue until the end of the ninth day on [•]H (corresponding to [•]G) ("**Subscription Period**").

Registered Shareholders will be allowed to trade the Rights during the trading period Period, by selling the acquired Rights or part thereof or buying additional Rights through Tadawul. During trading period, New Investors would also be allowed to buy and sell Rights through Tadawul.

Subscription to New Shares during the Subscription Period will take place in one phase as follows:

During this Period, all Registered Shareholders and New Investors will be allowed to subscribe for the New Shares.

The Registered Shareholder will be entitled to subscribe directly to the number of shares held thereby during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe thereto by the end of the settlement period (two working days).

New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).

Subscription will be available electronically through investment portfolios in trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("**Rump Shares**"), they will be offered at no less than the Offer Price to a number of institutional investors ("**Institutional Investors**") (referred to as "**Rump Offering**"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on [•]H (corresponding to [•]G) and continue until 5:00 PM on [•]H (corresponding to [•]G) ("**Rump Offering Period**"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until the lowest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro rata basis no later than [•]H (corresponding to [•]G); noting that investor who did not subscribe or sell their Rights, and the owners of fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period. In the event that Institutional Investors did not subscribe to all of the Rump Shares and factional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 11 ("**Underwriting**") and Section 13 ("**Details on Shares and Subscription Terms and Conditions**") of this Prospectus).

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on [•]H (corresponding to [•]G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

Information on Sector and Market

The Information and data related to the Saudi economy, communications sector and the market contained in this Prospectus, were obtained from various public sources. Although there is no reason to believe that this information lacks accuracy in its essence, the members of the Company's Board of Directors, shareholders and Advisors have not independently verified the validity of this information and data, and therefore no clear statement or confirmation can be given regarding the correctness and completeness of this information.

Financial and Statistical Information

The Company's audited financial statements for the financial years ended on 31 March 2020G, 2021G, 2022G and the six months period ended 30 September 2022G, in addition to the notes thereto, were prepared in accordance with International Financial Reporting Standards (IFRS) as approved in the Kingdom of Saudi Arabia.

The Company's financial statements for the last three financial years ended on 31 March 2020G, 2021G, 2022G and the six months period ended 30 September 2022G, have been audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants – a member of Crowe International.

Some of the financial and statistical information contained in this Prospectus has been rounded to the nearest whole number, and accordingly, if the numbers indicated in the tables are added, their sum may not correspond to the totals set forth in this Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions based on the information of the Company as per its expertise in the market in addition to the publically available market information. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the information contained in this Prospectus has been prepared with due care.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can be identified by their use of forward-looking words such as "will", "may", "plans", "intends", "estimates", "believes", "expects", "anticipates", "should", "would be", or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events and are not a guarantee or confirmation of the Company's future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The most important risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (Refer to Section 2 ("**Risk Factors**") of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the Prospectus has been approved by the CMA and before listing its shares on Tadawul, the Company becomes aware that: (1) There has been a significant change in material matters contained in this Prospectus or, (2) additional important matters that should have been included in this Prospectus.

Except for the both aforementioned two circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events, or otherwise. As a result of the above, other risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or not occur at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not primarily rely on forward-looking statements.

Company's Directory

Board Members

Table No. (1): Board Members

No	Name	Position	Nationality	Age	Member-ship status	Appointment date*	Shares		Percentage
							Direct	Indirect	
1	Dr. Issa bin Yaslam bin Faraj Baeisa *	Chairman	Saudi	49	Independent	26/10/2020G	-	-	-
2	Dr. Yazid bin Saleh bin Marzam Al-Subaie*	Vice Chairman	Saudi	49	Independent	26/10/2020G	-	-	-
3	Saad bin Omar bin Saad Al-Baiz	Member	Saudi	68	Non-executive	26/10/2020G	58	-	0.0006445%
4	Faisal Mohd Nazih Qamhiyah**	Member	Jordanian	48	Non-executive	01/03/2022G	-	-	-
5	Hani bin Fahd bin Jamil Qattan	Member	Saudi	36	Non-executive	26/10/2020G	-	-	-
6	Ayman bin Hilal bin Ali Al Jaber	Member	Saudi	36	Independent	26/10/2020G	-	-	-
87	Issa Abbas Issa Al-Sabaa	Member	Bahraini	36	Non-executive	01/01/2021G***	-	-	-
8	Omar Nabil Noori Alkhudiairi	Member	Saudi	46	Independent	01/08/2022G****	-	-	-
9	Sager Abdullatif Mohammad Nadershah	Member	Saudi	58	Independent	01/08/2022G****	-	-	-

Source: The Company

* In its meeting held on 10/03/1442H (corresponding to 27/10/2020G), the Board of Directors decided to appoint Dr. Issa bin Yaslam bin Faraj Baeisa as Chairman of the Board of Directors, and to appoint Dr. Yazid bin Saleh bin Marzam Al-Subaie as Vice Chairman of the Board.

** Sheikh Mohammed bin Khalifa bin Salman Al Khalifa submitted his resignation from his position as director representative of Batelco on 28/07/1443H (corresponding to 01/03/2022G), which the Company's Board of Directors approved on 03/08/1443H (corresponding to 06/03/2022G). Consequently, Mr. Faisal Mohd Nazih Qamhiyah has been appointed as member of the Board of Directors (non-executive) representative of Batelco on 28/07/1443H (corresponding to 01/03/2022G) upon a letter sent by the chairman of Batelco's board of directors to the Company on 01/03/2022G to complete the remaining time of the current session of the Board of Directors, which will end on 25/10/2023G. This appointment will be presented for approval to the coming General Assembly.

*** After the resignation of Ehab Anwar Hanna Hannawi on 16/05/1442H (corresponding to 31/12/2020G), the Board appointed Issa Abbas Issa Al-Sabaa as member of the Board of Directors on 17/05/1442H (corresponding to 01/01/2021G) to complete the remaining time of the current session of the Board of Directors, which will end on 25/10/2023G. This appointment was presented to and approved by the Company's General Assembly held on 17/01/1443H (corresponding to 25/08/2021G).

**** Mishaal bin Ibrahim bin Miteb bin Omairah submitted his resignation from his position as member of the Board of Directors on 01/12/1443H (corresponding to 30/06/2022G), which the Company's Board of Directors approved by a resolution passer by way of circulation on 04/12/1443H (corresponding to 03/07/2022G). Additionally, Khalid bin Abdulrahman bin Ali Al-Khudairi submitted his resignation from his position as member of the Board of Directors on 20/11/1443H (corresponding to 19/06/2022G), which the Company's Board of Directors approved on 21/11/1443H (corresponding to 20/06/2022G). Accordingly, the Board of Directors appointed Omar Nabil Noori Alkhudiairi and Sager Abdullatif Mohammad Nadershah as members of the Board of Directors on 03/01/1444H (corresponding to 01/08/2022G) to complete the remaining period in the current session of the Board of Directors, which will end on 25/10/2023G, and this appointment will be presented for approval to the coming General Assembly.

Senior Management

Table No. (2): Senior Executives

No	Name	Position	Nationality	Age	Membership date*	Shares		
						Direct	Indirect	Percentage
1	Mr. Yahya bin Saleh Al Mansour	Chief Executive Officer	Saudi	54	11/10/2020G	-	-	-
2	Mr. Mahmoud Hamdan Al Abdullah	Acting Chief Financial Officer	Jordanian	59	09/02/20106G	-	-	-
3	Dr. Saleh bin Khalaf Al-Harthy	Chief Business Support Officer	Saudi	58	22/11/2020G	-	-	-
4	Eng. Turki bin Ramadan Al-Enezi	Chief Technology Officer	Saudi	43	07/11/2021G	-	-	-
5	Mr. Muhammad bin Mansour Karhan	Vice President of Business Sales	Saudi	37	20/01/2021G	-	-	-
6	Eng. Muhammad Khalil Qaoud	Vice President of Individuals, Carriers and Operators Division	American	54	17/09/2016G	-	-	-
7	Eng. Mustafa Mohamed Al-Amin	Vice President of Marketing	Sudanese	38	03/01/2021G		-	-
8	Eng. Ibrahim Walid Al-Obaida	Vice President for Regulatory Affairs	Saudi	41	17/09/2016G			
9	Eng. Radwan Abbas	Vice President of Network Engineering	Pakistani	45	11/10/2009G			
10	Mr. Bashar Samir Shinawi	Vice President of Technology	Jordanian	45	16/11/2020G			
11	Mr. Ayedh bin Saleh Al-Shehri	Vice President of Logistics Support Division	Saudi	43	16/11/2020G			
12	Mr. Yasser bin Ahmed Al Saedan	Vice President of Customer Care	Saudi	39	30/09/2021G			
13	Mr. Abdullah bin Hamad Al-Hmeid	Acting Vice President of Human Resources	Saudi	39	26/04/2021G			

Source: The Company

Address of Company and Representatives

Address of Company and Authorized Representatives

Company address

Etihad Atheeb Telecom Company
Building No. 3704 King Abdullah Branch Road, Al Mughrizat District
P.O Box 12482, Riyadh 6488
Kingdom Saudi Arabia
Tel: +966 (11) 511 1400
Fax: +966 (811) 146 7100
Email: investor.relation@go.com.sa
Website: www.go.com.sa

First Authorized Company Representative

Dr. Issa bin Yaslam bin Faraj Baeisa
Chairman of Board of Directors
Business Phone: +966 (12) 607 5166 Ext. (201)
Fax number: +966 (12) 607 5166
Work address: Jeddah - Al-Safa District
Postal Code: 23451-2231 Unit No. 11
Kingdom Saudi Arabia
Email: info@westrenpioneer.com

Second Authorized Company Representative

Yahya bin Saleh Al Mansour
Chief Executive Officer
Business Phone: +966 (11) 511 1111 (Direct)
Fax number: +966 (11) 217 8145
Business Address: P.O. 250398 Riyadh 11391
Kingdom Saudi Arabia
Email: y.almansour@go.com.sa

Stock Exchange

Saudi Stock Exchange (Tadawul)
King Fahad Road, Al Ulaya 6897
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 (11) 92000 1919
Fax: +966 (11) 218 9133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa

Advisors and Auditors

Financial Advisor

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Riyadh 11455 - PO Box 20438
Kingdom Saudi Arabia
Tel: +966 (11) 2256000
Fax: +966 (11) 2256182
Website: www.aljaziracapital.com.sa
Email: contactus@aljaziracapital.com.sa

Lead Manager and Underwriter

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E-mail: www.alkhaircapital.com.sa

Legal Advisor

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Website: www.legal-advisors.com
E-mail: legal.advisors@legal-advisors.com

Professional Due Diligence Advisor

PricewaterhouseCoopers Chartered Accountants
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P.O. Box 8282 Riyadh 11482 Kingdom of Saudi Arabia
Tel: +966 (11) 211 0400
Fax: +966 (11) 211 0401
Website: www.pwc.com/middle-east
Email: mer_project_globe@pwc.com

Advisor of the Feasibility Study and the Transformation Strategy Business Plan

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Email: gm_ksa@adlittle.com

Auditor
(Of financial statements for the financial years ended December 31st 2020G, 2021G, 2022G and the Period Ended 30 September 2022G)

Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants – a member of Crowe International

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Kingdom of Saudi Arabia

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Crowe Horwath.

Note:

The above Advisors and the Auditor have provided their written consent to the publication of their names, addresses and logos in the Prospectus, and none of the above-mentioned Advisors and Auditor, or their subsidiaries, shareholders, boards of directors or relatives thereof, have any shareholding or interest of any kind in the Company as of the date of this Prospectus.

Summary of the Offering

Prospective Investors should read the entire Prospectus before making a decision as to whether or not to trade or subscribe to the Rights Shares. In particular, they should take into account the "**Important Notice**" Section and Section 2 – "**Risk Factors**" of this Prospectus. Below is the summary of the Offering:

Issuer's Name, Description, and Information on its Incorporation	Etihad Atheeb Telecom Company (hereinafter referred to as the "**Company**" or "**Go**") is a Saudi joint stock company, established by virtue of Royal Decree No. M/6 dated 19/02/1429H (corresponding to 26/02/2008G) and registered under Commercial Register No. 1010263273 issued in the city of Riyadh on 30/02/1430H (corresponding to 25/02/2009G). The Company commenced operations under the license issued on 05/04/1430H (corresponding to 01/04/2009G) by the Communications, Space and Technology Commission ("**CST**"). The Company's current share capital is eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. On 04/04/1430H (corresponding to 31/03/2009G), the Company listed and registered one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share on the Saudi Stock Exchange ("**Tadawul**") through an initial public offering (IPO) representing (30%) of the Company's share capital. During its meeting held on 06/09/1432H (corresponding to 06/08/2011G), the Extraordinary General Assembly approved to reduce the Company's share capital one billion (1,000,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals by canceling sixty million (60,000,000) of the Company's shares. During its meeting held on 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly approved to increase the Company's share capital from four hundred million (400,000,000) Saudi Riyals to one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals through the issuance of rights issue shares. During its meeting held on 13/07/1438H (corresponding to 10/04/2017G), the Extraordinary General Assembly approved to reduce the Company's share capital from one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals to six hundred thirty million (630,000,000) Saudi Riyals by canceling ninety-four million five hundred thousand (94,500,000) of the Company's shares. During its meeting held on 27/05/1439H (corresponding to 13/02/2018G), the Extraordinary General Assembly approved to reduce the Company's share capital from six hundred thirty million (630,000,000) Saudi Riyals to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals by canceling fifteen million seven hundred fifty thousand (15,750,000) of the Company's shares. During its meeting held on 19/08/1440H (corresponding to 24/04/2019G), the Extraordinary General Assembly approved to reduce the Company's share capital from four hundred seventy two million five hundred thousand (472,500,000) Saudi Riyals to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals by canceling twelve million one hundred ninety-seven thousand one hundred (12,197,100) of the Company's shares. During its meeting held on 03/07/1441H (corresponding to 27/02/2020G), the Extraordinary General Assembly approved to reduce the Company's share capital from three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals to two hundred twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals by canceling twelve million two hundred thousand (12,200,000) of the Company's shares. During its meeting held on 20/16/1443H (corresponding to 23/01/2022G), the Extraordinary General Assembly approved to reduce the Company's share capital from two hundred twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals to eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals by canceling thirteen million eight hundred fifty-three thousand (13,853,000) of the Company's issued ordinary shares. During its meeting held on [•]H (corresponding to [•]G), the Extraordinary General Assembly approved to increase the Company's share capital from eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals to three hundred thirty nine million nine hundred and ninety nine thousand (339,999,000) Saudi Riyals through the issuance of rights issue shares. As at the date of this Prospectus, the number of listed shares is eight million nine hundred and ninety-nine thousand nine hundred (8,999,900) shares.

Summary of the Issuer's Business Activities Based on its Articles of Association

The Company operates under Commercial Registration No. 1010263273, dated 30/02/1430H (corresponding to 25/02/2009G).

The Company's activities, as stated in its articles of association, are to carry out and implement the following purposes:

(a) Provide fixed (limited traffic) telecommunication services in the Kingdom after obtaining all necessary licenses from the Communications, Space and Technology Commission. If the Company wishes to provide other telecommunication services, it may apply to the Communications, Space and Technology Commission to obtain the necessary licenses therefor;

(b) Build, own, maintain, operate, manage and develop telecommunications and information technology networks and facilities on a commercial basis in the Kingdom, and acquire the licenses, equipment and devices necessary therefor;

(c) Import, export, market and supply all types of fixed telephone devices and other similar devices and goods, and enter into related tenders;

(d) Invest in commercial and investment projects related to various telecommunication services, as the Company deems appropriate to develop and enhance its business, in accordance with the laws and regulations in force in the Kingdom;

(e) the acquisition, management, sale, rental and disposal of any movable and immovable property and the benefits and moral rights related to the Company's business that lead to the development and enhancement of its business in accordance with the laws and regulations in force in the Kingdom;

(f) import, market, install and maintain telecommunication and information technology equipment;

(g) sell, distribute and market prepaid cards.

The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities - if any.

The Company conducts its activities through its head office in Riyadh. For more information, please refer to Section 4 ("**Background of the Company and Nature of its Business**") of this Prospectus.

Substantial Shareholders

The following table sets out the number of shares and the percentage of ownership of Company substantial shareholders as at the date of this Prospectus (those who own 5% or more of the Company's shares) before and after the Offering:

Table No. (3): Substantial Shareholders

	Post-Offering Ownership (Direct)		Post-Offering Ownership* (Direct)	
Shareholder	Number of Shares	Ownership	Number of Shares	Ownership
Bahrain Telecommunication Company BSC (Batelco)	1,349,988	15%	5,099,996	15%

Source: Tadawul and the Company as at 06/05/1444H (corresponding to 30/11/2022G)

* Assuming that Substantial Shareholders subscribe to their full share of the Rights.

Nature of the Offering

Increasing the Company's capital through the issuance of Rights Shares.

Purpose of the Offering

It is expected that total proceeds from subscription to the Rights Issue will amount to two hundred and fifty million (250,000,000) Saudi Riyals.

Net subscription proceeds will be mainly used to improve the Company's financial solvency, increase strategic expansion, and improve operational and financial performance, as well as borrowing rates and costs incurred therefrom. The following table indicates the proposed use of subscription proceeds:

	Description	Amount (in SAR Million)	Percentage of Total
Total Estimated Proceeds, Breakdown Analysis and Description of its Potential Use	Paying part of the outstanding balances and dues to one of the Company's main suppliers	30.00	12.00%
	Paying a balance owed to the Communications, Space and Technology Commission	30.00	12.00%
	Paying part of the total value of leasing telecom towers from a main supplier	50.00	20.00%
	Payment of dues for leasing the Company's tower sites	20.00	8.00%
	Payment of outstanding balances and dues to other operators	5.00	2.00%
	Payment of zakat entitlements	2.00	0.80%
	Developing and Replacing IT Systems	5.00	2.00%
	Developing a Business Intelligence and Reporting System	1.00	0.40%
	Purchase of equipment and devices	2.00	0.80%
	Infrastructure development by developing networking (IP-MPLS)	40.00	16.00%
	Developing microwave technology to support the business sector	5.00	2.00%
	Developing and building cloud data centers	5.00	2.00%
	Voice Over IP Development	1.00	0.40%
	Upgrading Core Network Equipment	10.00	4.00%
	Cyber Security Implementation	4.00	1.60%
	Network capacity development	35.00	14.00%
	Offering costs	5.00	2.00%
	The total proceeds of the subtraction	250.00	100.0%
	Source: The Company For more information, please refer to Section 7 ("**Use of Proceeds**") of this Prospectus.		
Offering Costs	The Company shall bear all expenses associated with the Offering for Rights Shares, which are estimated at approximately five million (5,000,000) Saudi Riyals. Such expenses will be deducted from total Offering Proceeds amounting to two hundred and fifty million (250,000,000) Saudi Riyals. Such amounts include the fees of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditor, marketing, printing and distribution, as well as other related expenses, (for more information please refer to Section 7 ("**Use of Proceeds**") of this Prospectus).		
Net Proceeds	Two hundred and forty five million (245,000,000) Saudi Riyals (for more information please refer to Section 7 ("**Use of Proceeds**") of this Prospectus).		
Total Proceeds as Previously Obtained from the Previous Rights Issue, Breakdown Analysis and Description of its Uses	The total proceeds from the previous subscription amounted to one billion one hundred seventy five million (1,175,000,000) Saudi Riyals, and it was used as follows:		

Subscription Expenses	Declared Amount (in SAR Million)	Actual use (in SAR Million)	Change Percentage	Reasons for changing subscription uses
Offering expenses	25.0	25.0	-	-
Paying off the bridge loan provided by the founding shareholders	120.0	119.9	-0.1%	As on June 30, 2012, the Company paid SAR 119.9 million, representing the balance of the bridge loan as in the Company's announcement on 21/04/1438H (corresponding to 19/01/2017G) about the latest developments for the use of the previous rights issue proceeds.
Paying off the loan owed to Banque Saudi Fransi and its interest	768.0	886.7	+15.5%	The Company SAR 886.7 million as part of the loan amounting to SAR 1,137.3 million, paying the loan fees and paying an installment due in the same repayment period, in addition to the due quarterly installments. The actual utilization difference of SAR 118.7 million over the amount announced in the previous prospectus represented the quarterly installments owed to Banque Saudi Fransi as in the Company's announcement on 21/04/1438H (corresponding to 19/01/2017G) about the latest developments for the use of the previous rights issue proceeds.

Subscription Expenses	Declared Amount (in SAR Million)	Actual use (in SAR Million)	Change Percentage	Reasons for changing subscription uses
Payments for infrastructure costs are due to Motorola and Power Horizon	155.0	58.4	-62.3%	- On 23/10/1437H (corresponding to 28/07/2016G), the Company entered into a settlement agreement with a main supplier (ZTE) waiving SAR 110 million from the main supplier's dues amounting to SAR 151 million in relation to the building and supply of the Company's communication towers in the eastern region, telecommunications equipment, the building and supply of equipment and servers for the Company's data center, in addition to providing the Company with free devices and equipment in return for compensating the Company for the supplier's non-compliance with previously signed agreements regarding the Company's network. This settlement was also announced on 28/10/1437H (02/08/2016G). The Company paid SAR 49.6 million from the proceeds of the previous offering to ZTE in exchange for part of the costs of the network equipment and network administration expenses, as in the Company's announcement on 21/04/1438H (corresponding to 19/01/2017G) about the latest developments for the use of the previous rights issue proceeds. - The Company paid SAR 8.3 million from the proceeds of the previous offering to Power Horizon as part of its dues in consideration of contracts for the design, installation, operation, management and maintenance of wide Wi-Fi solutions, as in the Company's announcement on 21/04/1438H (corresponding to 19/01/2017G) about the latest developments for the use of the previous rights issue proceeds.
Payments due to suppliers of goods and services	107.0	85.1	-20.5%	The Company paid its suppliers SAR 85.1 million from the proceeds of the previous offering as follows: - Etihad Etisalat Company (Mobily), SAR 25,783,371 for some outstanding bills in consideration of internet and voice services in addition to the purchase of internet hours and interconnection services. - Motorola Company, SAR 14,961,135 to provide the Company with some equipment and technical services necessary to maintain and develop the Company's network, as Motorala has built and supplied the Company with the WiMax towers for the central and western regions. - Green Packet Company, SAR 13,225,352 SAR for some outstanding invoices in consideration of the supply of routers equipment to be used for providing the WiMax services to the customers. - Wipro Arabia Company, SAR 26,032,451 against monthly invoices owed by the Company in consideration of supply of programs contracts and technical support contracts for the information technology department. - ICOM, SAR 2,125,812 for advertising services provided to the Company under marketing and advertising contracts. - Saudi Telecom Company (STC), SAR 2,994,984 for the company's use of STC's network. Moreover, an actual usage difference of SAR 21.9 million was used to pay the balance of the loan owed to Banque Saudi Fransi, as in the Company's announcement on 21/04/1438H (corresponding to 19/01/2017G) about the latest developments for the use of the previous rights issue proceeds.
Total subscription proceeds	**1,175.0**	**1,175.0**	**-**	

Company's Capital Prior to the Offering	Eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals
Total Number of Existing Issued Shares Prior to the Offering	Eight million nine hundred and ninety-nine thousand nine hundred (8,999,900) ordinary shares.
Company's Capital Post-offering	Three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals.
Total number of Issued Shares Post to the Offering	Thirty-three million nine hundred and ninety-nine thousand nine hundred (33,999,900) ordinary shares.
Nominal Value Per Share	SAR (10) per share
Total Number of Rights Shares Offered for Subscription	Twenty-five million (25,000,000) ordinary shares

Percentage of Rights Shares Offered to the Capital	277.78%
New Shares	Twenty-five million (25,000,000) ordinary shares, will be issued as a result of the increase of the Company's capital
Offering Price	Ten (10) Saudi Riyals per share
Total Offering Value	Two hundred and fifty million (250,000,000) Saudi Riyals.
Number of Underwritten Shares	Twenty-five million (25,000,000) ordinary shares representing 100% of Total Offering.
Total Value of Underwritten Shares	Two hundred and fifty million (250,000,000) Saudi Riyals.
Categories of Targeted Investors	All shareholders of Rights Issue, whether Registered Shareholders or New Shareholders. ("**Eligible Persons**")
Registered Shareholders	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the Extraordinary General Assembly on capital increase dated [•]H (corresponding to [•] G)
New Shareholders	Individual and Institutional Investors, except for Registered Shareholders, who purchased the Rights Issue during the trading period.
The Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders and each Right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited after the Extraordinary General Assembly for the capital increase has convened. These rights will appear in the Registered Shareholders' accounts under a new pre-emptive right-related symbol. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios.
Number of Rights Shares Issued	Twenty-five million (25,000,000) Rights
Subscription Rights Issue Ratio	(2.7778) right per each (1) existing share owned by the Registered Shareholders. This factor is the result of dividing the number of New Shares by the number of the current shares of the Company.
Eligibility Date	Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register at the close of the second trading day following the date of the Extraordinary General Meeting on the capital increase, on [•]H (corresponding to [•] G).
Trading Period	The Trading Period will start on [•]H (corresponding to [•]G), and it will continue until the end of day on [•]H (corresponding to [•]G). All Rights holders, whether Registered or Unregistered Shareholders, may trade in the Rights.
Offering Period	The Offering Period will start on [•]H (corresponding to [•]G), and it will continue until the end of the day on [•]H (corresponding to [•]G). All Rights holders, whether Registered or Unregistered Shareholders, may exercise their rights to subscribe for the New Shares.
Subscription Method	Eligible Persons wishing to subscribe for the New Shares shall submit the subscription application forms online via the brokers' websites and platforms which provide such service for subscribers or by any other means provided by brokers.
Exercising the Rights	Eligible Persons subscribing to the new Rights shares by subscribing electronically through the websites and platforms of electronic Brokers that provide such services to subscribers, or through any other means provided by the Brokers. Eligible Persons may exercise Rights as follows: 1. At the subscription stage, Registered Shareholders may exercise such Rights or any other rights acquired thereby during the Trading Period, and they shall also be entitled to take no action regarding the Rights held thereby. 2. During the subscription stage, the Unregistered Shareholders can exercise the Rights purchased thereby during the Trading Period, and they shall also be entitled to take no action regarding the Rights held thereby. In the event that Registered Shareholders and New Investors do not exercise their Rights at the end of the Offering Period, the Rump Shares resulting from such failure to exercise those Rights will be offered during the Rump Offering Period.
Indicative Value of the Right	The indicative value of the Right is the difference between the market value of a Company share during the Trading Period and the Offer Price. Tadawul will calculate and publish the indicative value of the right during the Trading Period on its website with a five (5) minute delay, and market information service providers will publish such information allowing investors to see the indicative value of the right when entering orders.

Rump Offering	In the event that shares remain unsubscribed for at the end of the Offering Period (the "**Rump Shares**"), then said shares shall be offered to a number of institutional investors ("**Institutional Investors**"), which shall submit their offers to purchase the Rump Shares, which offers shall be received starting from ten (10:00) on the morning of [•]H (corresponding to [•]G) until five o'clock (17:00) in the evening of [•]H (corresponding to [•] G), (the "**Rump Offering Period**"). The Rump Shares shall be allocated to Institutional Investors based on the highest price offered thereby (provided that it is not less than the Offer Price), and provided that the shares are allocated proportionally to Institutional Investors that submit similar offers. fractional shares shall be added to the Rump Shares and treated as such.
Allocation Method and Surplus Refund	Shares will be allocated to eligible persons based on the number of Rights fully and correctly exercised by them. fractional shares shall be added to the Rump Shares and then offered to Institutional Investors during the Rump Offering Period. Total proceeds from the Rump Offering shall be paid to the Company, with the balance thereof (if any) distributed without fees or deductions (in excess of the Offer Price) to beneficiaries who did not subscribe to New Shares in whole or in part and to the beneficiaries of fractional shares. Noting that Investors who did not subscribe or sell their Rights, and the owners of fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period (please refer to Section 13 ("**Information Related to Shares and the Terms and Conditions of the Offering**") of this Prospectus). The subscription surplus (if any) will be refunded to subscribers without any commissions or deductions by the Lead Manager.
Allocation Date	Shares shall be allocated no later than [•]H (corresponding to [•]G).
Subscription Surplus Refund Date	Subscription Surplus (if any) will be refunded without any commissions or deductions by the Lead Manager no later than [•]H (corresponding to [•]G).
Compensation Payment (if any)	Cash compensation shall be paid to Eligible Persons who did not exercise their Right to subscribe in whole or in part to the New Shares and to those entitled to fractional shares without any deductions no later than [•]H (corresponding to [•]G) (please refer to Section 13 ("**Information Related to Shares and the Terms and Conditions of the Offering**") of this Prospectus); noting that the cash compensation amounts represent the Offer Price net proceed surplus from the sale of Rump and Fractional Shares.
Adjusted Price	The Company's Share price on the Saudi Stock Exchange (Tadawul) has been adjusted to [•] Saudi Riyals per share, prior to the trading day following the day of the Extraordinary General Assembly meeting on the capital increase; which represents a decrease of [•] Saudi Riyals per share.
New Share Trading	Trading of Right Shares will commence on the Saudi Stock Exchange (Tadawul) after completing all the procedures related to the registration, allocation and listing of the New Shares.
Listing and Trading of Rights	Rights shall be listed on Tadawul and traded during the Trading Period. Tadawul is preparing mechanisms governing the process of trading Rights in its systems. A separate symbol for the Company's Rights, independent of the Company's share symbol, shall be employed. During the Trading Period, Registered Shareholders have several options including selling the acquired Rights or part thereof on the Exchange, buying additional rights through the Exchange or not doing anything in relation to the Rights, whether by selling them or buying additional Rights. During the Trading Period, New Investors will have the right to buy Rights through the Exchange, sell them or part thereof or not to take any action regarding the Rights purchased during the Trading Period. The "Tadawul" system will cancel the Company's Rights symbol at the end of the Trading Period, and accordingly the trading of Rights will cease at the end of said Period.
Entitlement to Dividends	Owners of the shares offered for subscription shall be entitled to any dividends declared by the Company as of the beginning of the Offering Period and the following fiscal years.
Voting Rights	The Company has one class of Ordinary Shares, which do not carry any preferential rights. Each Share entitles the holder to attend General Assemblies and cast one vote thereat. New Shares will be fully paid up and equal in value to Existing Shares. Each Share shall give its holder the right to one vote at the ordinary and extraordinary general assemblies, where cumulative voting shall be used to elect the board of directors. General assembly meetings may be held with shareholders participating in deliberations and voting by modern technological means in accordance with the controls set by the competent authority.
Restrictions on Shares	There are no restrictions on the trading of the Company's shares except for the regulatory restrictions imposed on the shares listed in general.
Right Shares Restrictions	There are no restrictions on the trading of the Rights Shares.

Shares previously listed by the Issuer	On 04/04/1430H (corresponding to 31/03/2009G), the Company listed and registered one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share on the Saudi Stock Exchange ("Tadawul") through an initial public offering (IPO) representing (30%) of the Company's share capital. During its meeting held on 06/09/1432H (corresponding to 06/08/2011G), the Extraordinary General Assembly approved to reduce the Company's share capital one billion (1,000,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals by canceling sixty million (60,000,000) of the Company's shares. During its meeting held on 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly approved to increase the Company's share capital from four hundred million (400,000,000) Saudi Riyals to one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals through the issuance of rights issue shares. During its meeting held on 13/07/1438H (corresponding to 10/04/2017G), the Extraordinary General Assembly approved to reduce the Company's share capital from one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals to six hundred thirty million (630,000,000) Saudi Riyals by canceling ninety-four million five hundred thousand (94,500,000) of the company's shares. During its meeting held on 27/05/1439H (corresponding to 13/02/2018G), the Extraordinary General Assembly approved to reduce the Company's share capital from six hundred thirty million (630,000,000) Saudi Riyals to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals by canceling fifteen million seven hundred fifty thousand (15,750,000) of the Company's shares. During its meeting held on 19/08/1440H (corresponding to 24/04/2019G), the Extraordinary General Assembly approved to reduce the Company's share capital from four hundred seventy two million five hundred thousand (472,500,000) Saudi Riyals to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals by canceling twelve million one hundred ninety-seven thousand one hundred (12,197,100) of the Company's shares. During its meeting held on 03/07/1441H (corresponding to 27/02/2020G), the Extraordinary General Assembly approved to reduce the Company's share capital from three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals to two hundred twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals by canceling twelve million two hundred thousand (12,200,000) of the Company's shares. During its meeting held on 20/06/1443H (corresponding to 23/01/2022G), the Extraordinary General Assembly approved to reduce the Company's share capital from two hundred twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals to eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals by canceling thirteen million eight hundred fifty-three thousand (13,853,000) of the Company's issued ordinary shares. During its meeting held on [•]H (corresponding to [•]G), the Extraordinary General Assembly approved to increase the Company's share capital from eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals to three hundred thirty nine million nine hundred and ninety nine thousand (339,999,000) Saudi Riyals through the issuance of rights issue shares. As at the date of this Prospectus, the number of listed shares is eight million nine hundred and ninety-nine thousand nine hundred (8,999,900) shares.
Conditions for Subscribing to Rights Issue Shares	Eligible Persons wishing to subscribe to the New Shares must fulfill the relevant subscription conditions (for the subscription terms, conditions and instructions, please refer to Section 13 ("**Information Related to Shares and the Terms and Conditions of the Offering**") of this Prospectus.
The Public	Under OSCOs, means persons any person other than the following: 1. Issuer Subsidiaries. 2. Issuer Substantial Shareholders. 3. Board members and senior executives of the Issuer. 4. Board members and senior executives Subsidiary with the Issuer. 5. Board members and senior executives of the Issuer's Substantial Shareholders. 6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above. 7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5 or 6) above. 8. Persons who act jointly and who jointly own 5% or more of the class of shares to be listed.
Right Trading Price	The price at which the Right is traded, knowing that said price is determined through Tadawul's mechanism of supply and demand, and therefore it may differ from the Indicative Value of the Right.
Risk Factors	Investing in this Offering involves certain risks, which can be categorized into: (i) company-related, (ii) market and sector-related, and (iii) equity-related (please refer to Section 2 ("**Risk Factors**") of this Prospectus)
Material changes to the information disclosed in the latest prospectus	The CMA approved the publication of the Company's latest Prospectus on 23/01/1433H (corresponding to 18/12/2012G).

Note: The Section "**Important Notice**" as well as Section 2 – "**Risk Factors**" of this Prospectus should be read carefully prior to making a decision to invest in the Rights Shares under this Prospectus.

Key Dates and Subscription Procedures

Table No. (4): Expected Offering Timetable

Event	Date
Convening the EGM on approving the capital increase and determining the date of eligibility and eligible shareholders, noting that eligible shareholders are those registered in the Company's register in the Deposity Center as of the close of the second trading day of the EGM on Capital Increase.	[•]H (corresponding to [•]G).
Trading Period*	The Trading Period shall begin on [•]H (corresponding to [•]G), and end on [•]H (corresponding to [•]G). During this period, all Rights holders - whether Registered Shareholders or New Investors - may carry out trading in Rights.
Subscription Period	The subscription period shall begin on [•]H (corresponding to [•]G), and end on [•]H (corresponding to [•]G). During this period, all Rights holders - whether Registered Shareholders or New Investors - may carry exercise their right to subscribe for the New Shares.
End of Subscription Period	[•]H (corresponding to [•]G). Subscription application shall no longer be accepted at the end of [•]H (corresponding to [•]G).
Rump Offering Period	From 10:00 AM on [•]H (corresponding to [•]G) until the following day at 5:00 PM on [•]H (corresponding to [•]G).
Notification of Final Allocation	[•]H (corresponding to [•]G).
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering and those entitled to fractional Shares.	Compensations amounts, if any, will be paid no later than [•]H (corresponding to [•]G).
Expected date for commencement of trading in New Shares**	Trading in Offer Shares shall commence upon the completion of all related regulatory procedures. Trading will be announced later through local newspapers and the Tadawul website (www.saudiexchange.sa).

Note:

All of the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul (www.tadawul.com.sa).

* The Trading Period shall begin three (3) working days from the approval of the capital increase by the Extraordinary General Assembly.

** The period of time between the end of subscription for the Rights Shares and the deposit of Shares in the shareholders' portfolios will be nine (9) working days.

Table No. (5): Key Announcement Dates

Announcement	Announced by	Announcement Date
Announcement of the EGM on Capital Increase	The Company	[•]H (corresponding to [•]G)
Announcement of results of the EGM on Capital Increase	The Company	[•]H (corresponding to [•]G)
Announcement of changes to Company's Share Price and deposit of Rights, and the announcement of indicative value of the Rights	Tadawul	[•]H (corresponding to [•]G)
Announcement of adding the Company's Issue Rights	Edaa	
Announcement in relation to the determination of theTrading Period and subscription period	The Company	[•]H (corresponding to [•]G)
Announcement in relation to the commencement of the Trading Period and subscription period	The Company	[•]H (corresponding to [•]G)
Reminder in relation to the commencement of Trading Period and subscription period	The Company	[•]H (corresponding to [•]G)
Reminder in relation to the last day for trading Rights and noting the importance of selling Rights, for those who do not wish to subscribe to their own Rights	Tadawul	[•]H (corresponding to [•]G)
Announcement regarding the end of the subscription period	The Company	[•]H (corresponding to [•]G)
Announcement regarding: - Subscription results - Details of the sale of Unsubscribed Shares (if any) and commencement of the Rump Offering	The Company	[•]H (corresponding to [•]G)
Announcement regarding the results of the Rump Offering and notification of the final allocation	The Company	[•]H (corresponding to [•]G)
Announcement regarding the deposit of New Shares in investors' portfolios	Edaa	[•]H (corresponding to [•]G)
Announcement of distribution of compensation amounts (if any) to Eligible Persons	The Company	[•]H (corresponding to [•]G)

Note: All of the above-mentioned dates are indicative. Actual dates will be communicated on the Tadawul's website (www.saudiexchange.sa). In addition, the date of depositing the New Shares in the investors' portfolios will be determined in coordination with the Securities Depository Center Company (Edaa).

It should also be noted that in the event that an announcement related to the offering is published in a local newspaper after the Prospectus has been published, the announcement will include:

1. The issuer's name and its commercial registration number.
2. The securities, their value, type, and class covered by the securities registration and offering application.
3. Websites where the public can obtain the Prospectus.
4. The date of publication of the Prospectus.
5. A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto.
6. Name of the Lead Manager, Underwriters, Financial Advisors and Legal Advisor.
7. A disclaimer as follows: "do not assume any responsibility on the contents of this announcement, nor do they give any representations regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss they have suffered as a result of what is contained in this announcement or from reliance on any part thereof".

How to apply

Subscribing for the Rights Shares is initially limited to Eligible Persons, whether Registered Shareholders or New Investors. In the event that Eligible Persons do not subscribe for the Rights, the Unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible Persons wishing to subscribe for the New Shares should submit the subscription application forms via the means and services provided by the Broker to investors, under two main conditions:

- Eligible Persons shall have a bank account with the Brokers offering such services.
- The data of Eligible Persons data shall be up to date, and there should have been no changes in their personal information or data (including by addition or removal of a family member) since their subscription in a recent offering, unless the Brokers were notified of and approved these amendments.

Subscription applications shall be submitted through portfolios in trading platforms and applications, through which sell and buy orders are entered. In addition, it is possible to subscribe through any other means provided by the Broker and the custodian of shares. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the subscription terms or conditions. Upon submission, the subscription application form may not be amended or withdrawn. Instead, it shall represent a legally binding contract between the Company and the Subscriber (please refer to Section 13 ("**Information Related to Shares and the Terms and Conditions of the Offering**") of this Prospectus).

Q&A related to the New Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM on Capital Increase.

When are the Rights deposited?

Following the EGM and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulaty Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue Ratio?

The means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. For example, if a company has issued one thousand (1,000) shares and increased its capital by offering two hundred (200) New Shares, its number of shares becomes one thousand and two hundred (1,200), making the ratio 1 to 5 (i.e. one share for every five shares).

Will these Rights be tradable and will they be added to the Shareholders portfolios under the same name/ symbol of the Company's shares or will they be assigned a new name?

Yes, the Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

What is the value of the Right upon commencement of trading?

The opening price shall be the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is twenty five Saudi Riyals (SAR 25) and the Offer Price is ten Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be fifteen Saudi Riyals (SAR 15), the difference between the two relevant prices.

Who is the Registered Shareholder?

Any Shareholder whose name appear in the Company's Shareholders' Register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe for additional shares?

Yes, registered Shareholders can subscribe for additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible Registered Shareholders to lose their eligibility to subscribe even if they have the right to attend the EGM and vote on raising the capital through a rights issue?

Yes, Shareholders lose their right to subscribe if they sell their shares on the day of the EGM or one working day prior thereto.

How does the Subscription take place?

Subscription applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian of shares.

Can an Eligible Person subscribe to more shares than the Rights owned thereby?

An Eligible Person cannot subscribe to more shares than the Rights owned by thereby.

Is it possible to subscribe more than once through more than one Receiving Agent?

Yes, provided that the number of Shares subscribed for should not exceed the number of Rights owned at the end of the Trading Period. Any excess in the shares subscribed over the number of Rights owned at the end of the Trading Period will result in the cancellation of the subscription application.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The Rights will be deposited in the same portfolio in which the shares of the company connected to the Rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to one thousand (1000) rights, as each share is eligible for a right) will be deposited. Therefore, eight hundred (800) rights will be deposited in portfolio (a) and two hundred (200) rights will be deposited in portfolio (b).

In case of subscription through more than one portfolio, where will the New Shares be deposited after allocation?

Shares will be deposited to the investment portfolio indicated in the first subscription application form.

Are share certificate holders allowed to subscribe and trade?

Yes, share certificate holders may subscribe, but only after depositing certificates in investment portfolios through Brokers or the Depository Center before the end of the Offering Period and providing the necessary documents prior to the end of the Subscription Period.

If the New Shares are subscribed and the Rights are sold thereafter, what would happen in such case?

When Registered Shareholders subscribe for and then sell the Rights though a number of Rights equal to the number of rights subscribed for before the end of the Trading Period were not acquired, the subscription application will be rejected entirely in the event that all or a portion of the Rights are sold equivalent to the Rights that have been sold, with the Registered Shareholder notified and a refund of the rejected subscription amount refunded thereto through the Receiving Agent.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

When can a Shareholder subscribe for Rights purchased during the Trading Period?

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

Can the Eligible Person sell the Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio.

What happens to the Rights that are unsold or unsubscribed for during the Subscription Period?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through a Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor buys securities on the date of the EGM, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the shareholding percentage held in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are the Trading and Subscription Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, the subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

Will there be any other fees for the trading in Rights?

The same commissions will be applied to buy and sell transactions as they are for stocks, but without a minimum commission amount.

Additional support:

- In case of inquiries, please contact the Company at the e-mail ([•]). For legal reasons, the Company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal or investment advice.
- For more information on the terms, conditions and instructions for the subscription, please refer to Section 13 ("**Details on Shares and Offering Terms and Conditions**") of this Prospectus and the rest of the information contained herein.

Summary of Key Information

This summary is a brief overview of the information contained in this Prospectus but does not contain all of the information that may be in the interest to Subscribers. Recipients of this Prospectus should read the entire Prospectus before making a decision as to whether or not to invest in the New Shares offered. All terms contained in this Prospectus have been defined in Section 1 ("**Terms and Definitions**") of this Prospectus as well as in other sections.

Company Overview

History and Incorporation

Etihad Atheeb Telecom Company (hereinafter referred to as the "**Company**" or "**GO**") is a Saudi joint stock company, established by virtue of Royal Decree No. M/6 dated 19/02/1429H (corresponding to 26/02/2008G) and registered under Commercial Register No. 1010263273 issued in the city of Riyadh on 30/02/1430H (corresponding to 25/02/2009G). The Company operates under the license issued on 05/04/1430H (corresponding to 01/04/2009G) by the Communications, Space and Technology Commission ("**CST**").

The Company's head office is located at Building No. 3704 King Abdullah Branch Road, Al Mughrizat District, PO Box 12482, Riyadh 6488 - Kingdom Saudi Arabia.

Capital

Eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.

Major changes in the Company's Share Capital

On 04/04/1430H (corresponding to 31/03/2009G), the Company listed and registered one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share on the Saudi Stock Exchange Tadawul) through an initial public offering (IPO) representing (30%) of the Company's share capital.

During its meeting held on 06/09/1432H (corresponding to 06/08/2011G), the EGM approved to reduce the Company's share capital one billion (1,000,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals by canceling sixty million (60,000,000) of the Company's shares.

During its meeting held on 20/02/1433H (corresponding to 14/01/2012G), the EGM approved to increase the Company's share capital from four hundred million (400,000,000) Saudi Riyals to one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals through the issuance of rights issue shares.

During its meeting held on 13/07/1438H (corresponding to 10/04/2017G), the EGM approved to reduce the Company's share capital from one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals to six hundred thirty million (630,000,000) Saudi Riyals by canceling ninety-four million five hundred thousand (94,500,000) of the company's shares.

During its meeting held on 27/05/1439H (corresponding to 13/02/2018G), the EGM approved to reduce the Company's share capital from six hundred thirty million (630,000,000) Saudi Riyals to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals by canceling fifteen million seven hundred fifty thousand (15,750,000) of the Company's shares.

During its meeting held on 19/08/1440H (corresponding to 24/04/2019G), the EGM approved to reduce the Company's share capital from four hundred seventy two million five hundred thousand (472,500,000) Saudi Riyals to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals by canceling twelve million one hundred ninety-seven thousand one hundred (12,197,100) of the Company's shares.

During its meeting held on 03/07/1441H (corresponding to 27/02/2020G), the EGM approved to reduce the Company's share capital from three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals to two hundred twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals by canceling twelve million two hundred thousand (12,200,000) of the Company's shares.

During its meeting held on 20/06/1443H (corresponding to 23/01/2022G), the EGM approved to reduce the Company's share capital from two hundred twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals to eighty-nine million nine hundred ninety-nine thousand (89,999,000) Saudi Riyals by canceling thirteen million eight hundred fifty-three thousand (13,853,000) of the Company's issued ordinary shares with a nominal value of ten (10) Saudi Riyals per share.

During its meeting held on 16/05/1443H (corresponding to 20/12/2021G), the EGM approved increasing the Company's capital from eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals to three hundred and thirty-nine million and nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, through the issuance of Rights Shares.

Substantial Shareholders

The Substantial Shareholders of the Company, who each own 5% or more of the Company's share capital, consist of one company, namely, Bahrain Telecommunication Company BSC (Batelco). The table below sets out shareholding of Substantial Shareholders as of the date of this Prospectus:

Table No. (6): Shareholding of Substantial Shareholders in the Company

Shareholder	Number of Shares	Ownership (%)
Bahrain Telecommunication Company BSC (Batelco)	1,349,988	15%

Source: Tadawul and the Company as at 06/05/1444H (corresponding to 30/11/2022G)

Summary of Company's activities and products

The Company provides a range of services in the field of communications that serve the following sectors: (i) the business sector; (ii) the consumer sector; and (iii) the wholesale sector. The Company conducts its activities in accordance with the Communications Law and implementing regulations thereof, as well as other regulations and instructions in force in the Kingdom under the supervision of the Communications, Space and Technology Commission. The Company has obtained the approval of the Communications, Space and Technology Commission on all products offered thereby.

Internet and B2B Connectivity Solutions

SIP Trunk - GO Tel: SIP Trunk technology enables the consolidation of fixed voice services within a single network. GO Tel is designed to help customers optimize infrastructure costs and ensure that their employees can communicate easily and efficiently over IP-based voice and data communications. Additionally, this technology includes a full featured telephony solution by offering Direct Inward Dial (DID) and Direct Outward Dial (DOD) services.

VPN - GO Secure: This service enables customers to use the standard Internet Protocol (IP-VPN) to connect two or more sites, buildings or branches through a single virtual private network that allows for a flexible and continuous exchange of data and applications between different users.

Dedicated internet access - DIA GO Net: This service provides customers with customized Internet connections and guarantees reliable and safe transfer of data and applications with (1:1) contention ratio, even at times of peak network and traffic congestion. This service is available through a variety of access speeds including direct access to the Internet via dedicated 4G technology, direct access to the Internet via microwave technology and direct access to the Internet via fiber optic technology.

GMPLS (GO Global): This service includes (i) global connectivity; (ii) greater access reliability through dedicated data networks; and (iii) round the clock support services through a professional team of customer support engineers to assure that the network connections of the clients perform at optimum levels with very minimum service outages 24 hours a day, 7 days a week.

B2B Information and Communication Technology Service Solutions

GO Co-Colocation: The Company provides a space rental service in its data center to host servers and network equipment for its customers. This service helps reduce costs and mitigate risks related to data centers, as the customer uses the Company to host, operate and maintain its servers and network connectivity.

DDoS: This service consists of cyber security services to protect the customer's network and devices from Anti-DDoS attacks.

Managed Router Services (MRS): The Company provides router monitoring and maintenance services and fixing any problems related thereto to ensure its full continuity of effectiveness for the customers. This service helps reduce the operational costs and ensures service continuity and security, and therefore ensures business continuity for customers.

Services Offered to Consumers (B2C)

FTTH: The Company provides high-speed Internet service with multiple speed options that go up to 500 megabytes via the fiber optic technology.

LTE: The Company offers broadband Internet service "LTE Broadband" which is a new concept of fourth generation (4G) services. This service provides optimal speeds for sending and receiving data over the network, allowing the customer to enjoy a new Internet experience, whether for instant surfing without any waiting, downloading large files, playing online games, or watching live broadcasts at a constant speed.

Services provided to the Wholesale Sector

The Company provides wholesale options to operators and carriers inside and outside the Kingdom.

Company's Vision, Mission, Strategy, and Values

Company Mission

The Company aims to become the telecommunication service provider of choice by optimizing its resources to introduce world leading technologies. The Company is committed to serving the community and the environment by revolutionizing the telecommunication standards and providing world class services to its customers throughout the Kingdom of Saudi Arabia.

Company Strategy

On 08/08/1442H (corresponding to 21/03/2021G), the Board adopted a Transformation Strategy Business Plan which includes a range of initiatives to significantly grow the Company's business. The initiatives are designed to enhance the Company's core business by leveraging the Company's existing strengths and its position in the market to seek new opportunities, as well as improve the efficiency of its operations.

The Company's strategy is based on five pillars to enhance its growth, which are as follows:

a. Build a disruptive B2B and B2C commercial offering

The Company is developing a disruptive B2B focused service offering, through the introduction of cost efficient, advanced connectivity solutions (e.g. SD-WAN), cloud-based solutions, enhanced voice services (e.g. Hosted VoIP, UCaaS) and improved security solutions for businesses (e.g. SIEM); which are complimentary to a number of the existing services the Company will continue to offer. The Company's B2B offering will be complemented by a refreshed B2C Broadband Access Service focused on enhancing the existing FTTH and 4G FWA based products that leverages the networks of other local operators using the new Open Access regulation. The Company also plans to launch its own 5G FWA network and services in partnership with another local operator, by leveraging the Spectrum resources and some of the network infrastructure the company already holds.

Each of the services in the Company's reimagined product portfolio is expected to experience significant growth in the coming years and would be able to build upon Company's existing capabilities. The services are complementary to each other and will enable the Company to target SMEs and Large Enterprises, which are fast growing segments and have less competition compared to the hyper-competitive B2C market.

b. Overhaul and Modernize Network and IT Infrastructure

To offer its planned portfolio of products and services, various upgrades or enhancements to the Company's existing network and IT are required. To achieve this the Company plans to adopt an "asset-light" approach whereby the Company follows an OPEX intensive model, including deployment of active fiber infrastructure only, cloud based OPEX-intensive IT infrastructure and selective CAPEX investments in the network.

c. Re-align organizational capabilities and processes

The Company plans to enhance its internal capabilities across the entire customer lifecycle in each of the B2B and B2C market segments, to achieve efficiencies and improve quality of service. In particular, the Company plans to implement processes at each of the key stages in delivering its services to each segment, from product development, to selling, to delivering, to billing to customer care and also structure the organization in a way that facilitates strategy implementation.

d. Improve the Customer experience

The Company plans to adopt a customer centric approach to its go to market strategy, with a particular focus on the B2B segment. This covers a modern approach to sales channel distribution, selection of right tools for lead generation, creating effective enablers for lead conversion and leveraging key partnerships to create a stronger value proposition.

The Company also plans to enhance its digital platforms to offer additional key functionalities which will enhance the customer journey and customer experience. This will be enabled through modernization of its IT systems and informed by responding to current key trends such as digital service customization, e-services and social media and app as a service channel, which have been shown to improve the customer experience.

e. Develop strong partnerships

The Company's "asset-light" strategy will enable it to leverage the strengths of other telecom operators in the market. Maintaining existing strong partnerships and developing new ones will enable the Company to deliver its new value proposition.

The Company plans to continue to consolidate its strong relationship with STC, whilst forging new relationships with other operators and wholesalers in the market. In particular, the Company plans to negotiate a partnership with a local operator to develop a joint 5G network, whilst developing further vendor, sales and product partnerships.

Company Values

The Company's values derive from the Company's customer-focused interests and are based on the following priorities:

Honesty: The Company's style/method is straightforward and easy to understand. The company's billing system is clear and transparent. Its terms and conditions and its policies are simple and accurate. The Company adheres to the highest degree of credibility and integrity in all works.

Creativity: The Company constantly challenges the norms. The Company is innovative and solution orientated. It aims to surprise, delight and captivate its customers and gives attention to the smallest details. The Company prides itself on exceeding the expectations of its customers in all it does.

Courage: The Company is confident in its ability to deliver quality products and superb services. The Company has a deep wealth of knowledge; The Company has scale, excels in its delivery and has an innovative spirit that drives the Company forward.

Respect for Others: The Company is accessible and approachable with its warm brand. The Company speaks to people with ultimate respect for their individuality. The Company strives to offer the best in telecommunication solutions by means of simplified user-friendly delivery. The Company aims to serve all customers with the warm welcome and attention they deserve as the Company invites them into its universe of superior service.

Summary of Competitive Advantages and Strengths

a. Strong Presence in the Market through a Strong Distribution Network

As of the date of this Prospectus, the Company has a network of more than 700 authorized points of sale, which facilitates access to the distribution channels located across Saudi Arabia.

The Company has developed strong business relationships with direct and indirect channel partners. The Company's indirect channel partners provide access to various types of commercial outlets, such as supermarket chains, which cover a large share of the Company's total sales to B2C customers. The indirect channel partners, who deal with the Company, also have extensive experience in the field of telecommunications, high level knowledge in the field of retail sale and advanced capabilities, which allows the Company's distribution networks the opportunity to benefit from the best international practices.

As for the Company's direct channels partners, the Company is in the process of establishing points of sale in the cities of Riyadh and Jeddah.

The Company's direct and indirectsales channels are complimented by a marketing department which launches marketing campaigns on social media, produces marketing for points of sale and negotiates commission and incentive arrangements with the points of sale.

b. Spectrum

On 01/09/1440H (corresponding to 12/05/2019G), the Company acquired 50 MHz in the 3.5 GHz band of the spectrum pursuant to a frequency spectrum license issued by the CST. The frequencies obtained by the Company have been used in wireless links to connect its towers and various network centers and to provide broadband data.

The Company's valuable spectrum holdings strongly positions it to develop a 5G network in partnership with another local operator, by pooling the assigned spectrum resources for each company in order to deliver a high quality 5G service. The 50 MHz which the Company currently holds in the 3.5 GHz band corresponds to 5G NR band n78, which is one of the prominent bands being used for 5G deployment worldwide.

c. Expanding Quality Network

The Company has developed a network which reaches all key commercial centers where customers within the B2B segment are concentrated. The Company's network was recently expanded to reach Rabigh and Hail and now spans across 13 major cities in Saudi Arabia, including Riyadh, Jeddah, Mecca, Rabigh, Madina, Yanbu, Khamis Mushait, Dammam, Al Jubail, Al Khobar, Al Hofuf, Al Qatif, and Hail.

The Company has recently strengthened its network by making significant core and access network improvements. For core network, the Company's ISP network has been strengthened by increasing capacity and upgrading equipment specifications. In particular, the coverage of IP-MPLS network has been expanded from the core to the edge of the access network which has improved capacity and reliability of connection for customers. For access network, the Company upgraded and modernized the specification and capability of equipment. The Company's passive infrastructure has been supplemented to expand the Access Network to be able to serve more B2B customers.

The capacity and quality of the Company's network is complemented by the Company's new data center in Riyadh which has been designed, built and commissioned in accordance with Tier3 standards, which are considered among the highest levels of classification in the Kingdom and the region. The new data center strongly positions the Company to deliver its planned cloud solutions services and acquire more customers as a result of the expanded and more secure capacity.

d. Well established Brand in the Market

The Management believes that its 'GO' brand is dynamic and distinctive and closely associates the Company with its target customers. The Company believes that its brand positioning serves as an essential element in attracting and retaining customers from its target segments. Therefore, the Company's main objective in relation to product and service marketing is to express GO's brand and its associated values and to offer a value proposition which differentiates the Company from the competition.

The Company uses its brand to drive growth and profitability, by aligning the brand to improvements in the quality and the customer experience to build trust in the brand.

e. Positioned to target B2B niche market

Although the Saudi telecommunication industry is the largest in the region, the B2C segment of the market faces intense competition amongst the large, incumbent local operations.

By contrast, the Company believes that parts of the B2B market are relatively underserved and expects significant growth in B2B market, particularly in relation to IoT ecosystems, cloud solutions, data center solutions, security services, and ICT service management. Accordingly, the Company is restructuring its service offering to meet the growing demand of SMEs and key customers, and encourage use of single provider of tailored, end to end set of advanced B2B orientated services.

f. Established partnerships and effective outsourcing model

An integral part of the Company's strategy has been to form strong partnerships which enabled it to develop a solid outsourcing model that optimizes its cost structure and efficiencies, which also improving its value proposition. In particular, the Company's strategic partnership with STC has enabled it to significantly increase the number of products it offers and expand the coverage of its network to reach the key regions of the Kingdom, through connection to STC's access network. The Company is also entering into local and international partnerships with many companies to provide cloud services and hosting services, which will enable the company to acquire a larger market share.

The Company believes that by entering into partnerships with experienced network, equipment and service providers in specific areas, it is able to utilize the benefits from its outsourcing partners' experience, who assist with a significant portion of the Company's business. The Company sees this model as an effective and efficient way to manage the growth of its customer base, improve its value proposition, and increase the quality of its services. The Company has signed service agreements in several different areas, from network infrastructure, equipment roll-out and maintenance, to customer service call centers, as well as distribution services.

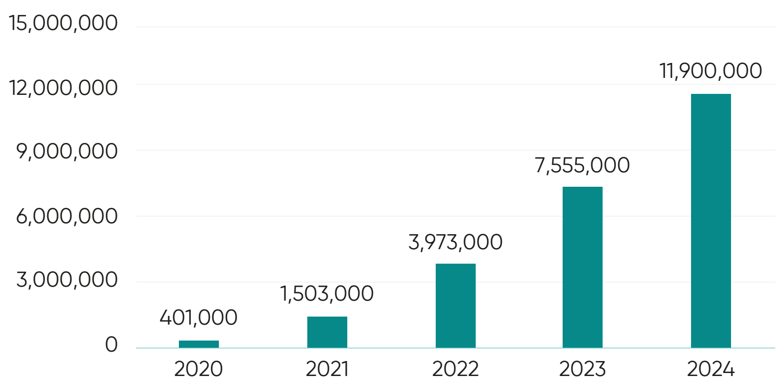
Market Overview

The revenue sources of telecom service providers have internationally shifted from traditional to advanced services that provide the latest technology. The Saudi telecommunications market is full-fledged and saturated in terms of smartphone penetration, thereby helping operators increase revenue by broadening their subscriber base. Additionally, the revenue that telecom operators derive from voice calls and text messages is left vulnerable to the ever rising use of messaging and calling apps. Therefore, operators are set on adopting new technology to diversify their service portfolio, as they are increasingly focusing on enterprise business solutions and expanding their 5G network. The adoption of such technology is expected to carry a significant weight for telecommunications companies, opening up opportunities such as Internet of Things (IoT), cloud computing, and smart city infrastructure services.

Fifth generation technology (5G)

Operators are constantly looking for new opportunities for growth, as the scope of growth is limited in traditional telecom services. The Kingdom of Saudi Arabia is one of the first countries to adopt 5G in the GCC region, which provides an opportunity for the local telecommunications sector to take advantage of future opportunities. The amount of data available in the telecommunications sector has increased thanks to the use of the Internet of Things (IoT), which in turn collects data through the use of sensors such as in-store beacons and mobile devices.

Figure 1: Expected number of 5G subscribers in the Kingdom of Saudi Arabia



Source: Fitch Solutions

Internet of Things (IoT) data is expected to support the quality of services for telecom operators

Telecom operators can expand the range of data services and coverage for IoT data service, reduce call drop and increase download speeds, which represent immediate benefits for customers. On the other hand, telecom operators can also benefit by reducing revenue loss due to service interruptions.

New business opportunities from providing cloud computing services

The development of the Internet has led to the emergence of a new business model called "cloud computing" technologies that reduce operating costs, whereby the model allows companies and individuals access to various services without having to invest in traditional internal server spaces. Customers only pay for the use of infrastructure and applications available through cloud computing services. Since telecom operators are leaders in providing telecom services and have the required infrastructure, they have a competitive advantage over other companies in the cloud computing sector.

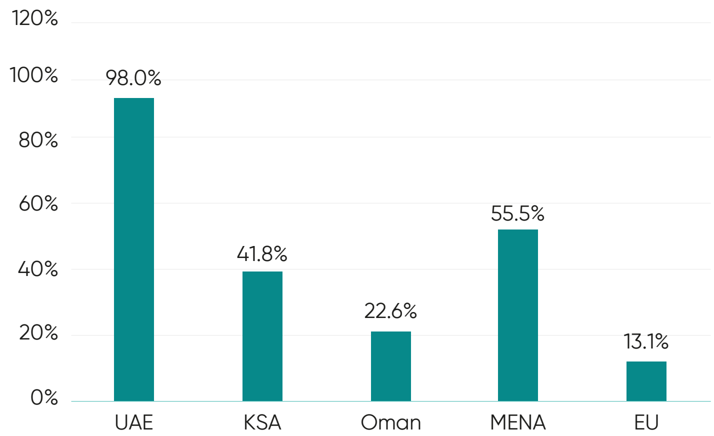
Focus on the business sector (B2B)

As part of the digitization trend underway in the Kingdom of Saudi Arabia, B2B communication systems are used to transmit text, voice and video to facilitate communication between businesses, or with customers. These systems provide tremendous potential for enterprise solutions companies. B2B communication platforms provide access to data and statistics related to orders, cases and financing, which helps facilitate the management thereof, enabling access to detailed reports, setting policies for immediate control or split service-use billing, which greatly increases business sector growth.

Fiber to the Home Services (FTTH)

Fiber optic penetration in the Kingdom of Saudi Arabia increased during 2020G to approximately 42%, compared to about 34% in 2018G. With the government's focus on digitization, the penetration of fiber optic communication technology in Saudi Arabia is lower than the average in the MENA region, indicating that there is an opportunity to increase the telecom operator subscriptions. With the use of the open access model in the optical network, the use of optical fiber infrastructure is expected to increase, which will help achieve the goal of reaching more than 3.5 million subscribers by the end of 2020G.

Figure 2: Fiber Optic Penetration



Source: Telecoms.com

Smart Cities as Centers for Information and Communication Technology Services

Within the framework of the Kingdom's Vision 2030 program, the Kingdom of Saudi Arabia plans to invest heavily in building smart cities that rise to international standards.

The Neom project in the Kingdom is estimated to cost about $500 billion. Neom and other smart city projects are expected to build the integrated infrastructure required for advanced technologies. Information and communications technology (ICT) is critical in the development of smart cities, as it acts as a link between the various infrastructure components in these cities. Thus, telecom operators are likely to take advantage of these opportunities by utilizing their existing expertise in providing ICT services to meet demand in these smart cities.

Source: Fitch Solutions, Telecoms.com, Communications, Space and Technology Commission, Aljazira Capital market research.

Summary of Financial Information

Please review the table of key performance indicators and the summary of financial statements below for the financial years ended 31 March 2020G, 2021G, 2022G, the six-month period ended 30 September 2021G and 2022G, including accompanying notes.

Table No. (7): Key Performance Indicators

Percentage	FY ended 31 March 220G	FY ended 31 March 201G	FY ended 31 March 2022G	Six months ended 30 September 2021G	Six months ended 30 September 2022G
Gross Profit Margin	55.3%	19.6%	24.3%	22.1%	28.0%
Operating Profit Margin	-21.1%	-11.5%	-4.1%	-7.3%	4.9%
Profit Margin	-21.1%	-13.6%	-9.9%	14.4%	11.7%
Return on Assets	-4.3%	-3.7%	-4.4%	-2.1%	0.6%
Return on Equity	-47.5%	-34.2%	-50.5%	-24.2%	6.3%

Source: The Company

Table No. (8): Income Statement Summary

SAR	FY ended 31 March 2020G	FY ended 31 March 2021G	FY ended 31 March 2022G	Six months ended 30 September 2021G	Six months ended 30 September 2022G
Sales	339,601,054	282,099,669	378,553,765	155,814,829	288,504,174
Cost of Sales	(151,984,807)	(226,730,533)	(286,710,000)	(121,457,237)	(207,840,029)
Gross Profit	187,616,247	55,369,137	91,843,765	34,357,592	(80,664,145)
Operating profit (loss)	(71,608,040)	(32,552,370)	(15,492,740)	(11,317,523)	(14,182,170)
Net profit (loss) for the period	(71,608,040)	(38,258,894)	(37,399,886)	(21,788,233)	4,966,245

Source: Financial statements and the Company

Table No. (9): Balance Sheet Summary

SAR	FY ended 31 March 2020G	FY ended 31 March 2021G	FY ended 31 March 2022G	Six months ended 30 September 2021G	Six months ended 30 September 2022G
Total non-current assets	1,183,168,388	731,455,063	586,265,525	698,210,127	565,688,840
Total current assets	469,741,092	303,690,232	259,182,502	232,633,531	268,659,577
total assets	1,652,909,480	1,035,145,295	845,448,027	1,035,145,295	1,652,909,480
Total non-current liabilities	411,801,066	473,382,541	329,695,734	186,613,615	259,932,299
Total current liabilities	1,090,366,566	450,023,421	441,756,477	980,531,920	495,454,056
Total Liabilities	1,502,167,632	923,405,935	771,452,211	1,167,145,535	755,386,355
Total Shareholder Equity	150,741,848	111,739,360	73,995,816	89,951,127	87,962,062
Total liabilities and shareholders' equity	1,652,909,480	1,035,145,295	845,448,027	1,389,383,423	834,348,417

Source: Financial statements and the Company

Table No. (10): Cash Flow Statement Summary

SAR	FY ended 31 March 2020G	FY ended 31 March 2021G	FY ended 31 March 2022G	Six months ended 30 September 2021G	Six months ended 30 September 2022G
Net cash from/(used) in operations	68,901,963	(16,173,557)	65,188,762	21,564,364	(34,138,098)
Net cash (used)/generated from investment activities	(2,731,078)	(7,092,662)	(23,281,366)	(4,490,144)	(8,739,033)
Net cash (used)/generated from financing	(41,214,808)	(82,151,425)	(29,763,511)	(12,834,777)	(15,104,041)
Decrease in cash and cash equivalents	24,956,077	(51,417,644)	12,143,885	4,239,443	(47,981,172)
Cash and cash equivalents at the beginning of the year/period	97,574,234	122,530,311	71,112,667	71,112,667	83,256,552
Cash and cash equivalents at the end of the year/period	132,530,311	71,112,667	83,256,552	75,352,110	35,275,380

Source: Financial statements and the Company

SUMMARY OF RISK FACTORS

In addition to other information contained in this Prospectus, all prospective investors should carefully consider the risk factors described below before deciding whether to subscribe for the Rights Shares, as detailed in Section 2 ("**Risk Factors**").

There are a number of risks associated with the Rights Issue, summarized as follows:

- **Risks Related to the Company's Activity and Operations**
  - Risks related to Accumulated Losses
  - Risks related to the Material Uncertainty related to Going Concern
  - Risks of Failure to Implement the Strategy
  - Risks related to Reliance On External Sources
  - Risks related to Relying On a Number of third party key Distributors
  - Risks related to Penalties, Fines, and Business Suspension by the Competent Authorities
  - Risks related to Frequency Spectrum License
  - Risks related to transactions with Related Parties
  - Operational and unforeseen Business Interruption Risks
  - Risks related to failure of IT Systems or Breach of Security Measures
  - Risks related to intensive Capital Expenditures On Infrastructure
  - Risks related to Reliance On Key Personnel
  - Risks related to Dtaff Misconduct and/or Mistakes
  - Risks related to Regulations, Permits, Licenses and Approvals Necessary for the Company's Business
  - Risks related to Lease Contracts
  - Risks related to the Company's Communication Tower Lease Contracts
  - Risks of Lawsuits, Disputes and Claims
  - Risks related to Zakat Assessments
  - Risks related to the Auditor's Qualified Opinion
  - Financing Risks
  - Risks related to the Company's Protection of its Trademarks
  - Risks related to Outbreaks of Infectious Diseases or other Public Health Concerns, Including the Ongoing Global Spread of the Coronavirus (COVID-19)
  - Risks related to Liquidity and Working Capital
  - Risks related to the Collection of Trade Receivables
  - Risks related to Obsolete ERP Systems
  - Risks related to Depreciation in the Value of the Company's Assets
  - Risks related to Fluctuations in the Company's Financial Performance
  - Risks related to the Open Access Agreement
- **Risks related to the telecommunications market and the legal and regulatory environment in the Kingdom of Saudi Arabia**
  - Risk related to Compliance with Telecommunications Laws
  - Risks related to Licenses Issued by Communications, Space and Technology Commission
  - Economic and Political Risks
  - Spectrum Assignment Risks
  - Risks related to Changing Consumer Behavior and Future Technologies
  - Risks related to the Labor Law and the Inability to Comply with Saudization and Ministry of Human Resources and Social Development requirements
  - Risks related to the Unavailability of Qualified Local Staff in the Telecommunications Sector
  - Risks related to Non-Saudi Employees

- **Risks Related to Shares**
  - Risks Related to liquidity and fluctuation in the price of Shares
  - Risks of potential fluctuations in the price of Rights Shares
  - Risks related to lack of demand for the Company's Rights and Shares
  - Risk related to a failure to distribute dividends
  - Risks related to dilution of ownership
  - Risks related to trading in Rights
  - Risks related to a failure to exercise the Rights in a timely manner
  - Risks related to forward-looking statements
  - Risks related to poor Shareholder awareness of the trading mechanism and exercise of Rights
  - Risks related to the possibility of issuing New Shares in the future
  - Risks related to the uncertainty of compensating Eligible Persons
  - Risks related to the suspension of trading or cancellation of the Company's shares due to its failure to publish its financial statements within the statutory period

Contents

Tables

Figures

1. TERMS AND DEFINITIONS

The following table provides a list of terms and definitions as used in this Prospectus:

Table No. (1.1): Terms and Definitions

Term	Definition
GO or Company	Etihad Atheeb Telecom Company – Saudi Joint Stock Company
Management or Senior Management	Management team of Etihad Atheeb Telecom Company.
Board or Board of Directors	Company's Board of Directors, whose names are stated in Page (iv)
Kingdom or KSA	Kingdom of Saudi Arabia.
Government	Government of the Kingdom of Saudi Arabia.
Share	A share of the Company with a fully paid nominal value of ten (10) Saudi Riyals.
Current Shares	Eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, paid in full
Rights	Tradable securities that grant their holder the right to subscribe to New Shares upon approval of the capital increase. It is an acquired right for all Registered Shareholders, and each right gives its holder the right to subscribe to one New Shares at the Offer Price. The Rights shall be deposited subsequent to the Extraordinary General Meeting on the capital increase on [•]/[•]/1443H (corresponding to [•]/[•]/2022G). These Rights will appear in the Registered Shareholders' accounts under a new symbol. Registered Shareholders will be notified of the deposit of Rights in their portfolios through an announcement on the Tadawul website, as well as through the Tadawulaty service provided by the Securities Depository Center Company (Edaa) and SMS messages sent through the Brokerage companies
New Shares or Rights Shares	Twenty-five Million (25,000,000) new ordinary shares that will be offered at an offer price of twelve (SAR 10) Saudi Riyals per share with a nominal value of ten (SAR 10) Saudi riyals by issuing Rights representing a 277.78% increase in the Company's capital, whereby the Company's capital becomes three hundred thirty nine million nine hundred and ninety nine (SAR 339,999,000) Saudi Riyals, divided into thirty three million nine hundred and ninety nine thousand nine hundred (33,999,900) ordinary shares.
Tadawul	Automated system for trading securities.
Financial Statements	The Company's audited financial statements for the financial years ended 31 March 2020G, 2021G, 2022G, and the Period Ended 30 September 2022G, in addition to the notes thereto, as prepared in accordance with International Financial Reporting Standards (IFRS). The Company's financial statements for the financial year ended 31 March 2020G, 2021G, 2022G, and the Period Ended 30 September 2022G, have been audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants – a member of Crowe International.
Financial Advisor	Aljazira Capital.
Lead Manager	AlKhair Capital Saudi Arabia.
Underwriter	AlKhair Capital Saudi Arabia.
Investor or Subscriber	Each Eligible Person subscribing or applying for subscription to the Rights according to subscription terms and conditions.
Bylaws	The Company's Bylaws.
Offering	Offering New Shares or Rights Shares
Offer Price	Ten (10) Saudi Riyals per share.
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) in accordance with the Capital Market Law passed by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 01/08/2003G), as amended by the board of the Capital Market Authority puruant to Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
Listing Rules	Listing Rules issued by the Saudi Stock Exchange ("Tadawul") and approved by virtue of CMA Board Resolution No. 3-123-2017 dated 09/4/1439H (corresponding to 27/12/2017G), as amended by Resolution No. 3-96-2022 dated 10/02/1444H (corresponding to 06/09/2022G).
CML	Capital Market Law issued under Royal Decree No. (M/30) dated 02/06/1424H (corresponding to31/07/2003G), as amended.

Term	Definition
Net Proceeds	Net Proceeds of the Offering after deducting offering expenses.
Advisors	Advisors to the Company in relation to the Offering whose names appear on Pages (vii) and (viii).
Prospectus	This document prepared by the Company in relation to the Rights Issue.
CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Exchange (Tadawul)	The Saudi Exchange Company (Tadawul), established pursuant to Council of Ministers Resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law, a closed Saudi Joint Stock company, and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, on which securities are listed and traded.
Saudi Stock Exchange, Stock Exchange, Stock Market, Exchange, or Tadawul	Saudi Exchange for trading of securities
Substantial Shareholders	Shareholders owning 5% or more of the Company's total shares, namely: - Bahrain Telecommunication Company BSC (Batelco), which holds 1,349,988 shares, representing 15% of the Company's issued shares.
EGM	Extraordinary General Assembly Meeting convened in accordance with the Company's Bylaws.
EGM on Capital Increase	EGM held to approve increase of the Company's share capital from eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals to three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, through a Rights Issue.
General Assembly	General Assembly Meeting convened in accordance with the Company's Bylaws.
Ordinary General Assembly	Ordinary General Assembly Meeting convened in accordance with the Company's Bylaws.
Corporate Governance Regulations	Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. (816-2017) dated 16/05/1438H (corresponding to 13/02/2017G), in accordance with the Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H, as amended by the CMA Board Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
Related Parties	Means, under the Rules on the Offer of Securities and Continuing Obligations and the Glossary of terms used in the regulations of the Capital Market Authority as issued by the CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) and amended by the CMA Board Resolution No. 1-94-2022H dated 24/01/1444H (corresponding to 22/08/2022G). 1. Affiliates of the Issuer. 2. Issuer Substantial Shareholders. 3. Board members and senior executives of the Issuer. 4. Board members and senior executives Subsidiary with the Issuer. 5. Board members and senior executives of the Issuer's Substantial Shareholders. 6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above. 7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5 or 6) above. 8. Persons who act jointly and who jointly own 5% or more of the class of shares to be listed.
Companies' Law	Saudi Companies' Law promulgated by Royal Decree No. M/3 dated 28/1/1437H (corresponding to 23/4/2018G), which entered into force on 25/07/1437H (corresponding to 05/02/2016G) and amended by Royal Decree No. M/79 dated 25/07/1439H (corresponding to 11/04/2018G).
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
MoMRAH	Ministry of Municipal, Rural Affairs and Housing
The Public	Under OSCOs, means persons any person other than the following: 1. Issuer affiliates. 2. Issuer Substantial Shareholders. 3. Board members and senior executives of the Issuer. 4. Board members and senior executives Subsidiary with the Issuer. 5. Board members and senior executives of the Issuer's Substantial Shareholders. 6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above. 7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5 or 6) above. 8. Persons who act jointly and who jointly own 5% or more of the class of shares to be listed.
Underwriting Agreement	The agreement concluded between the Company and the Underwriter, AlKhair Capital Saudi Arabia.

Term	Definition
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations thereof issued by the International Financial Reporting Standards Board.
Eligible Persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Financial Year (FY)	The period of time for presenting the result of the Company's activities and whose beginning and end are specified in the articles of association or bylaws of the concerned company. Noting that the Company's financial year ends on March 31 of each Gregorian year.
Localization/ Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
SAR	The official currency of the Kingdom of Saudi Arabia.
Saudi Organization for Certified Public Accountants (SOCPA)	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabiaz
General Organization for Social Insurance	General Organization for Social Insurance in the Kingdom of Saudi Arabia
Registered Shareholders	Shareholders recorded in the Company's Register as of the close of trading on the date of the EGM on capital increase, and Shareholders registered in the Company's Shareholders Register held with Depository Center at the close of the second trading day following the date of the EGM on capital increase dated [•]H (corresponding to [•]G).
Allocation Date	The date on which final allocation will be announced no later than [•]H (corresponding to [•]G).
Trading Period	From [•]H (corresponding to [•]G) to the end of trading on [•]H (corresponding to [•]G).
Subscription Period	From [•]H (corresponding to [•]G) to the end of trading on [•]H (corresponding to [•]G).
Risk Factors	A set of potential factors that should be understood and hedged against before making a decision as to whether or not to trade in or subscribe for the Rights Shares.
Unregistered Shareholders	Company shareholders whose names do not appear in the Company's Shareholders Register at the close of trading on the day of the EGM.
Working Day	Any business day except for Friday and Saturday, official holidays in the Kingdom of Saudi Arabia, or days on which banking institutions are not open for business in accordance with applicable regulations and other government procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), amended by Royal Decree No. M/134 dated 27/11/1440H (corresponding to 29/07/2019G), as amended.
H	Hijri calendar.
G	Gregorian calendar.
Securities Depository Center Company/Edaa	A closed joint stock company wholly owned by the Saudi Stock Exchange (Tadawul) and established in 2016G under the Saudi Companies' Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The national strategic economic program announced by the Government of the Kingdom of Saudi Arabia in 2016G, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services.
VAT	On 02/05/1438H (corresponding to 30/01/2017G), the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on 01 January 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the Kingdom, and in the GCC countries. The amount of this tax is 5%, where a number of products have been excluded from it (such as basic foods, services related to health care and education). The Kingdom's government decided to increase the value-added tax rate from 5% to 15% starting from 01 July 2020G.
Right Indicative Value	The difference between the market value of the Company's shares and the Offer Price during the Trading Period.
Right Trading Price	The price at which the Right is traded, as determined by supply and demand, which therefore may differ from the indicative value of the Right.
Rump Shares	Remaining shares that were not subscribed for during the Offering Period.
Rump Offering	Shares unsubscribed by Eligible Persons shall be offered to Institutional Investors by offering them during the Rump Offering Period.
Rump Offering Period	The period starting from ten in the morning on [•]H (corresponding to [•]/2021G) until five in the evening of the next day on [•]H (corresponding to [•]/2021G).
Rights Issue Ratio	The result of dividing the number of Company New Shares by the number of Existing Shares.

Term	Definition
Person	Any natural person.
Listing	Listing securities on the primary market or - where the context allows - submitting a listing application to Tadawul.
New Investors	Retail and institutional investors - with the exception of Registered Shareholders - who have purchased the Rights Issue during the Trading Period.
Brokers	Market institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities in the capacity of agent.
Institutional Investors	Includes a number of institutions, as follows: Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by the CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center. Public investment funds established in the Kingdom, in addition to private funds that invest in securities listed on the Saudi Stock Exchange if the terms and conditions of the fund so allow, in compliance with the provisions and restrictions stipulated in the Investment Funds Regulation. Persons authorized to deal in securities in the capacity of principal, in compliance with financial solvency requirements. Customers of a person authorized to engage in management business, provided that such authorized person has been appointed on terms that allow taking decisions regarding acceptance of participation in the offering and investment in the Saudi Stock Exchange on behalf of the customer without the need to obtain the prior approval thereof. Juridical persons that may open an investment account in the Kingdom and an account with the Depository Center, taking into consideration the rules and regulations that apply on investments by listed companies in securities provided that the participation by such company shall not cause any conflict of interest. GCC Investors with Legal Personality, including companies and funds established in the GCC countries.
Shareholder	Owner or holder of shares as of any specified time.
GCC	The Gulf Cooperation Council.
Compound Annual Growth Rate (CAGR)	A method used to calculate the growth rate of a particular item over a specified period of time.
Coronavirus or Covid-19	A contagious viral disease known as the Coronavirus and abbreviated "Covid-19", which began spread in most countries of the world, including the Kingdom of Saudi Arabia at the beginning of 2020G, classified as a pandemic by the World Health Organization.
ZATCA	The Zakat, Tax and Customs Authority (formerly the General Authority of Zakat and Tax), a government agency affiliated regulatorily with the Minister of Finance, which is the body entrusted with the work of levying zakat and tax collection.
Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to 20% or more of their Share Capital	Rules governing companies with accumulated losses as issued by the CMA's Board pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) and amended by CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/11/2018G).
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	Rules governing investment in securities by non-Saudis residing outside the Kingdom as issued by the CMA Board pursuant to Resolution 1-42-2015 dated 15/07/1436H (corresponding to 04/05/2015 AD) and amended by Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G).
Nitaqat	Program established by the Ministry of Human Resources and Social Development to motivate establishments to employ Saudis. It was approved by Resolution No. 4040 dated 12/01/1432H (corresponding to 10/09//2011G) based on Council of Ministers Resolution No. 50 dated 13/05/1415H (corresponding to 27/10/1994G). The Program evaluates the performance of the facility on the basis of specific ranges (platinum, green, yellow and red) according to the activity and sector under which the company is registered. The Nitaqat Program was amended pursuant to Resolution No. 63717 dated 29/03/1441H (corresponding to 26/11/2019G), whereby the yellow category was canceled from the Nitaqat Program and all facilities in the yellow category transferred to the red category, with red category criteria applied thereto in compliance with the Nitaqat Program Manual.
Unearned premiums	The portion of written premiums that covers risks related to subsequent financial periods.
CST	The Saudi Communications, Space and Technology Commission, a Saudi government body with a separate juridical personality and financial independence. It was established by Council of Ministers Resolution No. 74, dated 5/3/1422H, and is concerned with spreading telecommunications services, raising awareness about telecommunications and information technology, and providing a fair regulatory environment among all parties.
Telecommunications Act	The Communications law and regulations, the CST regulations, intercommunication directives and rules of procedure.

Table No. (1.2): Technical Terms and Definitions

Term or Abbreviation	Definition
Backhaul	Microwave link for primary transmissions.
B2B	Business to business.
B2C	Business to consumers.
Cloud Services/Cloud Computing Services	Include services such as Hosted VoIP, office in a box, public cloud, office 365, SIEM and backup service.
Cloud Solutions	Cloud services ranging from computing and storage capacities (infrastructure as-a-Service) to fully functional applications and platform on which they run (software-as-a-Service).
DIA	Dedicated internet access.
DID	Direct Inward Dial.
DDos	A distributed denial-of-service.
DOD	Direct Outward Dial.
EMS	Element management system.
FCAPS	Fault, configuration, accounting, performance and security (FCAPS) is a network framework created by the International Organization for Standardization (ISO).
FTTB	Fiber to the Business (FTTB) is a fiber-optic access solutions designed for commercial deployments.
FTTH	Fiber to the Home (FTTH) is a fiber-optic access solutions designed for residential deployments.
FWA	Fixed wireless access.
GMPLS	Generalized Multiprotocol Label Switching.
Hosted VoIP	A cloud based VoIP.
Hyperconverged infrastructure	Hyperconverged infrastruture (HCI) is a software-defined, unified system that combines all the elements of a traditional data center: storage, compute, networking and management.
IaaS	Infrastructure-as-a-service.
ICT	Information and Communication Technology.
Internet of Things (IoT)	The Internet of Things is a system of interconnected devices that are provided with unique identifiers (UIDs) to transfer data over a network without the need for human interaction.
Internet Protocol (IP)	A standardized method of transporting information across the Internet in packets of data.
IP Centrex	A cloud-based telephony services that provides PBX functionalities.
IP-MPLS	Multi-protocol label switching based on IP routing.
IP-VPN	Virtual private network via IP.
IRU	Indefeasible Right to Use.
IT-BSS	An information technology business support system that is linked to the OSS platforms to support delivery services.
LTE	Long Term Evolution, the high performance air interface for cellular mobile communication systems. LTE is designed to increase the capacity and speed of mobile telephone networks.
MPLS	Multi-protocol label switching.
MRS	Managed router services.
MW	Microwave.
OLO	Other Licensed Operators.
OSS	Operations support system.
P2P	Peer-to-peer computing or networking.
PBX	Private branch exchange, which is a private telephone network used within an enterprise.

Term or Abbreviation	Definition
PCloud	A cloud-based storage solution.
POP	Point-of-Presence which is an access point from one place to the rest of the Internet.
SaaS	Software-as-a-service.
SD-WAN	Software-defined Wide Area Network.
SIEM	Security, information and event management.
SIP Trunk	Voice over Internet Protocol (VoIP) and Session Initiation Protocol (SIP) based on media streaming service.
SMS	Short Message Service, a form of text messaging on mobile phones.
UCaaS	Unified Communications as a Service is a cloud-delivered unified communications model that supports communications functions.
Voice over LTE	4G Voice Call - Long Term Evolution.
VoIP	Voice over Internet Protocol is a protocol that converts phone calls into a series of data packets and transmits calls to the telephone network.
VPN	Virtual private network.
Fifth Generation or 5G	The fifth generation of wireless technology.
Fourth Generation or 4G	This technology is a continuous development in the long run for broadband technology to provide a comprehensive and secure service based on Internet protocols “IP”, where users can be provided with services such as Internet telephony, high-speed Internet and multimedia playback directly over the Internet.
Spectrum	A natural resource, where the frequency spectrum practically starts from 9 kilohertz to the upper limit extending to 3000 GHz.
Internet	A collection of interconnected networks spanning the entire world, incorporating private, university, corporate, government and research networks around the globe, all using the IP communications protocol.
Broadband	A range of frequencies occupied by a signal. The capacity of a telecommunication line to carry signals is measured according to bandwidth. The necessary bandwidth is the amount of spectrum required to transmit the signal without distortion or the loss of information.
PTP Direct Internet Service	Point-to-Point direct internet service.

2. RISK FACTORS

Prior to making any decision to subscribe to the Rights Shares, prospective investors should carefully study all the information contained in this Prospectus, including in particular the risk factors listed below. The risk factors described in this section are not inclusive of all the risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations. The Company's business, financial position, results of operations, cash flows, and prospects could be adversely materially affected if any of the following risks materialize.

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders as of the date of this Prospectus, except as disclosed in this Section.

Investing in the Rights Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors who have doubts about subscription in the Rights Shares should consult a financial adviser licensed by the CMA for advice on such investments.

In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company fails to identify or does not currently consider to be material do occur, the market value of the Shares could decrease and prospective investors could lose all or part of their investment.

The risks described below are presented in an order that does not reflect their importance. Additional unknown risks or those deemed immaterial may have the impacts set forth in this Prospectus.

2.1 Risks Related to the Company's Activity and Operations

2.1.1 Risks related to Accumulated Losses

The Company's accumulated losses amounted to SAR 11.04 million as of 30 September 2022G, representing about 12.26% of its share capital. The accumulated deficit is mainly attributed to an increase in impairment losses on property and equipment and an increase in the provision for zakat and income tax. These accumulated losses exert further pressure on the Executive Management and the Board of Directors, requiring them to continue to seek solutions to reduce the Company's costs and increase its revenues at a higher cost.

There is no assurance that the Company will not continue to incur additional losses. In case the Company incurs additional losses, it will be subject to a number of relevant Saudi laws and regulations. For example, the Company will be subject to Article 150 of the Companies Law, which imposes an obligation to inform the Board members once the losses of the Company reach 50% of its share capital. Board members must then call for a meeting of the Extraordinary General Assembly to consider decreasing or increasing the Company's share capital of or dissolving the Company prior to the term specified in the Bylaws. Failing this (or in other circumstances), the Company shall be deemed dissolved by law.

It should also be noted that on 23/01/1438H (corresponding to 24/10/2016G), CMA Board Resolution No. 1-130-2016 amended the procedures and instructions of companies listed in Tadawul, with accumulated losses amounting to 50% or more of their share capital under the Companies Law. The Resolution was renamed "Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to 20% or more of its Share Capital" and was implemented as of 25/07/1438H (corresponding to 22/04/2017G). According to these Procedures and Instructions, in case the accumulated losses of a company reach 20% or more of its share capital, then the company shall immediately announce this.

In addition, if the accumulated losses of a company amount to 50% or more of its share capital, the company shall immediately announce this, with a recommendation by its Board of Directors to the Extraordinary General Assembly, as required under Article 150 of the Companies Law, stating whether the Extraordinary General Assembly proposes to increase or decrease the company's share capital or dissolve it before the term set forth in its Bylaws.

In case the Company is dissolved under Paragraph 2 of Article 150 of the Companies Law or pursuant to a resolution by the Extraordinary General Assembly, the Company's shares will be delisted.

2.1.2 Risks related to the Material Uncertainty related to Going Concern

The financial statements for the six-month period ended on 30 September 2022G, and the financial statements for the financial year ended on 31 March 2022G included a case of a material uncertainty, which may cast significant doubt for the Company's auditor about the Company's ability to continue based on the going concern standard. The financial statements as at 30 September 2022G and the financial statements as at 31 March 2022G included a note from the auditors to draw attention on the accumulated losses of the Company which amounted to SAR 11.04 million (representing 12.26% of the Company's share capital) and SAR 16.0 million (representing 17.78% of the Company's share capital), respectively. The Company's current liabilities exceeded its current assets by SAR 226.79 million as at 30 September 2022G and by SAR

182.57 million as at 31 March 2022G. The Company made a profit of SAR 4.97 million as at 30 September 2022G and a loss of SAR 37.40 million as at 31 March 2022G. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue based on the going concern standard. In the event the Company is unable to secure financing or in the event, the Company is unable to increase its revenues, the Company would face risks in relation to its financial performance and its continuity, which may have a material and adverse impact on the Company's business, results of operations, financial position and future prospects (for more information, please refer to subsection 6.3.2 ("**Continuity**") of this Prospectus)).

2.1.3 Risks of Failure to Implement the Strategy

The Company's ability to increase revenues and improve profitability depends on the extent to which it successfully implements its strategy. The Company's strategy depends on several factors, including increasing the Company's market share in various major business sectors, especially by meeting the growing demand for data services, expanding its services to target new growth areas, continuing to improve its sales model and customer experience, increasing the Company's share capital productivity and finding the best solutions to reduce operational costs (please refer to subsection 4.3.2 ("**Company Strategy**") of Section 4 ("**Overview of the Company and the Nature of its Business**") of this Prospectus)).

The Company's ability to implement its current strategy is subject to various factors, some of which are outside its control. If the Company fails to implement its strategy or fails to manage its growth strategy for any reason, or any of the risk factors identified in this section materializes, this will have a negative and material impact on the Company's business, prospects, financial position, reputation and results of operations.

There is no guarantee that the Company's successful implementation of its strategy will lead to better operational results. It is worth noting that Executive Management will review and evaluate the business strategy together with the Board of Directors on a regular basis. Accordingly, the Company may decide to change or suspend some aspects of its business strategy, or to adopt alternative or additional strategies as required by the Company's operating environment, or competitive position, or other factors or events. In the event that the Company fails to implement any part of its strategy for any reason, this will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.4 Risks related to Dependence on Outsourcing

The Company relies on outsourcing arrangements through partnering with experienced service providers who assist with a significant portion of the Company's business, including network infrastructure.

With respect to the network infrastructure and equipment, the Company entered into wholesale agreements and the supply of fiber-optic services agreements to lease several fiber optic lines from the following telecom operators: Dawiyat Integrated Telecom and Information Technology Company, Etihad Telecom Company (Mobily), Integrated Telecom Company Limited (Salam) and Saudi Telecom Company. The Company relies on some of these entities as partners to which it outsources the management of its network. Additionally, the Company relies on these partners to operations and maintenance support to ensure that it provides continuous and reliable services. The Company's ability to grow and meet the needs of its customers is based on its ability to provide an adequate supply of network equipment and software in a timely manner and a high level of customer service. The Company has no direct operational or financial control over its service providers or external resource partners, nor can it predict with certainty any unexpected and sudden termination of any outsourcing contracts as per the conditions set forth in said contracts. (For more information on these contracts, please refer to subsection 10.6.2 ("**Contracts Related to Connection and Network**") of Section 10 ("**Legal Information**") of this Prospectus)).The inability of the main service providers or their unwillingness to renew contracts concluded to provide adequate services, equipment and supplies in a timely manner and at attractive prices may have a material adverse impact on the Company's ability to attract customers or provide attractive product offers, which would lead to a breach of the licensing requirements and would have a material adverse effect on the Company's business, future prospects, financial condition, results of operations and cash flows.

2.1.5 Risks related to Dependence on a Number of Key Third Party Distributors

The ability of the Company to continue to distribute its products and services depends, to a large extent, on securing and maintaining a number of key distributors, retail distributors and business partners. A significant number of the Company's key distribution channels are managed and operated by third party distributors. For example, a significant proportion of new retail customers are attracted through indirect channel partners. Services may cease to be provided by third parties due to the expiry or the termination of a contract. The Company cannot guarantee that chosen suppliers will be able to provide the functions or services for which they have been contracted.

While the Company may replace third party distributors or decide to perform certain distribution functions internally, the Company cannot ensure that such substitution can be accomplished in a timely manner or without significant costs, disruption to its operations, or ensure that a third party may be replaced with a party providing the same quality of management and operation of distribution channels. The Company's failure to build strong relationships with key distributors, or any disruptions or failures caused by third party distributors (including the failure of the Company's key distribution partners to procure sufficient customers), would have a material adverse effect on the Company's business, future prospects, financial condition, results of operations and cash flows.

2.1.6 Risks related to Penalties, Fines and Suspension of Business by Competent Authorities

Since the Company's business is subject to various regulations and instructions issued by the CMA and a number of other government agencies, including the Communications, Space & Technology Commission (CST), the Company is subject to fines and penalties in case of non-compliance or delay in complying with any of such regulations and instructions. From time to time, the Company may be exposed to various fines and penalties by CST and CMA, including suspension of some or all of its business, which will negatively and materially affect its results of operations, financial position and future prospects (please refer to subsection 10.4 ("**Ongoing obligations imposed by government agencies on the company**") of Section 10 ("**Legal Information**") of this Prospectus)).

It should be noted that a number of fines have been imposed on the Company during the previous three years as follows:

- On 25/02/1443H (corresponding to 02/10/2021G), CST imposed a SAR 15,000 fine for the Company's failure to comply with CST's letter regarding achieving the indicator targets for activating the sixth version of the Internet Protocol within the specified period (before the end of Q4 of 2019G), which is considered a violation of Article 37(2) of the Telecommunications Act (in relation to the refusal to implement a decision issued by the CST against the operator).
- A SAR 50,000 fine imposed by the CST on 28/02/1443H (corresponding to 05/10/2021G), for the Company's failure to comply with CST's letter regarding the Company's obligation to provide CST, within three working days from the date of issuance of the letter, with reports of compliance with the basic controls of cybersecurity and cybersecurity controls for sensitive systems and providing the CST with a copy of these reports without justification for the reasons for the delay, which is considered a violation of Article 37(3) of the Telecommunications Act (the company's non-compliance with submitting reports related to the requests of the CST within the deadlines specified thereby).
- A SAR 25,000 fine imposed by the CST on 10/02/1444H (corresponding to 06/09/2022G), for the Company's failure to repair faults in its services provided to users, as identified by the CST when seeking to address complaints received during June 2022G, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator) and a violation of Paragraph (1) of Article (13) of the CST Resolution No. (423/1441) dated 27/12/1441H "the service provider must repair service failures as soon as they are discovered thereby or when the user informs the service provider about the disruption of the provided service, whichever comes first, and ensure that no financial fees are imposed on the user during the period of interruptions and malfunctions".
- A SAR 25,000 fine imposed by the CST on 14/02/1443H (corresponding to 10/09/2022G), for the Company's provision of a service in the name of a user without his request or approval and without providing evidence that the service was provided pursuant to valid procedures during June 2022G, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator) and a violation of Item (C) of Paragraph (1) of Article (27) the CST Resolution No. (1441/423) dated 12/27/1441H "the service provider's inability to prove the validity of the action taken in accordance with what was issued in this document".
- A SAR 5,000 fine imposed by the CST on 08/05/1444H (corresponding to 02/12/2022G) for the Company's failure to implementat necessary measures to prevent the receipt of fraudulent calls during the process of transferring systems or to notify the CST in advance to coordinate with other companies to ensure that fraudulent calls are avoided as agreed upon in the minutes of a meeting held at the headquarters of the CST, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator).
- A SAR 5,000 fine imposed by the CST on 09/05/1444H (corresponding to 03/12/2022G) for the Company's failure to submit and publish a notice of service interruption through the "Bunya" platform (which is designated for this purpose) within the statutory deadline, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator) and a violation of Paragraph (5-1) of the CST Resolution No. (470/1443) dated 08/02/1443H in "the service provider must notify the CST in the event of a network failure through the electronic system for reporting network malfunctions, within (10) minutes as a maximum for critical and high risk incidents, and within (20) minutes as a maximum for medium and low risk) and in Article 6(1) "the service provider must commit to reporting according to the time periods specified in Appendix No. (1)".

In case the Company fails to comply in the future with all the regulations and instructions related to the telecommunications sector and the regulations, rules and requirements of the CST and/or CMA and the implementing regulations thereof, it may be subject to fines and penalties that may be imposed by CST and/or CMA and/or any other executive body, which will result in disruption of the Company's operations and it incurring additional costs, and would have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.7 Risks related to Frequency Spectrum License

On 01/09/1440H (corresponding to 12/05/2019G), the CST issued the Company a frequency spectrum license. Pursuant to this license, the CST allocated to the Company a total of 50 MHz in the 3.5 GHz band of frequency spectrum, valid until 04/04/1455H (corresponding to 01/07/2033G), to be used for the provision of the licensed services in Riyadh, Jeddah, Mecca, Medina, Dammam, Al Ahsa, (Al Hofuf and Al Mubarraz), Al Taif, Tabuk, Buraydah, Khamis Mushait, Al Jubail, Hail, Abha, Sakaka, Arar, Al Baha, Najran, and Jazan. The Company is committed to covering no less than 10% of the populated areas in these cities before the end of 2021G, 30% before the end of 2022G and 50% before the end of 2027G. On 27/04/1443H (corresponding to 02/12/2021G) CST granted the Company a grace period of six additional months ending on 30 June 2022G, to fulfill the Company's obligations to cover no less than 10% of the populated areas in these cities.

On 25/10/1443H (corresponding to 26/05/2022G), the Company received a letter from CST that includes its intention to cancel the frequency spectrum license in the 3.5 GHz band if the Company does not fulfill its obligations before the expiry of the deadline granted to the Company as per its decision dated 13/10/1443H (corresponding to 14/05/2022G).

By virtue of a letter issued by the CST No. 474/1444/HT on 09/02/1444H (corresponding to 05/09/2022G), CST confirmed that the Company is currently compliant with the obligations of covering no less than 10% of the populated areas in the cities subject to the obligation.

On 03/11/2022G, the Company entered into a network rollout framework agreement with Oloom Al Shabaka Communication LLC ("**WiConnect**") for the purpose of increasing its capacity to cover the populated areas in the above-mentioned cities by at least 30% before the end of 2022G and by at least 50% before the end of 2027G. For more information about this Agreement, please see Subsection 10.6.2.5 ("**Network Rollout Framework Agreement (3500 MHz)**") of Section 10 ("**Legal Information**") of this Prospectus. As of the date of this Prospectus, the Company has not obtained a confirmation letter from the CST that it fulfills the 30% and 50% coverage obligations; and the Company is scheduled to undergo the procedures and tests which are conditions to CST's issue of the confirmation letter at the end of 2022G and 2027G, respectively.

In case the Company is unable to comply in the future with the obligations to cover the populated areas in accordance with the granted license and its obligations, the Company would be subject to the relevant regulatory procedures by CST, in which case would have a material adverse impact on the Company's business, reputation, results of operations, financial position and future prospects.

2.1.8 Risks related to Transactions with Related Parties

In the course of its normal business, the Company deals with various related parties, that are mainly other companies having among their board and senior executives, shareholders of the Company and enters into transactions with these related parties. The total balances due to related parties amounted to approximately SAR 30,463,525, SAR 31,606,034, and SAR 0 as of 31 March 2020G, 31 March 2021G, 31 March 2022G, and 30 September 2022G, respectively. It should be noted that the approval of the General Assembly was obtained for all transactions with related parties that occurred during the financial years ending on 31 March 2020G, 31 March 2021G, and 31 March 2022G. The General Assembly approval was obtained for all transactions with related parties occurred during the financial year ending on 31 March 2022G during the meeting held on 12/02/1444H (corresponding to 08/09/2022G). Transactions with related parties are regulated in accordance with Saudi laws and regulations for concluding such transactions. Management believes that such transactions with related parties were concluded on an arm's-length basis in accordance with the Company's conflict of interest governance policies. If any contracts with related parties are not concluded on an arm's length basis in the future, this would have a material adverse impact on the Company's business, results of operations, financial position and future prospects (please refer to Subsection 3.6.6 ("**Balance Sheet**") of Section 6 ("**Management's Discussion and Analysis of Financial Condition and Results of Operations**") and Subsection 10.4 ("**Ongoing obligations imposed on the Company by Government Agencies**") of Section 10 ("**Legal Information**") of this Prospectus).

2.1.9 Risks related to the Operation and Unexpected Interruption of Business

The Company's sites, data centers, wireless network and other network infrastructure and facilities are subject to risks associated with natural disasters or other catastrophic events, such as extreme weather conditions, power outages, sudden malfunctions, failure or poor performance of equipment, inability to obtain suitable replacement equipment, network failures, communications disruptions, civil disturbances, fires, explosions, and other usual hazards associated with the operation of a complex infrastructure, as well as the resulting loss of data. In addition, the operational measures taken by the Company may not be sufficient to limit the potential damages that may result from these unforeseen events. The Company takes a number of operational measures to ensure business continuity. The Company periodically backs up its database to an alternate location in order to avoid any incident that may lead to the loss of information in the main data center. To reduce network failure, the Company has backup links to ensure that call and data traffic is successfully routed. The Company also takes all necessary preventive measures, including the application of an automated fire suppression systems in its sites.

Any malfunction of networks, servers, or any link in the delivery chain may lead to the disruption of operations or failure to provide any of the Company's services, which in turn will negatively affect the Company's ability to attract and retain customers, which could have an adverse effect on the Company's business and results of operations. Moreover, if an interruption occurs in the operations at one or more of the Company's main facilities, such as information technology data centers, and it is not possible to transfer operations to other locations or require very high costs to transfer, this also may affect the Company's ability to provide its services and may lead to higher expenses. Accordingly, any unforeseen event could cause an interruption in the Company's business, which would have a material adverse effect on the Company's business, future prospects, financial position and results of operations.

2.1.10 Risks related to failure of IT systems or breach of security measures

The Company's IT systems support all aspects of the business and are necessary to provide the Company's services to its customers.

As the telecommunications sector becomes increasingly digitized, automated and dependent on the Internet, telecommunications service providers, including the Company, are increasingly exposed to risks of piracy and cyber-attacks, as well as intentional breaches of data, networks and software. Moreover, the increased use of cloud services by the Company to store data may exacerbate the risk of the IT system failure in general. In particular, a successful cyber-attack on a telecommunication network may result in the Company being unable to provide services to its customers, which could damage its reputation, cause loss of revenue and financial penalties. Since the Company's networks store large volumes of voice communications and confidential data (personal and commercial) for customers, any failure to protect or properly use this data would result in losses in - or unauthorized access to - customer data. It could also expose the Company to lawsuits filed by its affected customers.

The Company's information technology systems are also subject to other external and internal risks, such as malware, code defects, attempts to penetrate the Company's networks, lack of required updates or modifications, data leakage, and human errors; all of which pose a direct threat to the Company's services and data. Therefore, the Company is keen to continuously scan all systems to reduce present risks, fill various gaps, and raise security awareness for employees at all levels to reduce human errors. Other threats include hardware failure, physical attack, customer information theft, fire, explosion, flood, severe weather, power outages, and other issues that may occur during upgrades and major changes. It should be noted that the Company's business activities may be suspended or severely affected in the event of a partial or complete breakdown in any of the information technology or communication systems. Any defect in the system, accident or breach that causes an interruption in the Company's operations with respect to a technical systems can affect its effectiveness in providing services to its customers, and thus materially affect its revenues and operating income. These disturbances may also have a severe negative impact on the Company's image and reputation and reduce the confidence of its customers, which would lead in particular to the loss of such customers. In addition, the Company may have to incur additional costs in order to repair any damage caused by these disruptions. The Company may be held liable if such disruptions result in loss or damage to customer data or applications or improper disclosure of confidential information. Such cases of malfunction, sudden breakdowns, interruption, obstruction, or expenses would have a material adverse effect on the Company's business, future prospects, financial position and results of operations.

2.1.11 Risks related to Capital Intensive Business that Require Continuous Investment in Infrastructure

During 2021G, the Company approved capital investments to launch services (such as faster fixed data and fixed broadband connections) for an amount of SAR 7.09 million.

The Company's ability to recover its costs, achieve an adequate return on its investment and manage its financial position while pursuing a high level of capital investment is based on the market demand for the services provided by the Company as well as on the pricing of these services. If demand for these services is less than expected, or if the Company fails to provide such services based on a competitive pricing strategy, or if new or improved technologies lead to the elimination of the Company's infrastructure role, the Company may be unable to recover its costs and benefit from its operational and capital expenditures.

The value and timing of the Company's future capital requirements may differ significantly from its current expectations due to various factors, many of which are beyond the Company's control. If the use of the network or technology develops faster than the Company anticipates or as required by the competitive environment, the Company may need larger capital investments in shorter time frames than expected. In addition, the Company may not have the necessary resources to make such investments. Any failure to implement these investments could have a material and adverse effect on the Company's business, future prospects, financial position and results of operations.

2.1.12 Risks related to Reliance on Key Personnel

The Company and its performance greatly depend on the experience, technical know-how and commercial capabilities of its personnel. The Company's management team comprises individuals with extensive experience in the telecommunications sector. The success of the Company depends on the continuity of service provided by its management and key employees and its ability to attract, retain and motivate qualified personnel.

Furthermore, competition for personnel with relevant expertise is intensive in the Saudi market due to the scarcity of qualified individuals in the telecommunications sector. In order to retain skilled and qualified employees, the Company may need to offer higher compensation and other benefits. The Company is not insured against the detrimental effects to its business resulting from the loss of key personnel and it cannot assume that it will be able to attract and retain key personnel that will help it to achieve its business objectives.

If the Company fails to retain key personnel or attract new qualified personnel to support the growth of its business, there would be a material adverse effect on the Company's business, future prospects, financial position and results of operation.

2.1.13 Risks related to Employee Misconduct and/or Errors

The Company is not always able to prevent its employees from committing any misconduct, such as carrying out illegal activities, misuse of information or systems, disclosure of confidential information, participation in spreading misleading information, or non-compliance with internal regulations, which may cause the Company to incur losses, fines, or financial burdens or bad reputation. In addition, any such misconduct may lead to the filing of lawsuit and termination of the employment contract of the concerned person as a result of breaching the same. Any fines, penalties, or claims can affect the profitability of the Company. In addition, the negative publicity regarding employees' misconduct may negatively affect the Company's reputation and revenues, which would have a material and adverse effect on its business, results of operations, financial position and future prospects.

2.1.14 Risks related to regulations, permits, licenses and approvals necessary for the Company's business

In addition to the CST license for fixed telecommunication services with infrastructure (for more information about the risks related to licenses issued by the CST, please refer to subsection 2.2.2 ("**Risks Related to CST Licenses**") of this Prospectus), the Company is required to obtain and maintain a number of permits, licenses and regulatory approvals in connection with its activities (please refer to subsection 4.5 ("**Licenses**") of this Prospectus). The Company currently holds a number of licenses, permits and approvals related to operating its business, including, but not limited to, the Company's commercial registration certificate issued by the Ministry of Commerce, municipal licenses issued by the Ministry of Municipal, Rural Affairs and Housing, Saudization certificates, and tax and zakat certificates. In addition, most Company licenses are subject to terms under which licenses can be suspended or terminated if the Company fails to meet and comply with material terms. Also, when seeking to renew or amend the license, there is no guarantee that the concerned authority will do so, or that - in the event that the authority does not renew the license - no additional conditions will be imposed that are likely to negatively affect the performance of the Company.

As of the date of this Prospectus, the Company does not hold any municipal or Civil Defense licenses for its two active branches in the cities of Jeddah and Al-Khobar. The Company also did not obtain all the municipal licenses necessary to operate its communication towers, obtaining 655 out of the required 1085 licenses. The Company's failure to obtain necessary municipal licenses may expose it to fines ranging from one thousand (1,000) Saudi Riyals to five thousand (5,000) Saudi Riyals per license, and failure to renew the municipal licenses may expose the Company to fines ranging from two hundred (200) Saudi Riyals to five hundred (500) Saudi Riyals per license. It should be noted that the Company does not have an automated system to monitor the validity of municipal licenses for its telecom towers. Also, the Company's failure to obtain or renew the necessary Civil Defense licenses may expose it to fines of up to thirty thousand (30,000) Saudi Riyals per violation, or the suspension of some of its business.

If the Company is unable to renew or obtain the necessary licenses for its business, or if any of its current licenses expire or are suspended, or if the licenses are renewed on terms that do not serve the interests of the Company, or if the Company is unable to obtain additional licenses required in the future, then the Company's operations may be disrupted and it may incur additional costs, which would have a material adverse effect on the Company's business, activities, financial position, results of operations and future prospects.

2.1.15 Risks related to Leases

All the Company's sites (including head offices, major network centers and data center) are leased under fixed-term leases that are automatically renewed unless one of the other parties formally expresses their intention not to renew within a specified period before the end of the contract term. If the lessor refuses to renew the lease contract, or he/she agrees to renew it on terms that do not serve the interests of the Company, then the Company will relocate or close the leased premises. In either cases, the Company will incur additional expenses or its income margin will decrease due to the temporary disruption of services in the concerned offices.

If the Company is unable to renew the leases necessary to carry out its business, or if any of its current leases expire or are suspended, or if the leases are renewed under conditions that do not serve the Company's interests, or if the Company is unable to secure additional required leases in the future, then the Company may suffer from disruption of its operations and may incur additional costs, which would have a material adverse effect on the Company's business, activities, financial position, results of operations and future prospects.

2.1.16 Risks related to the Company's Communication Tower Lease Contracts

All of the Company's tower sites are rented under fixed-term lease contracts that are automatically renewed unless one of the other parties gives notice of its intention not to renew during a specified period before the end of the contract period. If the lessor refuses to renew the lease, or if it agrees to renew it on conditions that do not serve the interests of the Company, then the Company will be required to change location of or close down the tower site, which will, in either case, result in the Company incurring additional expenses or reduce the Company's income margin due to the temporary disruption of services in the concerned premises.

It is worth noting that as of the date of this Prospectus, the Company has not paid rent for approximately 57% of the total tower sites occupied by the Company due to delays experienced in renewing and signing lease contracts. As a result, the amounts likely to be paid as unpaid rents represent approximately SAR 52 million out of the total value of lease contracts amounting to SAR 90 million (as the rent due before April 2019 was SAR 33 million, and the part due after April 2019 until 2022 was SAR 57 million). The Company also does not have an automated system to follow up on the validity of lease contracts related to the Company's communication towers. If the Company is unable to renew the lease contracts necessary for its business, or if any of its current leases expire or are suspended, or if the leases are renewed on terms that do not serve the Company's interests, or if the Company is unable to obtain additional leases as required in the future, the Company may suffer from operational disruptions and additional costs may be incurred, which will have a material negative impact on the Company's business, activities, financial position, results of operations and future prospects.

2.1.17 Risks related to Claims, Disputes and Litigations

In the course of its operations, the Company may be exposed to claims or disputes with third parties, such as suppliers, distributors, or customers, or may encounter regulatory actions related to its operations. In such an event, the Company cannot predict the results of any claim, dispute or action and cannot predict the financial impact thereto on the Company.

As of the date of this Prospectus, there are 89 claims representing a total amount of SAR 11.2 million which have been filed against the Company in relation to lease contracts entered into by the Company in its capacity as a lessee with a number of lessors. These claims remain pending and no final court ruling has been issued in this regard as of the date of this Prospectus. (Please refer to subsection 10.7 ("**Disputes and Litigation**") of Section 10 ("**Legal Information**") of this Prospectus). In addition, the Company must pay SAR 8.5 million to one of its main suppliers under a service agreement; and as of the date of this Prospectus, negotiations are still ongoing to settle these amounts (Please refer to subsection 10.7 ("**Disputes and Litigation**") of Section 10 ("**Legal Information**") of this Prospectus). Since the outcome of judicial and regulatory procedures may not be predicted and are uncertain, a judgment rendered against the Company in any pending disputes may have a material adverse effect on the Company's financial position and results of its operations.

Judgments in favor of other parties in any of the pending disputes (or in any lawsuit or dispute with any other party in the future) would reflect negatively on the Company's business, prospects, financial position, results of operations and cash flows. The Company cannot accurately anticipate the cost of lawsuits or judicial procedures that may be filed or instituted against it in the future, or the final results of these lawsuits or issued judgments and the compensation and penalties that may result therefrom. These claims may include, but are not limited to, zakat and tax matters, the labor law related matters, errors, complaints and other damages resulting from negligence or fraud by persons or organizations beyond the Company's control. Therefore, any negative consequences of such matters would adversely affect the Company's business, results of its operations, financial position and future prospects.

Furthermore, regardless of the outcome of any regulatory action or legal proceedings, the latter may cause significant costs, not to mention allocation of significant resources by the Company to defend itself, which would have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

2.1.18 Risks related to Potential Zakat Assessments

The Company has submitted zakat returns to ZATCA for all years up to and including the year ending on March 31 2021G. There is a risk that ZATCA may object to the returns submitted by the Company for the financial years between 2010G to 2020G, which are currently under review, and request the Company to pay additional zakat amounts.

In July 2015G, ZATCA issued an assessment for zakat and withholding tax for 2010G up to 2012G, for an amount of SAR 17.43 million and SAR 0.83 million, respectively. The Company objected to this assessment in August 2015G. In response to the objection submitted by the Company, the First Instance Objection Committee (the First Instance Committee) issued a ruling in October 2016G, on the basis of which the Company's zakat dues were reduced to SAR 6.98 million and withholding tax dues remaining unchanged at SAR 0.83 million. Pursuant to the First Instance Objection Committee's decision, the Company is required to pay a delay penalty of SAR 0.6 million in relation to the withholding tax.

In December 2016G, the Company appealed the First Instance Committee's decision in relation to the zakat and the delay penalty relating to the withholding tax to the Supreme Objections Committee (the Supreme Committee). However, the Company settled the withholding tax dues amounting to SAR 0.83 million with ZATCA, in addition to its ZATCA fines amounting to SAR 0.6 million. In March 2022G, the Company received a decision regarding the appeal from the First Appellate Tribunal for Income Tax Violations and Disputes, in which it was stated that some of the appealed items were accepted and others were rejected. Accordingly, the Company filed an appeal to the General Secretariat of Tax Committees, and no notes or requests have been received as of the date of this Prospectus.

As at the date of this Prospectus, ZATCA has not issued an assessment for FY13G.

In July 2020G, ZATCA issued a zakat assessment for FY14G, requesting the payment of an additional SAR 5.53 million. In September 2020G, the Company submitted an objection to the assessment. In December 2020G, ZATCA amended the additional amount to SAR 5.44 million. However, the Company submitted an objection to the General Secretariat of the Tax Committees with regard ZATCA's response to the Company's objection. Following the submission by the Company of a settlement request to the Settlement Committee in August 2021G, the objection was dismissed. The Company attended a hearing with the Settlement Committee and a settlement offer was submitted by the Committee for the years 2014G up to 2018G.

On 29 December 2020G, ZATCA issued the zakat and tax assessments for the financial years 2015G, 2016G and 2018G requesting an additional payment of SAR 4.09 million, SAR 4.57 million and SAR 18 million, respectively, however, no additional amount was requested for the financial year 2017G. In February 2021G, the Company filed an objection to these assessments. In July 2021G, ZATCA amended the additional amounts for the financial year 2015G to SAR 4.09 million, the additional amount for the financial year 2016G to SAR 4.44 million, and the additional amount for the financial year 2018G to SAR 9.28 million. The Company submitted an objection to the General Secretariat of the Tax Committees in relation to ZATCA's response to the Company's objection. Following to the submission by the Company of a settlement request to the Settlement Committee in August 2021G, the objection was dismissed. The Company attended a hearing with the Settlement Committee during which a settlement offer was proposed for the payment of SAR 20.85 million for the years 2014G up to 2018G. The Company has accepted the settlement offer presented by the Settlement Committee, under which the Company paid SAR 4.17 million, equivalent to 20% of the agreed settlement amount, leaving an outstanding balance of SAR 16.68 million, which will be paid by the Company in four equal quarterly installments.

In October 2021G, ZATCA issued a zakat assessment for the financial year 2019G without requesting the payment of any additional amount, which is consistent with the declaration that was submitted for the same financial year.

Under applicable accounting standards, the Company made a zakat provision to meet any differences resulting from the zakat assessments issued by ZATCA. It should be noted that a zakat provision is set aside in accordance with the regulations and instructions of issued by ZATCA. The balance of the Company's zakat provisions amounted to SAR 2.7 million, SAR 27.4 million, SAR 17.4 million, and SAR 6.3 million, respectively, for the financial years ending on 31 March 2020G, 2021G and 2022G, and for the six-month period ending on 30 September 2022G. In the event that the zakat provision is not sufficient to meet any additional zakat obligations that may be imposed by ZATCA, this would have a material and negative impact on the Company's business, results of operations, financial position and future prospects.

2.1.19 Risks related to the Auditor's Qualified Opinion

The financial statements for the financial year ending on 31 March 2021G included a qualified opinion due to the independent auditor's inability to obtain sufficient evidence or carry out alternative audit procedures with respect to the differences of SAR 8,500,000 between the book value of a related party transaction as of 31 March, 2021G and the presented confirmations. This led to the auditor's inability to determine whether any necessary adjustments to the relevant amount were required; as a result of which, the value of Related Party transactions is uncertain. In the event that the value of Related Party transactions is higher than the value shown in the financial statements for the financial year ending on 31 March 2021G, this would materially and negatively affect the Company's business, results of operations, financial position and future prospects.

The financial statements for the financial year ending on 31 March 2022G included a qualified opinion from the independent auditor which noted (i) a notification to the Company from CST of its intention to cancel the spectrum license for the provision of facilities-based fixed telecommunications services (3.5 GHz) in the event that the Company fails to meet its network deployment obligations for the frequency before the 30 June 2022G deadline, and (ii) the independent auditor's inability to obtain sufficient audit evidence regarding whether there was a decrease in the value of the license as of 31 March 2022G. In the event that the Company does not comply in the future with its obligations under the spectrum license issued by the CST, or in the event of a decrease in the value of the license, this will have a negative and material impact on the Company's business, results of operations, financial position and future prospects. (For more information on spectrum licensing risks, please refer to subsection 2.1.7 ("**Risks related to Frequency Spectrum License**") of this Prospectus).

2.1.20 Risks related to the Company's Existing Financing Arrangements

The Company entered into credit facility agreements with Banque Saudi Fransi on 28 March 2021G for an amount of SAR 80 million for the purpose of issuing performance or bid bonds. These facilities include SAR 30 million of facilities secured by cash and SAR 50 million of facilities for the issuance of performance bonds.

A number of provisions of these financing agreements grant Banque Saudi Fransi extensive rights of set-off over the Company's accounts and assets. If Banque Saudi Fransi chooses to exercise these set-off rights, this would affect the cash flow available to the Company.

Banque Saudi Fransi may also take any steps to protect its rights, such as accelerating the payment of amounts due and terminating the facilities. The Company may not be able to obtain alternative sources of financing to repay said debts, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

If the Company is unable to obtain sufficient financing when needed, or does not obtain them on favorable terms, or if the Company becomes unable to pay its debts when due, this would negatively affect the Company's ability to conduct its business, or achieve the planned growth rate, which would negatively and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.21 Risks related to the Company's protection of its trademarks

The Company's ability to market its products and develop its business depends on the use of its name and brand "Go". The Company owns the trademark "GO", registered with the Ministry of Commerce under No. 1442036856 in both in Arabic and English and under Class 38.

The Company is exposed to a number of risks, including lawsuits, employee misconduct, and operational failures, or as a result of investigations or legal proceeding or other procedures, the reputation of the Company's partners or one of its competitors, articles published in the media, or bad publicity, whether true or false, which may affect its name and trademark "GO" and consequently its reputation. The Company's efforts to improve its brand recognition and reputation, including significant investments in marketing campaigns, may not have the desired effects. The Company may also be exposed to potential damage to its reputation and the "GO" trademark due to poor performance in client service or client dissatisfaction with products, which would have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

2.1.22 Risks related to the Outbreaks of Infectious Diseases or Other Serious Public Health Concerns, including the Continuing Global Spread of COVID-19

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Novel Coronavirus (COVID-19) in the Middle East and/or elsewhere will have a materially negative impact on the Kingdom's economy and business operations of the Company.

Following the COVID-19 outbreak, the Saudi Government has implemented a set of precautionary measures to limit the spread of the virus, including travel restrictions and/or compulsory quarantine measures for international travelers, as well as restrictions on residents of regions, territories or barring entry from certain countries, temporarily suspend travel visas for tourists visiting for religious purposes who intend to visit the holy cities of Makkah and Madinah to perform Hajj and Umrah, and the imposition of temporary restrictions on all pilgrims residing in the Kingdom to prevent them from visiting the holy cities of Makkah and Madinah, and the temporary suspension of all international and local travel, as well as intercity transportation services by buses, taxis and trains.

It is difficult to estimate the potential impact that a new outbreak of this virus or other communicable disease might have on the Kingdom's economy and the Company's business operations, which could expose the Company to the risk of business interruption. Nor can it be guaranteed that the precautionary measures (such as those mentioned above) will succeed in stopping or limiting the spread of the Coronavirus (COVID-19) in the Kingdom in the future. In addition, it is likely that these measures will have negative and material effects on the Saudi economy and the confidence of investors and businesses, to a degree that is difficult to predict, which will negatively and materially affect the Company's business, results of operations, financial position, and future prospects.

2.1.23 Risks related to Liquidity and Working Capital

The Company may face liquidity risks in the event it is unable to timely secure the funds necessary to meet its financial obligations arising from operating activities and liabilities. Between the financial year ending on 31 March 2019G until 30 September 2021G, the Company used approximately SAR 184.9 million in cash to cover losses incurred during the same period. The Company's liquidity ratio reached (0.43) as of 31 March 2020G, (0.65) as of 31 March 2021G, (0.57) as of 31 March 2022G, and (0.52) as of the period ending on 30 September 2022G. There can be no assurance that the Company will be able to meet its obligations on time and the Company's inability to sell financial assets quickly and at an amount close to fair value may result in liquidity risks, which could affect the Company's operational performance and financial position. Furthermore, the Company does not have any bank facilities that can be used as a source of financing to cover the large losses incurred historically. (For more information related to the Company's liquidity and working capital, please refer to subsection 6.6.3 ("**Statement of Financial Position**") of Section 6 ("**Management Discussion and Analysis**") of this Prospectus). Therefore, the Company's inability to secure financing will have a negative impact on the Company's performance, operations and future plans.

2.1.24 Risks related to the Collection of Trade Receivables

The Company is experiencing difficulties in collecting due amounts on a timely basis. As of September 30, 2022G, the debts owed to the Company whose maturity date exceeded 180 days amounted to SAR 184.0 million, representing 64.0% of total outstanding debts. While the debts owed to the Company, which exceeded their due date for more than a year, amounted to SAR 94.6 million, or 32.9% of the debts due to the Company as of September 30, 2022G. Although provisions for doubtful debts amounted to SAR 118.2 million as of September 30, 2022G, there is no guarantee that this amount will be sufficient. Any failure to pay those debts or the bankruptcy or insolvency of the Company's clients will have a negative and material impact on the Company's business, financial position, results of operations and future prospects.

2.1.25 Risks related to Obsolete ERP systems

The Company's system requires an upgrade to enable real-time data processing to generate customized financial and operational reports to be extracted with minimal time and effort. The Company manages its operations through two enterprise resource planning (ERP) systems, namely the Sales System and the BRM System, which requires entering some information manually to be compatible with the Sales System when preparing the Company's internal reports, and there are some limitations in the current system for creating customized operational reports. In the event that the Company is unable to develop ERP systems, this may affect the accuracy of preparing the Company's financial reports, which will negatively affect the Company's business, results of operations, financial position and future prospects.

2.1.26 Risks related to Depreciation in the Value of the Company's Assets

The Company examined the fair value of all the Company's assets, which indicated that the value of Wimax technology, which is an old technology, is less than the value recorded in the financial statements. Accordingly, the Company decided to dispose of 543 of its 700 owned towers, as these towers were reliant on Wimax technology. This led to a decrease in the value of network infrastructure (recorded under property and equipment) by a total amount of SAR 93.4 million Saudi for FY21G.

The Company has 200 owned towers, in addition to 500 rented towers, as at the end of the financial period ended September 30, 2022G. This resulted in an impact on the balance sheet represented by the write down of the right-of-use assets by SAR 101.5 million and the write down of lease liabilities by SAR 101.1 million as of FY22G.

In addition, since FY16G, the Company began depreciating its intangible assets represented mainly by the CST's license amounting to SAR 300.0 million over a period of 32 fiscal years, taking into account the possibility of a decrease in the Company's intangible assets.

Depreciation in the value of the Company's assets may result in a material and negative impact on the Company's business, results of operations, financial position and future prospects.

2.1.27 Risks related to Fluctuations in the Company's Financial Performance

The Company's revenues amounted to SAR 339.6 million, SAR 282.1 million, SAR 378.6 million, and SAR 288.5 million for the fiscal years ending on March 31, 2020G, 2021G, 2022G, and the six-month period ending on September 30, 2022G, respectively. However, the gross profit margin decreased from 55.2% for the fiscal year ending 31 March 2020G to 19.6% for the fiscal year ending 31 March 2021G, mainly driven by the reclassification of depreciation and amortization to be under the cost of revenue item. The gross profit margin improved for the fiscal year ending 31 March 2022G and the six-month period ending 30 September 2022G, increasing by 24.3% and 28.0%, respectively, due to the improvement in the Company's revenues and the decrease in depreciation and amortization after the disposal of 543 tower sites.

Operating losses decreased from SAR 50.6 million for the fiscal year ending 31 March 2020G to SAR 32.6 million for the fiscal year ending 31 March 2021G, driven by a decrease in general and administrative expenses, then decreased to SAR 15.5 million for the fiscal year ending 31 March 2022G, due to the reclassification of government fees and lower staff costs. The operating loss turned into a SAR 14.2 million operating profit for the six-month period ending 30 September 2022G, driven by the increase in the Company's revenues.

The Company incurred losses amounting to SAR 71.6 million, SAR 38.3 million, and SAR 37.4 million for the financial years ending 31 March 2020G, 2021G, and 2022G, respectively. While the Company achieved a net profit of SAR 5.0 million for the six-month period ending 30 September 2022G.

2.1.28 Risks related to the Open Access Agreement

The Company witnessed fluctuations in its financial performance during FY20G until the six-month period ending on September 30, 2022G, and there is no guarantee that the Company will maintain its current positive performance and that it will not incur any losses or record declines in its revenues in the Future, which will have a negative and material impact on the Company's financial position and future prospects.

The Company continues to benefit from the CST OAN agreement to serve fiber to the home (FTTH) packages, having signed agreements with all OAN service providers (Saudi Telecom Company, Etihad Telecom Company, Dawiyat Integrated Communications and Information Technology Company and Salam Telecom Company). These agreements provide for the right of the Company to use the fiber optic infrastructure of those companies related to these services in order for the Company to provide solutions for fiber home packages (FTTH) and fiber packages to buildings (FTTB) services to any home or company covered by these service providers under an "open access agreement" created by the CST. In the event that these agreements are canceled for any reason, such as suspending dealing with service providers, or the CST canceling these agreements, this will negatively and materially affect the Company's business, future prospects, financial position, and results of operations.

2.2 Risks related to the Market and Industry

2.2.1 Risk related to Compliance with the Telecommunications Regulations

The telecommunications sector, and consequently the Company's business, are subject to laws enacted by the Government of the Kingdom of Saudi Arabia. The regulatory framework within which the Company operates is still under development in order to liberalize the telecommunications sector and regulate competition. This evolving framework may constrain the Company's ability to implement future business strategies and limits its flexibility to respond to changing market conditions and to achieve its business objectives and plans. Moreover, any incremental and marginal organizational changes may generate additional costs on the Company. Even anticipating potential changes may create uncertainties affecting the management's decision-making. There can be no assurance that the applicable laws of the Kingdom of Saudi Arabia or the regulatory framework will not change further or be interpreted in a manner that could materially and adversely affect the Company's operations, including its ability to compete effectively and earn revenues, by restricting its ability to implement its business strategies.

Moreover, under the telecommunications regulations, the CST has the authority (other than in the case of unauthorized re-assignment of the license, where the approval of the Minister of Communications and Information Technology is required) to suspend, revoke or not renew licenses or impose penalties on all licensed telecommunications service providers, including the Company (see subsection 10.3 ("**Licensing and Interconnection**") of Section 10 ("**Legal Information**")). Any such actions against or affecting the Company, or the imposition of penalties, would have a material adverse effect on the Company's business, future prospects, financial position and results of operations.

2.2.2 Risks related to Licenses issued by the Communications, Space and Technology Commission

The Company provides its services under the licenses granted to it by the CST. The Company holds a license for facilities-based fixed telecommunications services.

Based on the development of the telecommunications markets in the Kingdom of Saudi Arabia and the authority of CST under the telecommunications regulations, the CST developed a technology and service-neutral regime in the Kingdom pursuant to CST Resolution No. 336/1438 regarding the "Regulatory Framework on License Classification" issued on 11/04/1438H (corresponding to 9 January 2017G), and thus modified the classification and scope of telecommunications licenses that it can issue. A technology and service-neutral regime allows a facility and means-based provider to obtain a single license to provide a wide range of fixed and mobile telecommunications services, data, and other licensed services and networks, using any type of telecommunication infrastructure or technology capable of delivering the required service.

In the event that the Company is unable to perform certain key services, it will face the risk of breaching the terms of the licenses issued to it (and, in such circumstances, the board of the CST may exercise its powers to suspend or revoke it license), which would materially and adversely affect the Company's business, prospects, financial position and results of operations, (please refer to subsection 2.2.1 ("**Risk related to compliance with Telecommunications Laws**") of Section 2 "**Risk Factors**" of this Prospectus).

2.2.3 Economic and Political Risks

The contribution of the oil sector to the Kingdom's GDP continues to be substantial despite the Government's diversification policies. Consequently, fluctuations in oil prices, especially their significant drops, have a direct negative impact on the economy of the Kingdom of Saudi Arabia and its economic activity. Saudi Arabia also faces the challenge of relatively high levels of population growth and unemployment among Saudi youth. These conditions and other risks beyond the Company's control may have a negative impact on the Saudi economy, which is currently showing only nominal levels of growth (for more information please refer to Section 3 ("**Overview of the Saudi Telecommunications Sector**") of this Prospectus).

Any deterioration in economic conditions could generate more pressure on the income of customers in Saudi Arabia, which will also negatively affect the Company's revenues, as the level of customer spending is subject to change and decline, and their demand may go towards cheaper fees or over-the-top (OTT) media services.

Many countries in the Middle East also suffer from political or security instability at present time, and there is no guarantee that economic and political conditions in those countries will not negatively affect the Company's business, results of operations, financial position and future prospects.

Moreover, the imposition of any additional taxes and fees in the Kingdom of Saudi Arabia or GCC countries could negatively and substantially affect the Company's business and possibly the level of demand for its services, which would have a material adverse effect on the Company's business, financial position, results of operations and future prospects. Any unexpected material changes in the economic or political environment in the Kingdom of Saudi Arabia or the neighboring countries would negatively and severely affect the Company's business, prospects, financial position and results of operations.

2.2.4 Risks related to the Frequency Spectrum Allocation

The number of customers that can be accommodated on a telecommunication network is constrained by the amount of spectrum allocated to the operator, and is also affected by customers' usage patterns and the quality and design of the network infrastructure. The spectrum is a continuous range of electromagnetic frequencies within which radio waves have certain specific characteristics. Beyond a certain point, however, it may become impracticable to effectively manage spectrum in densely populated areas for reasons related to expense or technical constraints. If the Company's growth rate significantly exceeds the estimated projections, the bandwidth of spectrum currently allocated to the Company's network may not be sufficient to accommodate its customer base.

Additional frequency bands may, wherever possible, be assigned by CST to meet the needs of the Company to carry out its services and meet its obligations under the license, in compliance with the regulatory procedures and against the payment of fees for such frequencies.

However, additional frequency assignments will be made only occur where the Company can demonstrate existing or reasonably projected customer demand, as well as demonstrating that frequencies already assigned to it are being utilized effectively to the complete satisfaction of the CST. There can be no assurance that CST will award additional spectrum to the Company, that it will not make such an award to a competitor of the Company or that it will not make such an award to any other party. Failure to obtain the additional band of spectrum, should the Company need it, or should the Company fails to comply with a coverage plan or the conditions of CST, would have a material adverse impact on the Company's business, financial position, future prospects and results of operations.

2.2.5 Risks related to Changing Consumer Behavior and Future Technologies

The telecommunications sector is characterized by technological innovation and change, including an increasing pace of change in existing telecommunications systems, industry standards and ongoing improvements in the capacity and quality of technology. Technological advances have led to a number of new developments in the telecommunications sector, including multiple forms of mobile telecommunications, cable television-based or linked telecommunications services, wireless local loop and telephone services that circumvent conventional tariff structures and other technologies that are being or may be developed in the future.

The Company's commercial success depends on the number of customers it is able to attract and retain, its ability to increase revenues, limit customer churn, modernize existing networks and services, and successfully launch new value-added services. If the Company is unable to anticipate customer preferences or industry changes, or if it is unable to modify its services on a timely manner, it may lose existing and targeted customers. Alternatively, if the Company is unable to acquire new technologies or services from third-party developers, or if such acquisitions are costly or delayed, this could reduce the Company's growth and profitability. The Company's operating results would also suffer if its new products and services are not responsive to the needs of its customers, are not appropriately timed with market opportunities, or are not effectively brought to the market. In response to the technological changes, the Company continues to invest in, and research, new technologies and services, such as making calls through a Wi-Fi, Voice over LTE and LTE-Advanced services.

The provision of advanced, user-friendly and widespread services will depend on the widespread and affordable availability of equipment. If the price of LTE devices does not decrease enough or customers do not demonstrate willingness to pay more for LTE devices, the Company's ability to provide such services to more customers may be impaired.

The Company cannot guarantee the commercial success of any of its current or planned initiatives, and their failure would materially and adversely affect the Company's business, future prospects, financial position and results of operations.

2.2.6 Risks related to the Labor Law and the Inability to Comply with Saudization and Ministry of Human Resources and Social Development Requirements

The Saudi Ministry of Human Resources and Social Development has launched the "Nitaqat" Program, which is designed to encourage companies to employ Saudi nationals and increase the percentage of Saudi employees in the labor force. According to this Program, the Company's level of commitment with the Saudization requirements is measured against the percentage of Saudi nationals in the labor force compared to the average Saudization rate in companies operating within the same sector.

As of 2022G, the Company achieved a Saudization rate of 72.23%, and is therefore classified under the "Platinum Green" category of the "Nitaqat" Program. However, there is no guarantee that the Company will continue to maintain the required Saudization percentage within the limits prescribed by law. The Company may be subject to penalties if it fails to comply with the decisions issued in this regard, including suspending the issuance of new work visas for foreign employees needed by the Company, and/or suspending the transfer of sponsorship of non-Saudi employees and/or excluding the Company from applying for government tenders, which would adversely affect the Company's business and the results of its operations.

2.2.7 Risks related to Lack of Qualified Local Staff in the Telecommunications Industry

The Saudi labor market may not meet the Company's needs for qualified employees. If the Company fails to attract qualified employees from the local market, it will need to recruit staff from outside the Kingdom. However, there are no assurances that the Company will be able to obtain a sufficient number of required work visas from the Saudi Ministry of Human Resources and Social Development, especially in light of the Saudization requirements, which will lead to extreme competition among telecommunications companies in the Kingdom to train and qualify their cadres and appoint qualified staff from the local market, which may result in an increase in wages that may impose an additional burden on the Company. In addition, the Company's inability to attract and retain qualified staff will impede the implementation of its strategy, which would adversely affect its financial position, operations and results.

2.2.8 Risks related to Non-Saudi Employees

The Saudi Government has taken measures and procedures to regulate the employment of non-Saudi workers according to the Labor Law and Residency regulations, under which it seeks to take action against companies and foreign employees who do not work for the sponsoring employers or carry out work that does not match their job titles as listed on their residency permit.

The imposition of fines or penalties on the Company in case of non-compliance with applicable labor law, regulations and instructions in this regard would have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

2.3 Risks Related to Shares

2.3.1 Risks Related to Liquidity and Fluctuation in the Price of Shares

Investors may be unable to resell their shares (including Rights Shares) at or above the Offer Price. The market price of shares may, after the Offering, be adversely affected by factors within or outside the Company's control, including, but not limited to, a change in the Company's operating results, market conditions, or government regulations.

Eligible shareholders must recognize that the value of an equity investment (including Rights Shares) may decline or rise, and the market price of equities may be volatile and subject to significant fluctuations due to changing market sentiment in terms of equities. From time to time, equity markets have experienced large fluctuations in prices and volume, which affected the market prices of securities but were not relevant to the Company's performance or the prospects of its activities. Furthermore, the Company's operating results and prospects may from time to time be less than those of market analysts and overall market conditions. Any of these events may lead to a decline in the market price of equities.

2.3.2 Risks of Potential Fluctuations in the Price of Rights Shares

The market price of Rights related to the Company's shares may significantly fluctuate due to changing trends in the Saudi Stock Exchange (Tadawul). These fluctuations may be significant due to the difference between the authorized price change limit for trading in price of Rights (i.e. (10.0%)) more or less than closing price for the previous day), as compared to the authorized price change limit for trading in the Company's Shares. Furthermore, since the price of Rights depends on the Company's trading price and the potential market price of the Rights Shares, these factors, in addition to the aforementioned liquidity and volatility factors, may affect the price of Rights. The sale of a large number of shares on Tadawul, or expected sale of a large number thereof, would have an adverse impact on Tadawul's share prices in general and the Company's shares in particular.

2.3.3 Risks related to Lack of Demand for the Company's Rights and Shares

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading Period enabling the holder of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and realize a profit, or enable them to sell these Rights at all. There is also no guarantee that there will be sufficient demand for the Rump Shares by investors during the Rump Offering Period. In case Institutional Investors do not subscribe for the Rump Shares at a high enough price, the compensation amount may not be sufficient enough to be distributed to the holders of unexercised Rights. Moreover, there can be no assurances that there will be sufficient market demand for Rights Shares purchased by Subscribers either (a) through exercise of the Rights, (b) during the Rump Offering, or (c) in the open market.

2.3.4 Risk related to a Failure to distribute dividends

Dividend distribution in the future will depend on a number of factors, including the financial position, future profits, capital requirements, distributable reserves, general economic conditions, and any other related factors which the Board of Directors deems important from time to time. As such, the Company does not guarantee the distribution of any future dividends.

2.3.5 Risks related to dilution of ownership

If Eligible Shareholders do not subscribe to the Rights by the end of the Offering Period, their shareholding percentage and voting rights will be reduced. Eligible Shareholders subscribing to all the Rights by the end of the Subscription Period may be subject to a reduction in their shareholding in the Company, as their entitlements will be rounded to the nearest whole number of Rights Shares. However, these Shareholders will still be able to subscribe to additional Rights that will enable them to maintain or increase their proportionate shareholding in the Company. There is also no assurance that Eligible Shareholders who have not sold their Rights during the Trading Period will receive sufficient compensation for lower ownership in the capital of the Company as a result of increased capital.

2.3.6 Risks related to Trading in Rights

Speculation relating to the Rights Issue may cause material losses. The price change limit allowed for the trading of the Rights (the indicative value of the share) exceeds the percentage of the shares' prices (by 10% upward or downward). There is also a direct correlation between the Company's share price and the share's indicative value. Accordingly, the daily price limits for the trading of a Right will be affected by the daily price limits for share trading.

When a speculator fails to sell the Rights before the end of the Trading Period, it will be forced to exercise these Rights to subscribe for Rights Shares and may incur some losses. Thus, investors should review the full details of the mechanism for listing and trading Rights and New Shares and the functioning method thereof. In addition, they should be aware of all the factors affecting them, to ensure that any investment decision is based on complete awareness and understanding.

2.3.7 Risks related to a failure to exercise the Rights in a timely manner

The subscription period will start on [•] H (corresponding to [•] G) and end on [•] H (corresponding to [•] G). Rights holders and financial brokers representing them should take the appropriate exercise measures to comply with all required instructions for rights and certificates to be received prior to the expiry of the Offering Period. If the Rights holders and financial brokers are not able to properly comply with the procedures for subscription to the Rights, the subscription application form may be rejected (please refer to Section 13 ("**Details on Shares and Offering Terms and Conditions**") of this Prospectus). If the Eligible Persons are not able to exercise their subscription rights properly by the end of the Offering Period, according to the Rights held thereby, there can be no assurance that compensation will be distributed to the Eligible Persons who failed to subscribe or did not properly follow subscription procedures, which will in turn lead to a decrease in their shareholding.

2.3.8 Risks related to Forward-Looking Statements

Some of the data in this Prospectus is comprised of forward-looking statements that contain known and unknown risks and some uncertainties that affect the Company's results. This data includes, but is not limited to, information on the financial position, business strategy, plans and future objectives of the Company (please refer to Section 4 ("**Overview of the Company and Nature of its Business**") and Section 6 ("**Management's Discussion and Analysis**") of this Prospectus) (including the Company's development plans and business objectives). If any of the assumptions are incorrect or invalid, the actual results may differ materially from those reported in this Prospectus, which would result in investors losing their investment in the Company's shares.

2.3.9 Risks related to Shareholders' Lack of Awareness of the Trading Mechanism and Exercise of Rights

The trading of Rights comprises a new market for investors on Tadawul. Many investors may not know much about the mechanism for trading such Rights, which will adversely affect their willingness to invest in and trade in such Rights. Accordingly, investors' shareholding in the Company will decrease, which will cause harm to those who have not exercised their subscription rights, especially if no compensation is distributed thereto when investors fail to offer high enough prices for the Rump Shares.

2.3.10 Risks related to the Possibility of Issuing New Shares in the Future

The Company currently has no future plans to issue new shares (other than Rights Shares provided herein). However, if the company decides to increase its capital by issuing new shares, and the existing shareholders fail to exercise their rights when issuing new rights, their ownership of shares will decrease proportionately and the same applies to their voting and dividend rights. Any additional offering may have a material impact on the shares' market price.

2.3.11 Risks related to the Uncertain Compensation of Eligible Persons

The Subscription Period will start on [•] H (corresponding to [•] G) and end on [•] H (corresponding to [•] G). Eligible Persons and financial brokers representing them shall take appropriate measures to comply with all the required instructions and to subscribe to the Rights Shares before the end of the Offering Period. Where Eligible Persons are not able to properly exercise their subscription rights by the end of the Offering Period, according to the Rights held thereby, there can be no assurance that compensation will be distributed to the Eligible Persons who failed to participate or properly subscribe to the Rights Shares.

2.3.12 Risks related to the Suspension of Trading or Cancellation of the Company's Shares due to its Failure to publish its Financial Statements within the Statutory Period

If the Company is unable to publish its financial information within the statutory period (30 days from the end of the financial period with respect to the interim financial statements, and three months from the end of the financial period with respect to the annual financial statements), the procedures for suspending listed securities will be applied in accordance with the Listing Rules approved under the CMA's board Decision No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G), which stipulates that Tadawul shall suspend trading in securities for a period of one trading session following the expiry of the statutory period. In the event that the financial information is not published within twenty trading sessions following the first trading session, Tadawul will announce the re-suspension of the Company's securities until it publishes its financial results. In the event that the suspension in trading Company shares remains ongoing for six months without the Company taking appropriate measures to correct the suspension, then the CMA may cancel the listing of the Company's securities. Tadawul lifts the suspension one trading session subsequent to the Company's publication of its financial results. However, if the Company is late in publishing its financial results, or is unable to publish them within the statutory period referred to above, then the Company's shares will be suspended or their listing will be cancelled, which would materially and adversely affect the Company's business, results of operations, financial position and future prospects.

3. OVERVIEW OF THE SAUDI TELECOMMUNICATIONS SECTOR

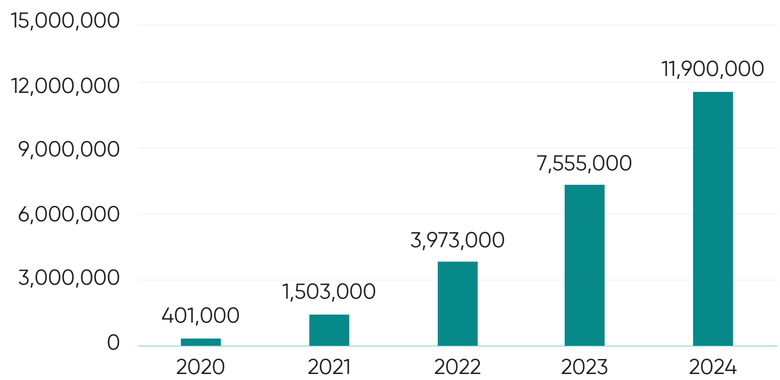
3.1 Market Overview

The revenue sources of telecom service providers have internationally shifted from traditional to advanced services that provide the latest technology. The Saudi telecommunications market is full-fledged and saturated in terms of smartphone penetration, thereby helping operators increase revenue by broadening their subscriber base. Additionally, the revenue that telecom operators derive from voice calls and text messages is left vulnerable to the ever rising use of messaging and calling apps. Therefore, operators are set on adopting new technology to diversify their service portfolio, as they are increasingly focusing on enterprise business solutions and expanding their 5G network. The adoption of such technology is expected to carry a significant weight for telecommunications companies, opening up opportunities such as Internet of Things (IoT), cloud computing, and smart city infrastructure services.

3.2 5G Technology

Operators are always on the lookout for new growth opportunities, as the growth range of traditional telecommunications services is limited. In the GCC region, Saudi Arabia is among the first countries to adopt the 5G technology, offering the local telecommunications sector a chance to take advantage of any future opportunities. The quantity of data available in the telecommunications sector has increased as a result of using the Internet of Things (IoT), which collects data through sensors, such as in-store and mobile beacons.

Figure 3.1: Projected Number of 5G Subscribers in Saudi Arabia



Source: Fitch Solutions

3.3 IoT Data Expected to Enhance Quality of Services Offered by Telecommunications Providers

Telecom operators could expand the range of IoT-related data services and coverage, reduce dropped calls, and increase download speed, thus offering immediate benefits to the customers. Telecom operators could also benefit by reducing their revenue loss resulting from service interruptions.

3.4 New Business Opportunities Arising from Providing Cloud Computing Services

The evolution of the Internet created a new business model, termed cloud computing, under which cloud computing technologies are used to reduce operating costs. Cloud computing offers companies and individuals access to various services without having to invest in any traditional internal servers. Customers only have to pay for the infrastructure and applications used throughout the period of using cloud computing services. Since telecom operators are pioneers in providing telecommunications services and have the necessary infrastructure, they have a competitive edge over other companies in the cloud computing sector.

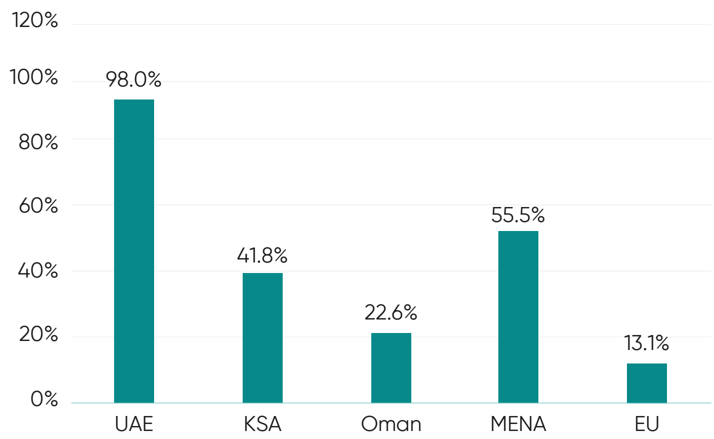
3.5 Emphasis on B2B Sector

As part of the digitization trend in Saudi Arabia, B2B communication systems are used to transfer text, voice and video data to facilitate B2B or B2C communication. Such systems offer significant possibilities to the operators' enterprise solutions companies. B2B communication platforms provide access to data and statistics relating to orders, status, and financing, thus facilitating management. They embody an institution's infrastructure by enabling access to detailed reports and setting policies for immediate control or bill-splitting per service used, thereby significantly promoting growth in the B2B sector.

3.6 FTTH Services

In 2020G, the rate of prevalence of fiber optic in Saudi Arabia increased to approximately 42%, compared to a rate of approximately 34% in 2018G, with the Government's emphasis on digitization. The rate of prevalence of fiber optic communication technology in Saudi Arabia scored lower than the average rate recorded in the MENA region, hinting at an opportunity for telecom operators to increase such subscriptions. The adoption of the open access model in fiber optic network is expected to increase the use of fiber optic infrastructure, which in turn will help realize the g oal of gaining over 3.5 million subscribers by the end of 2020G.

Figure 3.2: Rise of Fiber Optic Technology



Source: Telecoms.com

3.7 Smart Cities as Hubs for ICT Services

As part of Vision 2030, Saudi Arabia plans to invest heavily in building world-class smart cities.

The cost of the NEOM project in the Kingdom is estimated at USD 500 billion. NEOM and other smart city projects are expected to build the integrated infrastructure required for advanced technologies. Communications and information technology (ICT) is at the heart of developing smart cities, as it serves as a link between the various infrastructure components therein. Accordingly, the telecom operators are likely to take advantage of such opportunities, utilizing their existing expertise in providing ICT services to meet the demand in such smart cities.

Source: Fitch Solutions, Telecoms.com, Communications, Space and Technology Commission, Aljazira Capital Study

4. OVERVIEW OF THE COMPANY AND NATURE OF ITS BUSINESS

4.1 Overview

Etihad Atheeb Telecom Company (hereinafter referred to as the "**Company**" or "**GO**") is a Saudi joint stock company, established by virtue of Royal Decree No. M/6 dated 19/02/1429H (corresponding to 26/02/2008G) and registered under Commercial Register No. 1010263273 issued in Riyadh on 30/02/1430H (corresponding to 25/02/2009G). The Company operates under the license issued on 05/04/1430H (corresponding to 01/04/2009G) by the Communications, Space and Technology Commission ("**CST**"). The head office of the Company is located in Riyadh, Building No. 3740, King Abdullah Branch Road, Al Mughrizat District, P.O. Box 12482, Riyadh 6488, Kingdom of Saudi Arabia.

The Company's current share capital is eighty-nine million nine hundred and ninety-nine thousand nine hundred (89,999,000) Saudi Riyals divided into eight million nine hundred and ninety-nine thousand nine hundred (8,999,900) ordinary shares, paid in full, with a nominal value of ten (10) Saudi Riyals per share.

The Company is one of the first companies licensed in the Kingdom of Saudi Arabia to provide facilities-based fixed telecommunications services. The Company's business revolves around providing various fixed-line services, data services, broadband Internet services, VOIP services and international calling stations, fixed phone lines or fiber optic cables to its customers, whether individuals, businesses, or public entities. The Company operates under the "GO" brand, and is listed on the Saudi Stock Exchange (Tadawul).

After over two years of the suspension of trading its shares pursuant to Tadawul's announcement on 17/10/1439H (corresponding to 01/07/2018G) due to the Company failure to publish its annual financial statements ended 31/03/2018G, on 20/06/1442H (corresponding to 11/02/2021G) Tadawul announced that the suspension would be lifted from 02/07/1442H (corresponding to 14/02/2021G).

On 08/08/1442H (corresponding to 21/03/2021G), the Board of Directors approved the transformation strategy business plan prepared by Arthur Little Saudi Arabia ("**Transformation Strategy Business Plan**"), to promote the Company's business and increase the efficiency of its operation. The Transformation Strategy Business Plan contains a range of initiatives aimed at fostering growth in the Company's business.

On 05/04/1430H (corresponding to 01/04/2009G), the CST granted the Company with a license for the provision of facilities-based fixed telecommunications services in Saudi Arabia, for a period of 25 years from the date of issuance, renewable for a similar period by a decision of the CST. On 30/12/1437H (corresponding to 01/10/2016G), a Royal Decree was issued which was announced by the CMA on 01/01/1438H (corresponding to 02/10/2016G), providing that CST would extend the Company's license for an additional 15 years in consideration for the State obtaining 5% of the Company's annual net profits during the extension period.

Pursuant to letter number 4538/HT dated 16/05/1440H (corresponding to 22/01/2019G), CST granted the Company the right to provide internet services from that date.

On 01/09/1440H (corresponding to 12/05/2019G), the CST issued a frequency spectrum license to the Company which will expire on 04/04/1455H (corresponding to 01/07/2033G). Pursuant to this license, the CST allocated a total of 50 MHz in the 3.5 GHz band of frequency spectrum to the Company, for the purpose of providing licensed services in Riyadh, Jeddah, Mecca, Medina, Dammam, Al Ahsa, (Al Hofuf and Al Mubarraz), Taif, Tabuk, Buraydah, Khamis Mushait, Al Jubail, Hail, Abha, Sakaka, Arar, Al Baha, Najran, and Jazan.

Pursuant to Registration Certificate No. 51.T1.42 dated 20/04/1443H (corresponding to 23/11/2021G), CST approved the registration of the Company under Class (A) to allow the Company to provide cloud computing services to individuals, the private sector, the non-profit sector and the government sector with respect to public data.

Pursuant to license No. LGPO222-2 issued on 10/10/1443H (corresponding to 11/05/2022G), CST granted the Company the right to provide Internet of Things Virtual Network Operator (IoT-VNO) services.

4.2 Major Changes in the Company's Share Capital

On 04/04/1430H (corresponding to 31/03/2009G), the Company listed and registered one hundred million (100,000,000) ordinary shares on the Saudi Stock Exchange (Tadawul) through an initial public offering (IPO) representing (30%) of the Company's share capital.

During its meeting held on 06/09/1432H (corresponding to 06/08/2011G), the EGM approved the reduction of the Company's share capital from one billion (1,000,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals by canceling sixty million (60,000,000) Shares.

During its meeting held on 20/02/1433H (corresponding to 14/01/2012G), the EGM approved an increase in the Company's share capital from four hundred million (400,000,000) Saudi Riyals to one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals through the issuance of rights issue shares.

During its meeting held on 13/07/1438H (corresponding to 10/04/2017G), the EGM approved the reduction of the Company's share capital from one billion five hundred seventy-five million (1,575,000,000) Saudi Riyals to six hundred thirty million (630,000,000) Saudi Riyals by canceling ninety-four million five hundred thousand (94,500,000) Shares.

During its meeting held on 27/05/1439H (corresponding to 13/02/2018G), the EGM approved the reduction of the Company's share capital from six hundred thirty million (630,000,000) Saudi Riyals to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals by canceling fifteen million seven hundred and fifty thousand (15,750,000) Shares.

During its meeting held on 19/08/1440H (corresponding to 24/04/2019G), the EGM approved the reduction of the Company's share capital from four hundred seventy two million five hundred thousand (472,500,000) Saudi Riyals to three hundred fifty million five hundred and twenty-nine thousand (350,529,000) Saudi Riyals by canceling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) Shares.

During its meeting held on 03/07/1441H (corresponding to 27/02/2020G), the EGM approved the reduction of the Company's share capital from three hundred fifty million five hundred and twenty-nine thousand (350,529,000) Saudi Riyals to two hundred and twenty-eight million five hundred twenty-nine thousand (228,529,000) Saudi Riyals by canceling twelve million two hundred thousand (12,200,000) Shares.

During its meeting held on 20/06/1443H (corresponding to 23/01/2022G), the EGM approved the reduction of the Company's share capital from two hundred and twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals by canceling thirteen million eight hundred and fifty-three thousand (13,853,000) Shares.

During its meeting held on [•]H (corresponding to [•]G), the EGM approved the increase of the Company's share capital from eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals to three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals through the issuance of rights issue shares.

4.2.1 Substantial Shareholders

The Substantial Shareholders of the Company, who each own 5% or more of the Company's share capital, consist of one company, namely, Bahrain Telecommunication Company BSC (Batelco). The table below sets out the shareholding of Substantial Shareholders as of the date of this Prospectus

Table No. (4.1): Shareholding of Substantial Shareholders

	Shareholder	Number of Shares	Ownership (%)
1.	Bahrain Telecommunication Company BSC (Batelco)	1,349,988	15%

Source: Tadawul and the Company 06/05/1444H (corresponding to 30/11/2022G)

4.2.2 Overview of Substantial Shareholders

Bahrain Telecommunication Company BSC (Batelco)

Bahrain Telecommunication Company BSC (Batelco) is a Bahraini joint stock company, established in 1982 under the Commercial Registration number 11700 in the Kingdom of Bahrain ("Bahrain"). Batelco is headquartered in Manama, Bahrain. Batelco is a leading company in the telecommunications sector in Bahrain and is listed on the Bahrain Bourse. Batelco provides public telecoms and associated products, information services and entertainment media within and outside Bahrain.

4.3 Company Mission, Strategy and Values

4.3.1 Company Mission

The Company aims to become the telecommunication service provider of choice in Saudi Arabia by optimizing its resources to introduce world leading technologies. The Company is committed to serving the community and the environment by revolutionizing the telecommunication standards in the Kingdom of Saudi Arabia and providing world class services to its customers.

4.3.2 Company Strategy

On 08/08/1442H (corresponding to 21/03/2021G), the Board adopted a Transformation Strategy Business Plan, which includes a range of initiatives to significantly grow the Company's business. The initiatives are designed to enhance the Company's core business by leveraging the Company's existing strengths and its position in the market to seek new opportunities, as well as improve the efficiency of its operations.

The Company's strategy is based on five pillars to enhance its growth, which are as follows:

a. Build a disruptive B2B and B2C commercial offering

The Company is developing a disruptive B2B focused service offering, through the introduction of cost efficient, advanced connectivity solutions (e.g. SD-WAN), cloud-based solutions, enhanced voice services (e.g. Hosted VoIP, UCaaS), and improved security solutions for businesses (e.g. SIEM); which are complimentary to a number of the existing services the Company will continue to offer. The Company's B2B offering will be complemented by a refreshed B2C Broadband Access Service focused on enhancing the existing FTTH and 4G FWA based products that leverage the networks of other local operators using the new Open Access regulation. The Company also plans to launch its own 5G FWA network and services in partnership with another local operator, by leveraging the Spectrum resources and some of the network infrastructure the company already holds.

Each of the services in the Company's reimagined product portfolio is expected to experience significant growth in the coming years and to build upon Company's existing capabilities. The services are complementary to each other and will enable the Company to target SMEs and Large Enterprises, which are fast growing segments and have less competition compared to the hyper-competitive B2C market.

The Table below sets out an overview of the Company's refreshed product portfolio and intended target market:

No.	Service / Product	Target Segment(s)	Description of Product / Service	Delivery
1	FTTH/ FTTB	B2C and B2B	Fiber to the home / to the office connectivity services over the fixed access network or the fiber access network, including internet, with a range of speeds offered.	FTTH is currently being offered through leasing access capacity from other operators through "open access agreements" FTTB will be offered in the same way The Company plans to route internet traffic through its IP-MPLS core network.
2	Fixed Wireless Access (FWA)	B2C and B2B	Internet connectivity via 4G/5G technology with a range of options: - different speeds to end users; - different quality-of-service options; and - different billing options (e.g. pre-paid, post-paid).	FWA over 4G is being offered through leasing access capacity from STC based on the Wholesale Agreement for Strategic Cooperation dated 28/05/2015G, as amended on 30/06/2017G and on 01/11/2019G. FWA over 5G will be offered in partnership with another operator through the use of the partner's access network. The Company is currently in negotiations with prospective partners to agree on the terms of a joint 5G network rollout. Traffic routing through the IP-MPLS network of the Company in both cases.

No.	Service / Product	Target Segment(s)	Description of Product / Service	Delivery
3	Software-defined Wide Area Network (SD-WAN)	B2B (SME)	This includes the provision of 2 types of connectivity services: - Virtual P2P – a virtual P2P connectivity service over a standard internet connection (e.g. FTTH, FWA) through SD-WAN - Security – a virtual private network that guarantees the privacy and authenticity of the information shared across the offices of the customer.	SD-WAN services will be provided through an out-of-the-box solution (e.g. through ready to use products via a third party provider). Virtual P2P will consist of offering SD-WAN over FTTH and potentially FWA backup connectivity (both via OLO network).
4	Direct Internet Access (P2P Connectivity)	B2B	P2P dedicated internet connectivity service via fiber or microwave technology with different speed options.	P2P connectivity via microwave will be offered via the Company's network using licensed and unlicensed frequency. P2P connectivity via fiber will be offered through OLO's access network or through the Company's own network.
5	VPN connectivity	B2B	P2P dedicated connectivity between multiple branches service via fiber or microwave technology with different speed options.	P2P connectivity via microwave will be offered via the Company's network using licensed and unlicensed frequency. P2P connectivity via fiber will be offered through OLO's access network or through the Company's own network.
6	SIP trunk and Fixed voice	B2B	Fixed voice service to connect business customers including unified numbers and tollfree numbers.	Fixed voice service is being offered on top of the connectivity service for voice call traffic.
7	Cloud Solutions	B2B	Cloud services ranging from computing and storage capacities (infrastructure as-a-Service) to fully functional applications and platform on which they run (software-as-a-Service).	Company acts as a cloud federator and provides multi-cloud SaaS and IaaS services to its customers leveraging third party partners' services Cloud based services would be bundled over the Company's basic/advanced connectivity (FTTH/FWA, FTTH/FWA SD-WAN enabled and P2P) Expand the current VoIP/SIP Trunk offering to include hosted PBX/IP Centrex and UCaaS. Cloud solution providers.
8	IOT Services	B2B	Internet of thing products to connect devices and machines based on smart use cases with AI and analytics.	IOT Services will offer multi smart use cases utilizing partner access network
9	Security Information and Event Management (SIEM)	B2B (SME/Large Corporate)	SIEM consists of real-time security monitoring and long-term security incidents data storing and analysis across B2B customer networks, servers and applications.	Security services to B2B end users via SD-WAN enabled connectivity will be offered via the Company's own network and other operators' network.

b. Overhaul and Modernize Network and IT Infrastructure

To offer its planned portfolio of products and services, various upgrades or enhancements to the Company's existing network and IT are required. To achieve this the Company plans to adopt an "asset-light" approach whereby the Company follows an OPEX intensive model, including deployment of active fiber infrastructure only, cloud based OPEX-intensive IT infrastructure and selective CAPEX investments in the network.

As a result, key planned upgrades to Company's network and IT infrastructure elements include the following:

- **Metro/access fiber** - The Company's objective is to (i) conduct a minimal site passive infrastructure improvement (as needed) in order to improve the quality of its Microwave based PTP Direct Internet Access Service; (ii) extend the existing fiber segment to existing or potential B2Bs and close ring into the data center. The Company anticipates that these enhancements will allow the Company to attract high end SME/large Enterprises with needs for more bandwidth and enhanced reliability; and (iii) negotiate SLAs and OAN with OLOs to offer FTTH and LTE connectivity to B2B customers and enhance its service offering to B2C customers.

- **IP/MPLS** - The Company's objective is to (i) improve the performance and reliability of its IP Core transport layer; and (ii) introduce flexibility to the transport network through software programmability, which will allow the company to rapidly meet customers' changing needs.
- **Data Center/Cloud** - The Company's objective is to (i) deploy a Hyperconverged/PCloud infra. (e.g., Dell EMC, VxBlock), migrate some of the key IP services and add Federated cloud capabilities; and (ii) offer vertical cloud services in high potential areas (e.g., healthcare, education, etc.).
- **OSS** - The Company's objective is to (i) update some of the current Performance and Systems management tools to improve overall Network Performance Monitoring capabilities; and (ii) deploy EMS systems from new infrastructure vendors with improved FCAPS and Provisioning capabilities.
- **IT-BSS** - The Company's objective is to expand and uplift IT capabilities across key requirements (e.g., fulfillment, assurance, billing & operational support), implementing an integrated B2C/B2B IT stack.

c. Re-align organizational capabilities and processes

The Company plans to enhance its internal capabilities across the entire customer lifecycle in each of the B2B and B2C market segments, to achieve efficiencies and improve quality of service. In particular, the Company plans to implement processes at each of the key stages in delivering its services to each segment, from product development, to selling, to delivering, to billing to customer care and also structure the organization in a way that facilitates strategy implementation.

d. Improve the Customer Experience

The Company plans to adopt a customer centric approach to its go to market strategy, with a particular focus on the B2B segment. This covers a modern approach to sales channel distribution, selection of right tools for lead generation, creating effective enablers for lead conversion and leveraging key partnerships to create a stronger value proposition.

The Company also plans to enhance its digital platforms to offer additional key functionalities which will enhance the customer journey and customer experience. This will be enabled through modernization of its IT systems and informed by responding to current key trends such as digital service customization, e-services and social media and app as a service channel, which have been shown to improve the customer experience.

e. Develop Strong Partnerships

The Company's "asset-light" strategy will enable it to leverage the strengths of other telecom operators in the market. Maintaining existing strong partnerships and developing new ones will enable the Company to deliver its new value proposition.

The Company plans to continue to consolidate its strong relationship with STC, whilst forging new relationships with other operators and wholesalers in the market. In particular, the Company plans to negotiate a partnership with a local operator to develop a joint 5G network, whilst developing further vendor, sales and product partnerships.

4.3.3 Company Values

The Company's values derive from the Company's customer-focused interests and are based on the following priorities:

- **Honesty:** The Company's style/method is straightforward and easy to understand. The Company's billing system is clear and transparent. Its terms and conditions and its policies are simple and accurate. The Company adheres to the highest degree of credibility and integrity in all works.
- **Creativity:** The Company constantly challenges the norms. The Company is innovative and solution orientated. It aims to surprise, delight and captivate its customers and gives attention to the smallest details. The Company prides itself on exceeding the expectations of its customers in all it does.
- **Courage:** The Company is confident in its ability to deliver quality products and superb services. The Company has a deep wealth of knowledge. The Company has scale, excels in its delivery and has an innovative spirit that drives the Company forward.
- **Respect for Others:** The Company is accessible and approachable with its warm brand. The Company speaks to people with ultimate respect for their individuality. The Company strives to offer the best in telecommunication solutions by means of simplified user-friendly delivery. The Company aims to serve all customers with the warm welcome and attention they deserve as the Company invites them into its universe of superior service.

4.4 Company Strengths and Competitive Advantages

a. Strong Presence in the Market through a Strong Distribution Network

As of the date of this Prospectus, the Company has a network of more than 700 authorized points of sale, which facilitate access to the distribution channels located across Saudi Arabia.

The Company has developed strong business relationships with direct and indirect channel partners. The Company's indirect channel partners provide access to various types of commercial outlets, such as supermarket chains, which cover a large share of the Company's total sales to B2C customers. The indirect channel partners, who deal with the Company, also have extensive experience in the field of telecommunications, high level knowledge in the field of retail sale and advanced capabilities, which allows the Company's distribution networks the opportunity to benefit from the best international practices.

As for the direct channels partners, the Company is establishing points of sale in Riyadh and Jeddah.

The Company's direct and indirect sales channels are complimented by a marketing department, which launches marketing campaigns on social media, produces marketing for points of sale, and negotiates commission and incentive arrangements with the points of sale.

b. Spectrum

On 01/09/1440H (corresponding to 12/05/2019G), the Company acquired 50 MHz in the 3.5 GHz band of the spectrum pursuant to a frequency spectrum license issued by the CST. The frequencies obtained by the Company have been used in wireless links to connect its towers and various network centers and to provide broadband data.

The Company's valuable spectrum holdings strongly positions it to develop a 5G network in partnership with another local operator, by pooling the assigned spectrum resources for each company in order to deliver a high quality 5G service. The 50 MHz which the Company currently holds in the 3.5 GHz band corresponds to 5G NR band n78, which is one of the prominent bands being used for 5G deployment worldwide.

c. Expanding Quality Network

The Company has developed a network which reaches all key commercial centers where customers within the B2B segment are concentrated. The Company's network was recently expanded to reach Rabigh and Hail and now spans across 13 major cities in Saudi Arabia, including Riyadh, Jeddah, Mecca, Rabigh, Madina, Yanbu, Khamis Mushait, Dammam, Al Jubail, Al Khobar, Al Hofuf, Al Qatif, and Hail.

The Company has recently strengthened its network by making significant core and access network improvements. For core network, the Company's VoIP network has been strengthened by increasing capacity and upgrading equipment specifications. In particular, the coverage of IP-MPLS network has been expanded from the core to the edge of the access network which has improved capacity and reliability of connection for customers. For access network, the Company upgraded and modernized the specification and capability of equipment. The Company's passive infrastructure has been supplemented, to expand the Access Network to be able to serve more B2B customers.

The capacity and quality of the Company's network is complemented by the Company's new data center in Riyadh which has been designed, built and commissioned in accordance with Tier3 standards, which are considered among the highest levels of classification in the Kingdom and the region. The new data center strongly positions the Company to deliver its planned cloud solutions services and acquire more customers as a result of the expanded and more secure capacity.

d. Well established Brand in the Market

The Management believes that its 'GO' brand is dynamic, distinctive, and closely associates the Company with its target customers. The Company believes that its brand positioning serves as an essential element in attracting and retaining customers from its target segments. Therefore, the Company's main objective in relation to product and service marketing is to express GO's brand and its associated values and to offer a value proposition which differentiates the Company from the competition.

The Company uses its brand to drive growth and profitability, by aligning the brand to improvements in the quality and the customer experience to build trust in the brand.

e. Positioned to target B2B niche market

Although the Saudi telecommunication industry is the largest in the region, the B2C segment of the market faces intense competition amongst the large, incumbent localoperators.

By contrast, the Company believes that parts of the B2B market are relatively underserved and expects significant growth in B2B market, particularly in relation to IoT ecosystems, cloud solutions, data center solutions, security services, and ICT service management. Accordingly, the Company is restructuring its service offering to meet the growing demand of SMEs and key customers, and encourage use of single provider of tailored, end to end set of advanced B2B orientated services.

f. Established partnerships and effective outsourcing model

An integral part of the Company's strategy has been to form strong partnerships which enabled it to develop a solid outsourcing model that optimizes its cost structure and efficiencies, whilst also improving its value proposition. In particular, the Company's strategic partnership with STC has enabled it to significantly increase the number of products it offers and expand the coverage of its network to reach the key regions of the Kingdom, through connection to STC's access network. The Company is also entering into local and international partnerships with many companies to provide cloud services and hosting services, which will enable the Company to acquire a larger market share.

The Company believes that by entering into partnerships with experienced network, equipment and service providers in specific areas, it is able to utilize the benefits from its outsourcing partners' experience, who assist with a significant portion of the Company's business. The Company sees this model as an effective and efficient way to manage the growth of its customer base, improve its value proposition, and increase the quality of its services. The Company has signed service agreements in several different areas, from network infrastructure, equipment roll-out and maintenance, to customer service call centers, as well as distribution services.

4.5 Licenses

On 05/04/1430H (corresponding to 1/04/2009G), the CST provided the Company with a license to provide facilities-based fixed telecommunications services in the Kingdom for a period of 25 years from the date of its issuance, renewable for a similar term by virtue of a decision to be issued by the CST. On 30/12/1437H (corresponding to 01/10/2016G), a Royal Decree was issued and announced by the CMA on 01/01/1438H (corresponding to 02/10/2016G) stipulating that CST shall coordinate with the Company to extend its license for 15 additional years in consideration for the State obtaining 5% of the Company's annual net profits during the extension period.

The CST License permits the Company to:

- establish, operate and maintain a fixed telecommunications network in the Kingdom and abroad in line with international standards approved by recognized international accrediting organizations, and which are acceptable to CST, for the purpose of providing infrastructure fixed-line services in accordance with the terms and conditions of the license; and
- provide the following licensed services at the local, internal and international levels including, but not limited to:
  - fixed telephone voice communication services;
  - fixed data communication services;
  - other related services including without limitation voice, text, visual and image services or a combination of any of them, and value-added services that the Company's users may desire and which are offered to them by the Company.

The CST License does not include the provision of other services such as Internet services, mobile communications services, or satellite communications services, except under other separate licenses issued by CST in accordance with its regulations.

Pursuant to the letter number 4538/HT dated 16/05/1440H (corresponding to 22/01/2019G), the CST granted the Company the right to provide internet services effective as of 16/05/1440H (corresponding to 22/01/2019G).

Pursuant to Registration Certificate No. 51.T1.42 dated 20/04/1443H (corresponding to 23/11/2021G), the CST approved registering the Company under Class (A) to allow the Company to provide cloud computing services to individuals, the private sector, the non-profit sector and the government sector with respect to public data.

Pursuant to license No. LGPO222-2 issued on 10/10/1443H (corresponding to 11/05/2022G), CST granted the Company the right to provide Internet of Things Virtual Network Operator (IoT-VNO) services.

4.6 Product and Service Offerings

The development of the Company's product and service offerings is based on three main categories: (1) services offered to businesses (B2B); (2) services offered to consumers (B2C); and (3) services offered for wholesale. Within these three categories, the Company offers different products and services that are designed to meet the needs of communication, information and telecommunication technology, and customer requirements.

4.6.1 Services Offered to Businesses (B2B)

4.6.1.1 Internet and Connectivity Solutions

SIP Trunk - GO Tel: SIP Trunk technology enables the consolidation of fixed voice services within a single network. GO Tel is designed to help customers optimize infrastructure costs and ensure that their employees can communicate easily and efficiently over IP-based voice and data communications. Additionally, this technology includes a full featured telephony solution by offering Direct Inward Dial (DID) and Direct Outward Dial (DOD) services.

VPN - GO Secure: This service enables customers to use the standard Internet Protocol (IP-VPN) to connect two or more sites, buildings or branches through a single virtual private network that allows for a flexible and continuous exchange of data and applications between different users.

Dedicated internet access - DIA GO Net: This service provides customers with customized Internet connections and guarantees reliable and safe transfer of data and applications with (1:1) contention ratio, even at times of peak network and traffic congestion. This service is available through a variety of access speeds including direct access to the Internet via dedicated 4G technology, direct access to the Internet via microwave technology and direct access to the Internet via fiber optic technology.

GMPLS (GO Global): This service includes (i) global connectivity; (ii) greater access reliability through direct dedicated data networks; and (iii) round the clock support services through a professional team of customer support engineers to assure that the network connections of the clients perform at optimum levels with very minimum service outages 24 hours a day, 7 days a week.

4.6.1.2 Information and Communication Technology Service Solutions

GO Co-Location: The Company provides a space rental service in its data center to host servers and network equipment for its customers. This service helps reduce costs and mitigate risks related to data centers, as the customer uses the Company to host, operate, and maintain its servers and network connectivity.

DDoS: This service consists of cyber security services to protect the customer's network and devices from Anti-DDoS attacks.

Managed Router Services (MRS): The Company provides router monitoring and maintenance services, and fixing any problems related thereto to ensure its full continuity of effectiveness for the customers. This service helps reduce the operational costs and ensures service continuity and security, and therefore ensures business continuity for customers.

4.6.2 Services Offered to Consumers (B2C)

FTTH: The Company provides high-speed Internet service with multiple speed options that go up to 500 megabytes per second via the fiber optic technology.

LTE: The Company offers broadband Internet service "LTE Broadband". This service provides optimal speeds for sending and receiving data over the network, allowing the customer to enjoy a new Internet experience, whether for instant surfing without any waiting, downloading files, playing online games, or watching live broadcasts at a constant speed.

4.6.3 Services Offered for Wholesale

The Company provides wholesale options to operators and carriers inside and outside the Kingdom.

4.7 Network and Infrastructure

4.7.1 Overview

The corporate network infrastructure consists of three networks: (1) an access network, (2) a transmission network, and (3) a core network.

Each customer's voice and data traffic is first collected over the last-mile, then transmitted over the transmission and access networks through various transmission mediums, such as MW and fiber optic. The traffic then reaches the core network, in which the routing, operation, delivery and billing operations take place, made possible by the interconnection at the relevant gateway (be it an international or a local voice or data gateway).

The network is designed to give customers a seamless user experience, from start to finish, by using of a suite of network technologies and infrastructures owned by the Company or OLOs, whose technologies and infrastructures the Company is entitled to use pursuant to various agreements.

4.7.2 Access Network

The Company offers its customers last-mile access in all the cities in which it operates through IP-MPLS technology embeded in the core network, through its POPs (either through tower or IP-MPLS equipment), connecting the Company to its B2B customers via MW or fiber optic. Through this the data collection process is completed, and then data is transmitted through the transmission network.

Wherever it has a POP, the Company leases last-mile access from licensed OLOs operating in such locations, thus enabling the Company to reach its customers first and then route customer traffic to the Company's data center.

The Company has entered into agreements with a number of FTTH and FTTB service providers, such as Dawiyat Integrated Telecommunications and Information Technology Company, Salam Company, STC, and Mobily. These agreements establish the Company's right to use the fiber optic infrastructure of the service providers in relation to these services so that the Company can, in turn, provide FTTH and FTTB services to any household or company covered by the service providers, under an open access agreement initiated by the CST (for more information on this agreement, please refer to 10.6.1 ("**Contracts and Transactions with Related Parties**") of Section 10 ("**Legal Information**") of this Prospectus).

The Company offers its individual customers broadband Internet service "LTE Broadband" only through STC's infrastructure, under a wholesale agreement entered into by the Company and STC (for more information on this agreement, please refer to 10.6.1 ("**Contracts and Transactions with Related Parties**") of Section 10 "**Legal Information**" of this Prospectus).

4.7.3 Transmission Network

The Company's transmission network consists a bundle of backhaul MW links.

The Company uses backhaul MW links to transmit data from the Company's POPs in the cities in which it operates, to the IP-MPLS that are part of the backhaul network. MW links have features that help manage different classes of traffic based on certain priorities and adapt speed capabilities to climate changes to improve reliability and efficiency.

In Riyadh, the Company has deployed fibers that pass through a number of sites where the customers and the Company's MW towers that connect to its data center are located. As part of its strategy, the Company plans to expand the reach of its fiber network to cover other locations.

The Company relies on OLOs for last-mile delivery services and utilizes these operators' transmission networks to transmit data back to its core network. The Company has established a strong partnership with STC under a wholesale agreement that entitles the Company to use STC's entire fiber optic network.

4.7.4 Core Network

The Company owns and utilizes an IP-MPLS core network to direct traffic at customers' locations across Saudi Arabia and the world at large, and from a customer's website to the Internet and back. The core network consists of six routers deployed in data centers, linking the eastern, central and western regions.

As part of its strategy, the Company intends to redesign the core network, using modern technology that enables the Company to introduce modifications to the network to upgrade the bandwidth and connection speed purchased by the customer, and enable it to add a new location for a given customer.

The core network includes two "gateways". The first is in Jeddah and the second is in Riyadh. Both gateways provide global access to the Internet through dedicated links to other countries, through IPLC and voice interconnection from local and international fixed and mobile operators.

4.7.5 Arrangement Made with Vendors and Suppliers

The Company has entered into agreements with companies to provide the supply arrangements necessary for the network, including:

- STC;
- Dawiyat Integrated Telecommunications and Information Technology Company;
- Salam Company and
- Mobily.

4.7.6 Operations and Maintenance

The Company relies on services managed with experienced suppliers to manage all network and IT systems in all its significant operations, and it regularly checks that it is providing its services with maximum efficiency and minimum cost. The Company regularly assesses its maintenance activities and capabilities to reduce expenses and improve service quality.

In addition, the Company continues to enhance its capabilities necessary to manage and maintain the Company's operations.

4.8 Frequency Spectrum

On 01/09/1440H (corresponding to 12/05/2019G), the CST issued the Company a frequency spectrum license. Pursuant to this license, the CST allocated to the Company a total of 50 MHz in the 3.5 GHz band of frequency spectrum, valid until 04/04/1455H (corresponding to 01/07/2033G), to be used for the provision of the licensed services in Riyadh, Jeddah, Mecca, Medina, Dammam, Al Ahsa, (Al Hofuf and Al Mubarraz), Taif, Tabuk, Buraydah, Khamis Mushait, Al Jubail, Hail, Abha, Sakaka, Arar, Al Baha, Najran, and Jazan.

Pursuant to this license, the Company is committed to cover the populated areas in the cities mentioned therein by no less than 10% before the end of the year 2021G, by no less than 30% before the end of the year 2022G, and by no less than 50% before the end of the year 2027G. On 27/04/1443H (corresponding to 02/12/2021G), CST granted the Company an extension of a period of six months ending on 30 June 2022G in order to fulfill the Company's obligations to cover by no less than 10% of the populated areas in the same cities.

On 25/10/1443H (corresponding to 26/05/2022G), the Company received a letter from CST advising of its intention to cancel the frequency spectrum license in the 3.5 GHz band if the Company does not fulfill its obligations before the expiry of the deadline granted to the Company as per its decision dated 13/10/1443H (corresponding to 14/05/2022G).

By virtue of a letter issued by the CST No. 474/1444/HT on 09/02/1444H (corresponding to 05/09/2022G), CST confirmed that the Company is currently compliant with the obligations of covering no less than 10% of the populated areas in the cities subject to the obligation.

On 03/11/2022G, the Company entered into a network rollout framework agreement with Oloom Al Shabaka Communication LLC ("**WiConnect**") for the purpose of increasing its capacity to cover the populated areas in the above-mentioned cities by at least 30% before the end of 2022G and by at least 50% before the end of 2027G. For more information about this Agreement, please see Subsection 10.6.2.5 ("**Network Rollout Framework Agreement (3500 MHz)**") of Section 10 ("**Legal Information**") of this Prospectus.

4.9 IT Systems

The Company's adopted IT systems support all aspects of the business, and provide the necessary front-end capabilities for customers, middleware and back-end solutions, covering, among other things, the following key areas:

- Controlling the customer services;
- Controlling the relationship with customers;
- Billing and collection from clients;
- Ensuring that customers' requests are responded to with high quality;
- Controlling the resources in the management of the Company's systems and procedures; and
- Managing communication and compliance with the Company's external parties.

4.10 Sales and Distribution Channels

The Company uses direct and indirect sales and distribution channels, with support from a dedicated sales support team, to ensure operational efficiency. Distribution channels extend across the Kingdom of Saudi Arabia, helping to support the acquisition of new customers and enhance the experience of existing customers.

The Company has developed business relationships with direct and indirect channel partners. The Company's indirect channel partners provide access to various types of commercial outlets, such as independent PoS, kiosks and other alternative channels, which cover a large share of the Company's total sales.

The indirect channel partners, who deal with the Company, also have extensive experience in the field of telecommunications, high level knowledge in the field of retail sale and advanced capabilities, which allows the Company's distribution networks the opportunity to benefit from the best international practices.

4.10.1 Direct Distribution

The Company is currently establishing two main branches in Jeddah and Riyadh, each of which occupies a strategic location in the heart of the city and is a distinct selling point where customers can discover the Company's products closely.

4.10.2 Telephone Sales

The Company has a telephone sales team dedicated to individual and VIP accounts.

4.10.3 "GO" Website

The Company's website is designed not only to provide information about the Company's services, but to perform a whole series of functions that allow customers to purchase the Company's offerings and check the presence of coverage on their site before making a purchase. Customers can also execute purchase transaction through the Company's "Self Service App" mobile application.

4.10.4 Indirect Distribution

The Company has contracted with a number of major retail stores to sell the Company's products through its networks, adding more than 700 shops in its coverage areas. On 02/02/2021G, the Company executed a field marketing and sales agreement with a distributor in the Kingdom, pursuant to which the distributor will market the Company's products through mobile field sales kiosks and will conduct all kinds of field sales activities. This agreement will allow the Company to offer the Company's residential segment products (fiber optic connections to individuals) and business segment products (national data services, communications and information technology services) in the markets throughout the Kingdom.

4.10.5 Research and Development

The Company is focusing on evaluating and introducing new products in the local market based on the expected market trends and needs.

The Company believes in innovation and implementation of technologies and services in all areas of business and works alongside its partners and suppliers to test and develop the latest technology options, products and services before launching them on its network or offering them to its clients.

Therefore, the Company has taken the necessary steps to develop its services and products by developing its infrastructure and entering into strategic partnerships with leading companies in the field. In addition, the Company started developing a strategy to train and develop its human sources to work on the continuous development of the business.

4.10.6 Business Interruption

On 18/01/2021G, the Company announced the transfer of its headquarters in Riyadh from King Abdulaziz Branch Road, Sulaymaniyah District, Riyadh, to Building 3704 King Abdullah Branch Road, Al Mugharazat District, Riyadh. Upon moving to its new premises, the Company faced a temporary business interruption due to some technical issues that resulted from the migration of the data center to the new premises, including some delays in the billing system. However, the Company addressed these issues within a month and confirms that this interruption to its business did not have any material adverse impact on its financial position. The Company also confirms that there has not been any other interruption in the Company's business that would affect or have had a noticeable impact on the Company's financial position during the last twelve months.

For more details on the risks related to business interruption and failure of IT systems, please refer to subsections 2.1.9 ("**Operational risks and unexpected interruption in the Company's business**") and 2.1.10 ("**Risks related to failure of IT systems or breach of security measures**") of Section 2 ("**Risks Factors**") of this Prospectus.

5. EMPLOYEES

5.1 Employee share programs before the application for registration and acceptance of listing of the Rights Issue

The Company has no employee stock ownership program or any other arrangements that can facilitate the acquisition of the Company's shares by the Company's staff (including Senior Management).

5.2 Arrangements granting employees a share in the Capital

As at the date of this Prospectus, there are no arrangements for granting employees a share in the capital.

6. MANAGEMENT DISSCUSSION AND ANALYSIS

6.1 Introduction

This section represents Management's Discussion and Analysis ("**MD&A**") of the financial results of Etihad Atheeb Telecommunication Company (the "**Company**") for the years ended

31 March 2020G ("2020G"), 2021G ("2021G"), and 2022G ("2022G") based on the audited financial statements, in addition to the interim period for the six-month period ended

30 September 2022G based on the reviewed financial statements, and the accompanying notes, together being the "Financial Statements"; and should be read in conjunction with the financial statements referred to above.

The Company applied the International Financial Reporting Standards with its interpretations in accordance with the International Accounting Standards Board ("IFRS") adopted in the Kingdom of Saudi Arabia, in addition to other standards approved by the Saudi Organization for Auditors and Accountants ("SOCPA"), referred to as the "International Financial Reporting Standards approved in the Kingdom of the Saudi Arabia" for the years ended 31 March 2020G, 2021G and 2022G. The Company applied Interim Financial Reporting 34 ("IAS") 34 that is endorsed in the Kingdom of Saudi Arabia for the preparation of the reviewed financial statements for the

six-month period ended 30 September 2022G. The Company's financial statements for the years ended 31 March 2020G, 2021G, and 2022G, and the six-month period ended 30 September 2022G, were reviewed and audited by Al Azem, Al Sudairy, Al Shaikh & Partners (the "Auditors").

Neither the auditors Al Azem, Al Sudairy, Al Shaikh & Partners, nor any of its subsidiaries or sister companies have any stake or interest of any kind in the Company. Moreover, it gave its written consent and did not withdraw from it regarding the publication of its name, logo and statements in this prospectus as an auditor for the Company for the above-mentioned years.

During 2020G, the Company adopted IFRS 16 "Leases". IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an arrangement contains a lease", Standard Interpretations Committee ("SIC") SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease". This standard defines the principles of identification, measurement, presentation and clarification of lease contracts and requires the lessee to account for most lease contracts using a single form to be presented on the statement of financial position.

The Company has applied IFRS 16 using the modified retrospective method with the date of initial application being on 1 April 2019G. The Company elected to use the practical expedient available upon transition to IFRS 16, accordingly the contracts were not reassessed to determine whether it contains a lease or not, allowing the standard to be applied only to contracts previously identified as leases applying IAS 17 and IFRIC 4 at the date of primary application. The Company also adopted the following practical expedients when applying IFRS 16 to leases, previously classified as operating leases under IAS 17:

- Applying a single discount rate for a portfolio of lease contracts with reasonably similar characteristics.
- Applying the exemption not to recognize the right-of-use assets and liabilities for contracts that were expiring during 2019G.
- Excluding initial direct costs from measuring the right-of-use asset at the date of initial application.

The Company has also elected to apply the recognition exemptions for lease contracts that, at the commencement date, had a lease term of 12 months or less and do not contain a purchase option ("short-term lease contracts") and lease contracts for which the underlying asset is of low-value ("low-value asset").

The audited financial statements for the fiscal years ended 31 March 2020G, 2021G, 2022G and the six-month period ended 30 September 2022G included a qualified opinion for the Auditors which was disclosed in this section.

This Section might include forward-looking statements related to the Company's future capabilities, based on Management's plans and prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of numerous factors, risks, and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section 2 ("**Risk Factors**").

All financial information in this section has been presented in Saudi Riyals unless otherwise stated. The amounts and percentages have been rounded to the nearest decimal number, and accordingly, if the numbers mentioned in the tables are summed, their sum may not correspond to the totals mentioned in those tables or to the Company's financial statements. It is also worth noting that all annual growth rates, profit margins, costs and compound annual growth rates have been calculated based on the rounded figures in the tables below.

6.2 Board of Directors' declaration for financial statements

The members of the Board of Directors declare the following:

1. The financial information contained in this Section has been extracted without material adjustment from the audited financial statements for the years ended 31 March 2020G, 2021G, 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G and the accompanying notes, which were prepared by the Company in accordance with International Financial Reporting Standards ("IFRS").
2. Despite the losses incurred during the past three years, and other than what has been disclosed in this section and Section 2 "**Risk Factors**" of this Section in relation to accumulated losses, there have not been any material negative changes in the financial and commercial position of the Company during the past three years covered in this Section by the Auditors' report in approving the Prospectus. The directors declare that all material facts related to the Company and its financial performance have been disclosed in this prospectus, and that there are no other information, documents, or facts, the omission of which would make any statement herein misleading.
3. The Company has provided comprehensive details in this Section of all fixed assets and investments, including contractual financial securities or other assets, which may be subject to fluctuations in value or may be difficult to estimate, except what has been disclosed in this section.
4. No commissions, discounts, brokerages or other non-cash compensation have been granted by the Company to any of the members of the board of directors mentioned in Table (1.1) of this prospectus, within the three years immediately preceding the application for the rights issue that are the subject of this Prospectus in connection with the issue or offer of any securities by the Company.
5. The Company has not issued existing or approved but unissued debt instruments, term loans or secured or unsecured mortgages, and that the Company does not have any borrowing or indebtedness, including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments, except as disclosed in this section and Section 10 "**Legal Information**" of this Prospectus.
6. The properties of the Company are not subject to any mortgages, rights or encumbrances as at the date other than what is disclosed in this section, Section 10 "**Legal Information**" and in other sections of this Prospectus.
7. There are no significant fixed assets outside the normal course of business to be purchased or leased by the Company, except as described in this Section and Section 7 of this prospectus "**Using the Offering Proceeds**".
8. The Company has no information about any governmental, macro-economic, financial, monetary, or political policies or any other factors that have affected or could materially affect (directly or indirectly) the operations of the Company.
9. Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any seasonal factors or economic cycles related to the business that may have an effect on the Company's businesses or its financial position.
10. The Company's share capital is not under option.

6.3 General information about the Company

Etihad Atheeb Telecommunication Company (the "**Company**") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration (No. 1010263273) issued in Riyadh on 30 Safar 1430H (corresponding to 25 February 2009G). The registered address of the Company is 3704 King Abdullah Branch Rd – AlMughrizat district P.O. Box 12482-6488 Riyadh, Kingdom of Saudi Arabia.

Pursuant to the Ministerial Resolution No.41 dated 18 Safar 1429H (25 February 2008G) which was approved by the issuance of Royal Decree No. M/6 dated 19 Safar 1429H (26 February 2008G), the Company was granted a fixed-line telecommunication license and the used-frequency spectrum to provide fixed telephone services in the Kingdom of Saudi Arabia for a period of 25 years (starting on 1 April 2009G and ending on 31 March 2034G). On 30 Rabi' al-Awwal 1438H (corresponding to 29 December 2016G), the Communications, Space and Technology Commission ("**CSTC**") has extended the life of the Company's license by 15 years (ending on 31 March 2049G).

On 1 Ramadan 1440H (corresponding to 12 May 2019G), the CSTC (Communications, Space and Technology Commission) issued a frequency spectrum license where the Company has been allocated bands totaling 50MHz in the 3.5GHz band to be used to provide licensed services in the main cities of the Kingdom, as the Company is committed to covering the populated areas in the main cities by at least 10% before the end of the year 2021G. On 27 Rabi al-Thani, 1443H (corresponding to 2 December 2021G), the Company received a final extension of the Company commitment to deploy the network under the license granted to it by the authority on 3.5 GHz band frequencies for an additional six months to be ended on 30 June 2022G.

On 25 Shawwal 1443H (corresponding to 26 May 2022G), the Company received a letter from the Communications, Space and Technology Commission notifying the Company with the CSTC's decision to revoke the 3.5 GHz frequency band license if the Company did not meet the deployment of network deadline on 30 June 2022G.

On 1 Dhul Hijjah 1443H (corresponding to 30 June 2022G), the Company finalized deploying 100% of its network phase (which represents deploying the network over 10% of the Kingdom) as per the obligation set forth by the CSTC with regards to the spectrum license. The Company submitted all related documentation to CSTC which prove the Company's fulfillment of its obligation in accordance with the requirements of the CSTC. On 9 Safar 1444H (corresponding to 5 September 2022G), the Company received a letter from the Communications, Space and Technology Commission informing the Company that it accepted its fulfillment of phase (1) of the network deployment in accordance with the frequency spectrum license to provide fixed telecommunication services with infrastructure for the frequencies of 3.5 GHz band frequency granted to it with some observations, which the Company committed to resolve within a maximum period at the end of the current year 2022G (which is the deadline for fulfilling the obligations of the license for phase (2) to cover at least 30% of the populated cities subject to the obligation). The CSTC will follow up with the Company regarding its future obligations to ensure the optimal use of the frequency spectrum and its proper, effective, and efficient use in accordance with the license granted to the Company and the relevant regulations of the CSTC.

The Company, through its efforts to resolve the CSTC's observations and fulfillment of phase (2) of the network deployment, signed an agreement on 21 September 2022G ("the effective date of the agreement") with a contractor to provide the Company with materials, equipment, services and technologies, which will enable it to fulfill its commitment to the CSTC. This initial term of the agreement is five years from the effective date or until fulfillment of the Contractor of the agreement obligations. The Management believes that it will be able to fulfill the CSTC's obligations for the phase (2) within the specified deadline.

The activity of the Company is to provide various fixed line and wireless services such as voice, data services, broadband internet services, internet telephone services, international gateway, and fixed telephone lines to individuals, homes and businesses. The Company commenced commercial operations from 1 January 2010G.

As at 31 March 2021G, the authorized, issued, and paid-up share capital of the Company is SR228.529 million divided into 22.853 million shares of SR10 each.

On 10 October 2021G, the Board of Directors issued a recommendation to the General Assembly to reduce the Company's Capital from SR228,529,000 to SR89,999,000 by reducing the Company's capital by an amount of SR138,530,000 by canceling 13,853,000 shares.

On 23 January 2022G, the General Assembly, in its extraordinary meeting, agreed to reduce the Company's capital by an amount of SR138,530,000 (from SR228,529,000 to SR89,999,000) by cancelling 13,853,000 shares to extinguish the accumulated losses as at 30 September 2021G, amounting to SR138,557,873 at a rate of 99.97%.

As at 30 September 2022G, the authorized, issued and paid-up share capital of the Company is SR89.999 million, divided into 8.9999 million shares of SR10 per share.

On 19 December 2021G, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's capital by issuing shares of SR350 million, divided into 35 million ordinary shares, at a value of SR10 per share. Its main objective, after receiving the requested approval from the competent authorities, is to increase the capital to pay the Company's obligations and to develop and update its business systems and networks. The Company has submitted the file to the competent authorities and is still waiting for the final approval as at the date of these condensed interim financial statements. On 13 October 2022G, the Board of Directors issued a resolution by circulation in which it amended its recommendation to the Extraordinary General Assembly related to the share capital increment through a rights issue from SR350 million to SR250 million.

6.4 Qualified opinion

The Auditors issued a qualified opinion regarding the financial statements for the year ended 31 March 2022G, due to their inability to obtain sufficient and appropriate audit evidence as to whether there was an impairment of the frequency spectrum license as at 31 March 2022G. The Company received a letter from the Communications, Space and Technology Commission with the intention of the commission to revoke the frequency spectrum license related to providing fixed telecommunications services with an infrastructure of band frequencies (3500MHz) in the event of passing the stipulated deadline on 30 June 2022G related to the network deployment obligations for the frequency. As this event is uncertain and related to future events, the Management was unable to determine the amount of the financial impact on its financial statements ending on 31 March 2022G.

6.5 Going Concern

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to discharge its obligations under both normal and surrounding conditions.

The statement of financial position as at 31 March 2022G shows that the accumulated losses amounting to SR16.0 million represents (17.8%) of its share capital. Also, the Company's current liabilities exceeded its current assets by SR182.6 million (31 March 2021G: SR146.3 million) and the Company incurred a total comprehensive loss of SR37.7 million for the year ended 31 March 2022G.

The statement of financial position as at 30 September 2022G, shows that the accumulated losses of the Company amounting to SR11.0 million represents (12.3%) of its share capital. Also, the Company's current liabilities exceeded its current assets by SR226.8 million (31 March 2022G: SR182.6 million).

In January 2022G, the Company reduced its share capital by an amount of SR138.5 million (from SR228.5 million to SR89.9 million) by way of cancellation of 13.853 million shares to absorb the accumulated losses.

Management believes that the cash inflows, in the normal course of business, will be sufficient to meet its obligations for a period of at least 12 months from the date of the financial statements based on the following:

In February 2021G, the Company signed an agreement, with an effective date of 31 December 2020G, with one of its major vendors to settle all balances and dues between the two parties which resulted in a net reduction (gain) of SR101 million on net balances payable to a major vendor. As at the effective date, the new balance payable to the major vendor was SR370 million and its payment was rescheduled as a down payment of SR125 million upon signing the agreement with the remaining SR245 million (as shown below) to be paid in five equal installments resulting in an additional gain of SR36 million from rescheduling.

Instalment No.	Amount (SR)	Date of payment
First	49 million	1 July 2022G
Second	49 million	1 July 2023G
Third	49 million	1 July 2024G
Fourth	49 million	1 July 2025G
Fifth	49 million	1 January 2026G
Total	**SR245 million**	**-**

- On 25 January 2022G, the Company obtained the approval of the Ministry of Finance on the installment related to government fees of SR22.23 million over a period of 36 months, starting from 20 February 2022G.
- The Company's business will improve by securing new sales agreements which will result in the growth in revenue for the six-month period ended 30 September 2022G, and accordingly generate the cash that will enable the Company to meet its obligations as and when they become due.
- The Management is also devising future plans in some certain other aspects to improve the Company's performance mainly including the enhancement of the Company's existing network infrastructure, deployment of new technologies, exploring alternative uses of the Company's frequency spectrum, and cost optimization plans, and the Management has taken some initiatives from this study.

As described above, Management has a reasonable expectation that the Company has adequate resources to meet its liabilities as they become due. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values and to extinguish liabilities in the normal course of business at the amounts stated in the condensed interim financial statements.

6.6 Preparation of the condensed interim Financial Statements

6.6.1 Statement of Compliance

The financial statements, for the fiscal years ended 31 March 2020G, 2021G, 2022G, have been prepared in accordance with IFRS that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

The condensed interim financial statements for the six-month period ended 30 September 2022G were prepared in accordance with International Accounting Standard 34 "Initial Financial Report" that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

6.6.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for employees' defined benefit obligation that has been valued at the present value of future liabilities using the projected unit credit method.

6.6.3 Functional and presentation currency

The financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and Company's presentation currency. All amounts have been rounded to the nearest SR, unless otherwise indicated.

6.6.4 Summary of significant accounting policies

6.6.4.1 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost comprises the initial cost of purchasing the equipment and materials, including freight and insurance, charges from contractors for installation and building works, direct labor costs, capitalized borrowing costs and an estimate of the costs of dismantling and removing the equipment and restoring the site on which it is located.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The Company intends over the next 10 years to continue investing in property and equipment in order to improve the quality of services provided and keep up with fast evolving technologies in the telecom sector (such as adding 5G technology). For more information regarding the intended fixed assets that the Company is planning to purchase or lease, please refer to paragraph 2.3 "**The Company's Strategy**" of section 4 "**Company Overview and Nature of Business**" and paragraph 2.2 "**Upgrading the Company's Systems**" and section 7 "**Use of Rights Issue proceeds**".

Depreciation

Depreciation is charged to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. The depreciation is charged from the date the asset is available for use until the date of its disposal or de-recognition.

The estimated useful lives of property and equipment are as follows:

Description	Years
Leasehold improvements	Lower of lease term or 10 years
Network infrastructure	4-25
Facilities, vehicles, support and IT equipment	5

Depreciation methods, useful lives and residual values are reviewed at the date of each statement of financial position and adjusted if necessary.

6.6.4.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets and is recognized in profit or loss. The amortization is charged from the date the intangible assets are available for use until the date of its disposal or de-recognition. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

The Company's intangible assets comprise of the following:

Licenses

Acquired telecommunication licenses are initially recognized at cost. Licenses are amortized on a straight-line basis over their estimated useful lives from when the related networks are available for use.

Indefeasible rights of use ("IRUs") – network capacity

IRUs represent the rights to use portions of the capacity of transmission cables granted for a fixed period. IRUs are recognized at cost as intangible assets when the Company has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers. They are amortized on a straight-line basis over the life of the contract.

Computer software

Computer software are initially recognized at cost and are amortized on a straight-line basis over their estimated useful lives, from the date of initial recognition.

Useful lives

The estimated useful lives of the Company's intangible assets are as follows:

Description	Years
Licenses	40
Network capacity	7-15
Computer software	5

6.6.4.3 Leases

The Company assesses whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognizes right of use assets and lease liabilities, except for the short-term leases and leases of low value assets, as follows:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

6.6.4.4 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

6.6.4.5 Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition. Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through profit and loss (FVPL).

Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed, and information is provided to management. In making an assessment whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How Management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the statement of profit or loss.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial assets designated as FVOCI with recycling

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost.

All other changes in the carrying amount of these instruments are recognized in other comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in statement of other comprehensive income are reclassified to the statement of profit or loss.

Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through income statement. A debt instrument may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit or loss.

Commission income on debt instruments as at FVPL is included in the statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognized in the statement of profit or loss when the Company's right to receive the dividends is established.

Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in statement of other comprehensive income and accumulated in other reserves. Gain and losses on such equity instruments are never reclassified to statement of profit or loss and no impairment is recognized in income statement. The cumulative gain or loss will not be reclassified to income statement on disposal of the investments.

Dividends on these investments are recognized in statement of profit or loss when the Company's right to receive the dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables, as well as on loan commitments and financial guarantee contracts.

No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 months ECL is recognized when the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure. Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e., the Company's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in statement of other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method. For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to statement of profit or loss.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities, and which would not create or enlarge accounting mismatch in income statement. Amount presented in liability credit reserve are not subsequently transferred to statement of profit or loss. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

6.6.4.6 Inventories

Inventories comprise of modems, pre-paid cards, scratch cards and other telecommunication equipment, which are measured at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made, where necessary, for obsolete, slow moving and defective inventory items.

6.6.4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Company without any restrictions.

6.6.4.8 Employees' defined benefit obligation

The Company operates an unfunded gratuity scheme for all of its employees in accordance with the requirements of Saudi Labor Law. The Company's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods on the basis of actuarial valuation.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognizes the following changes in the defined benefits obligation in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

The calculation of defined benefits obligation has been performed by a qualified actuary using the projected unit credit method. The most recent actuarial valuation was performed on 31 March 2022G.

6.6.4.9 Provisions

1. Decommissioning provisions

The provision for decommissioning cost arises on construction of networking sites. A corresponding asset is recognized in property and equipment upon initial recognition of the provision. Dismantling costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pretax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2. General

A provision is recognized if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in the profit or loss account.

6.6.4.10 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes the amount collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- the customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- the good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Significant accounting judgements and estimates

The following is a description, accounting policies and significant judgements of the principal activities from which the Company generates revenue:

Data and voice revenue

Revenue from data and voice services is recognized when obligation is performed, or services are rendered. When services include multiple performance obligations, the Company allocates transaction price to each distinct performance obligation based on respective standalone selling price. If performance obligations are not distinct, revenue is recognized over the contract term. Revenue from additional consumption is recognized when services are rendered.

Installation and set-up fee revenue

The B2C services provided by the Company has onetime installation and set-up fee elements that is invoiced to the customer at the inception of the service.

The Company identifies that one-time installation and set-up fees as incidental to the provision of services under the contract and that the customer cannot benefit from the installation and set-up alone. Hence, revenue is recognized over the average contract life.

Customer acquisition cost and contract fulfillment

The Company incurs costs that are solely incremental to:

- obtaining contracts with customers (i.e., commission, sales incentives etc.)
- fulfilling the obligations under the contracts with customers (i.e., sub-contractor costs) and that would not otherwise be incurred.

All such costs that are incremental and incurred directly as a result of obtaining a contract / fulfilling obligations under a contract with a customer and are capitalized and amortized over the contract term, to the extent that the Company intends to recover such balances.

6.6.4.11 Expenses

Selling and marketing expenses are those arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding cost of services and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of services, selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

6.6.4.12 Foreign currency transactions

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency of the Company at the exchange rate ruling at that date. Exchange differences arising on translations are recognized in the profit or loss account.

6.6.4.13 Zakat and income tax

The Company is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). The Company's zakat and income tax is charged to the statement of profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional Zakat and income tax liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the year in which the final assessments are finalized.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company has not recognized any deferred tax asset or liability as the timing differences are not material.

6.6.4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6.6.4.15 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed by the Company's Chief Operating Decision Maker "CODM" to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6.6.4.16 Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

6.6.4.17 New Standards, Interpretations and Amendments Adopted by The Company

New IFRS Standards, Issued and Effective

The Company has adopted the following standards and amendments effective from 1 April 2021G.

Amendments to IFRS 7 and IFRS 16 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020G, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

On 31 March 2021G, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021G to 30 June 2022G. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The adoption of above amendments does not have any material impact on the Financial Statements during the year.

Other Amendments of relevant IFRS's issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 April 2022G and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability

Amendments to IFRS 3, IAS 16, IAS 37

IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognize such sales proceeds and related cost in profit or loss.
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

6.6.5 Significant accounting judgments and key sources of uncertainty estimates

Preparation of the financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenue, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of profit of loss and other comprehensive income and within shareholders' equity. In particular, the Company's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods. Company Management believes that its estimates in the financial statements are reasonable. Based on the following details:

6.6.5.1 Tangible and intangible assets useful life

Management periodically reassesses the economic useful life of property, plant and equipment, intangible assets, based on the general condition of these assets and the expectation of their useful economic lives in the future. The impairment loss is recognized in the statement of profit or loss for the year.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

6.6.5.2 Zakat

Management recognizes Zakat and requires Zakat provision for the year based on management's estimate for taxable profit in accordance with the prevailing laws, regulations and IFRSs.

6.6.5.3 Litigation provision

A provision is made to meet any potential legal liabilities based on a legal study prepared by the Company's legal counsel. This study identifies potential future risks and is reviewed periodically.

6.6.5.4 Defined benefits obligation

The cost of defined benefits and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

6.6.5.5 Assets and liabilities at cost

Management periodically reviews assets and liabilities to assess and evaluate impairment, and any loss incurred is recognized within the statement of profit or loss for the year.

6.6.5.6 Allowance for expected credit losses

Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses, that depend on inputs, bases and assumptions approved by the Company's management and what includes future aspirations to estimate the provision to be established in accordance with the requirements of IFRS (9).

6.6.5.7 Evaluation of business model

The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Company defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Company's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

6.6.5.8 Classification and measurement of financial assets and liabilities

The Company classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Company shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Company are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Company uses available observable market data. In the absence of Tier 1 inputs, the Company conducts evaluations using professionally qualified independent evaluators. The Company works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

6.6.5.9 Fair value measurement

If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

6.6.5.10 Leases

Some leases have extension options exercisable by the Company before the end of the non-cancellable contract period. Where practical, the Company looks to include extension options in new leases to supply operational flexibility. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

6.6.5.11 Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

6.6.5.12 Probability of Default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

6.6.5.13 Loss Given Default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account cash flows from collateral and integrated credit adjustments.

6.6.5.14 Fair Value Measurement and Valuation Procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In the absence of level (1) inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

6.6.5.15 Lease Payments Discount

Lease payments are discounted using the implicit lease interest rate or the incremental borrowing rate. Management have applied the judgments and estimates to determine additional borrowing rate on the start of the lease date.

6.6.5.16 Contingencies

The Company is currently involved in certain legal proceedings. Estimates of the probable costs for the resolution of these claims, if any, have been developed in consultation with internal and external counsels handling the Company's defense in these matters and are based upon the probability of potential results. The Company's management currently believes that these proceedings will not have a material effect on the financial statements. It is possible, however, that future results of operations could be materially affected depending on the outcome of the proceedings.

6.6.5.17 Revenue

a. Identifying performance obligations in a bundled sale of devices and services

The Company analyses whether devices and services are capable of being distinct or not. The Company provides services that are either sold separately or bundled together with the sale of devices to a customer.

b. Consideration of significant financing component in a contract

The Company analyses significant financing component in a contract where payment terms are exceedingly more than one year for the date of services rendered. In determining the interest to be applied to the amount of consideration, the Company uses discount rate as appropriate in the circumstances.

6.7 The main factors affecting the Company's performance and operations

The following is a discussion of the most important factors that have affected or are expected to affect the Company's business, financial conditions and results of operations. These factors are based on the information currently available to the Company and may not represent all the factors that could have an impact on the Company's business. Please also refer to Section 2 "**Risk Factors**" of this Prospectus.

Covid-19 pandemic

In response to the spread of the Covid-19 pandemic and the resulting disruption to social and economic activities in markets around the world and the Kingdom of Saudi Arabia, the Company's management has proactively assessed its impact on its operations and has taken a series of preventive measures. The telecommunications industry has been classified as an essential service by the Government of the Kingdom of Saudi Arabia, and therefore the Company has continued to operate with the services, while considering the health and safety of its workforce. The Company has ensured that all employees of the Company have received the required vaccinations according to the instructions of the Ministry of Health and the Ministry of Human Resources and Social Development.

Management believes that the Covid-19 pandemic hasn't had a material impact on the Company's financial results for the fiscal year ended 31 March 2022G, and the six-month period ended 30 September 2022G. In all cases, Management will continue to monitor the situation closely and will reflect any required changes in future fiscal reporting periods and years.

6.8 Management discussion and analysis of the financial position and results of operations of Etihad Atheeb Telecommunication Company

The Company's specific financial information and key performance indicators below should be read in conjunction with the financial information for the fiscal years ended 31 March 2020G, 2021G and 2022G ("2020G", "2021G" and "2022G" respectively) prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as approved in the Kingdom, and other standards and statements issued About the Saudi Organization for Certified Public Accountants, each of which is included in the financial statements section and the auditors' report.

6.9 Results of operations

6.9.1 Income statements for the fiscal years ended on 31 March 2020G, 2021G and 2022G

Table No. (6.1): Income statements for the fiscal years ended on 31 March 2020G, 2021G and 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Revenue	339,601	282,100	378,554	(16.9%)	34.2%	5.6%
Cost of revenue	(151,985)	(226,730)	(286,710)	49.2%	26.5%	37.3%
Gross profit	187,616	55,369	91,844	(70.5%)	65.9%	(30.0%)
General and administrative expenses	(64,940)	(43,914)	(81,216)	(32.4%)	84.9%	11.8%
Selling and marketing expenses	(33,575)	(34,599)	(47,889)	3.0%	38.4%	19.4%
Depreciation and amortization	(122,541)	-	-	(100.0%)	Not applicable	Not applicable
Impairment loss on trade receivables	(20,410)	(18,208)	(7,586)	(10.8%)	(58.3%)	(39.0%)
Impairment of fixed assets	-	(93,369)	-	Not applicable	(100.0%)	Not applicable
Other income, net	3,243	102,168	29,354	3050.4%	(71.3%)	200.9%
Operating loss	(50,608)	(32,552)	(15,493)	(35.7%)	(52.4%)	(44.7%)
Finance (cost) income, net	(21,000)	18,993	(19,122)	(190.4%)	(200.7%)	(4.6%)
Loss before zakat and income tax	(71,608)	(13,559)	(34,615)	(81.1%)	155.3%	(30.5%)
Zakat and income tax	-	(24,700)	(2,785)	Not applicable	(88.7%)	Not applicable
Net loss for the year	(71,608)	(38,259)	(37,400)	(46.6%)	(2.2%)	(27.7%)
Remeasurement of defined benefit obligation	112	(743)	(344)	(763.4%)	(53.7%)	Not applicable
Total comprehensive loss for the year	(71,496)	(39,002)	(37,744)	(45.4%)	(3.2%)	(27.3%)

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

Table No. (6.2): Key performance indicators

KPIs	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
As a % of revenue					**ppt**	
Gross profit	55.2%	19.6%	24.3%	(35.6)	4.6	(31.0)
General and administrative expenses	19.1%	15.6%	21.5%	(3.6)	5.9	2.3
Selling and marketing expenses	9.9%	12.3%	12.7%	2.4	0.4	2.8
Depreciation and amortization	36.1%	0.0%	0.0%	(36.1)	Not applicable	(36.1)
Impairment loss on trade receivables	6.0%	6.5%	2.0%	0.4	(4.5)	(4.0)
Impairment of fixed assets	0.0%	33.1%	0.0%	33.1	(33.1)	Not applicable
Other income, net	1.0%	36.2%	7.8%	35.3	(28.5)	6.8
Operating loss	14.9%	11.5%	4.1%	(3.4)	(7.4)	(10.8)
Finance (cost) income, net	(6.2%)	6.7%	(5.1%)	12.9	(11.8)	1.1

KPIs	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Loss before zakat and income tax	(21.1%)	(4.8%)	(9.1%)	16.3	(4.3)	11.9
Zakat and income tax	0.0%	8.8%	0.7%	8.8	(8.0)	0.7
Net loss for the year	(21.1%)	(13.6%)	(9.9%)	7.5	3.7	11.2
Number of B2B services	6,903	6,313	7,314	(8.5%)	15.9%	2.9%
Number of B2C services	52,663	44,737	74,348	(15.1%)	66.2%	18.8%

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

Revenue

The Company's revenue was mainly generated from (i) usage and activation revenue (which represented 83.9% of total revenue generated during the historical period for the fiscal years from 2020G to 2022G), and (ii) voice revenue (which represented 16.1% of total revenue generated during the historical period for the fiscal years from 2020G to 2022G). Revenue was also generated from (i) business-to-business customers ("B2B") (which represented around 57% of the total revenue recorded during the historical period between the fiscal years 2020G and 2022G), and (ii) business-to-consumer customers ("B2C") (which represented around 28% of the total revenue generated during the historical period for the fiscal years from 2020G to 2022G), and (iii) wholesale revenue (which represented around 15% of the total revenue generated during the historical period for the fiscal years from 2020G to 2022G).

The Company's revenue decreased from SR339.6 million in 2020G to SR282.1 million in 2021G (a decrease by approximately 17% from 2020G), mainly driven by:

1. A decrease in LTE, FTTH and WiMAX services provided to B2C customers from 52.6 thousand services in 2020G to 44.7 thousand services in 2021G due to the increased competition in the market.
2. A decrease in revenue generated from dedicated internet services provided to B2B customers, following the decrease in the number of services provided or the downsizing of certain business as a result of Covid-19 pandemic.
3. A decrease in wholesale revenue mainly driven by a decrease in interconnection revenue mainly due to Covid-19 pandemic, which resulted in a decrease in interconnection traffic as customers were more reliant on online conference calls during the pandemic.

The Company's revenue increased by 34% in 2022G to SR378.6 million, mainly due to:

1. An increase in B2C revenue resulting from LTE and FTTH services, primarily driven by a significant increase in the average number of services provided to customers (+30 thousand services), partly offset by a decrease in average revenue per service on the back of more competitive pricing.
2. An increase in B2B revenue generated from data and voice services driven by an increase in the number of services provided to B2B customers by 15.9%, as a result of the Company's adoption of a new strategy based on offering packages for internet services, specifically in dedicated internet services ("DIA").
3. A significant increase in wholesale interconnection revenue, as a result of an increase in international traffic routed through the Company network by approximately 5 times, following the improved relationship with local and international partners.

Cost of revenue

Cost of revenue mainly consisted of capacity lease charges (representing approximately 36% of total cost recorded during the historical period for the fiscal years from 2020G to 2022G), depreciation and amortization (representing 38% of total cost recorded during the historical period for the fiscal years from 2020G to 2022G, noting that depreciation and amortization during the fiscal year 2020G were recorded as a separate line item and have been reclassified), voice interconnection charges (representing approximately 11% of total cost recorded during the historical period for the fiscal years from 2020G to 2022G). The aforementioned costs represented on average 74% of total cost of revenue recorded during the historical period for the fiscal years from 2020G to 2022G.

Cost of revenue increased by SR74.7 million from SR152.0 million in 2020G to SR226.7 million in 2021G, mainly driven by recording depreciation and amortization with a total amount of SR85.7 million under cost of revenue in 2021G, after recording them under a separate line item in 2020G, in addition to an increase in government fees from SR0.7 million in 2020G to SR22.9 million in 2021G, mainly due to the reclassification of government fees with a total amount of SR21.7 million within general and administrative expenses in 2020G. This was partially offset by a decrease in cost associated with capacity lease charges and voice interconnection charges in line with the decrease in revenue and the number of services provided to customers during the same period.

Cost of revenue increased to SR286.7 million in 2022G, mainly due to the increase in the capacity lease charges, the increase in the employees' costs, the increase in inventory consumption and installation, the increase in voice interconnection charges and the increase in government fees in line with the increase in revenue and number of services provided to customers for the same period. It is worth noting that total cost of revenue as a percentage of revenue decreased from 80% in 2021G to 76% in 2022G due to the decrease in depreciation and amortization as a percentage of revenue.

Gross profit

The Company's gross profit decreased from SR187.6 million in 2020G to SR55.4 million in 2021G, following the decrease in gross margin level from 55.2% to 19.6%, mainly due to the reclassification of depreciation, amortization and government fees to cost of revenue in 2021G.

The gross profit increased to SR91.8 million in 2022G, mainly driven by an improvement in gross margin to 24.3%, mainly driven by an increase in revenue after the Company adopted a turnaround strategy by introducing new production lines within B2B and B2C services and an increase in wholesale revenue, in addition to the significant decrease in depreciation and amortization charges during the period.

General and administrative expenses

General and administrative expenses consisted mainly of employees' costs (accounting for approximately 35% of total general and administrative expenses during the historical period 2020G-2022G), network support and maintenance expenses (representing approximately 9% of total general and administrative expenses during 2020G-2022G), depreciation and amortization (representing approximately 17% of total general and administrative expenses during 2020G-2022G), and other expenses (representing approximately 13% of total general and administrative expenses during the period 2020G-2022G).

General and administrative expenses decreased by 32.4% from SR64.9 million in 2020G to SR43.9 million in 2021G, with a decrease in general and administrative expenses as a percentage of revenue from 19.1% in 2020G to 15.6% in 2021G. This is mainly due to (1) the decrease in government fees from SR21.7 million in 2020G to nil in 2021G and 2022G due to the reclassification of the account to cost of revenue in 2021G and 2022G, (2) a decrease in employees' cost by 43.3% mainly driven by the reversal of over-accrued vacation allowance in 2021G. This was partly offset by an increase in depreciation and amortization from nil in 2020G to SR14 million in 2021G, as a result of the reclassification of the account from a separate income statements line item in 2020G to general and administrative expenses and cost of revenue.

General and administrative expenses increased by 84.9% to SR81.2 million in 2022G, mainly due to (1) the increase in employees' costs due to payment of bonuses as part of the Company's new strategy implementation, (2) the increase in other general and administrative expenses incurred, mainly in relation to advisory work on the capital reduction and the rights issue, (3) the increase in professional and consultancy charges due to tax consulting charges for zakat studies and the expenses incurred in relation to HR transformation project.

Selling and marketing expenses

Selling and marketing expenses consisted mainly of employees' costs (which accounted for approximately 57% of total selling and marketing expenses during 2020G-2022G) and dealers' commission (accounting for approximately 37% of total selling and marketing expenses during 2020G-2022G). Together, these expenses represented approximately 94% of total selling and marketing expenses during 2020G-2022G.

Selling and marketing expenses increased from SR33.6 million in 2020G to SR34.6 million in 2021G, mainly driven by an increase in employee costs from SR16.6 million in 2020G to SR21.3 million in 2021G in line with the increase in the number of selling and marketing employees during the period. This was partly offset by a decrease in the dealer's commission from SR14.6 million in 2020G to SR11.2 million in 2021G, line with the decrease in revenue for the period. Selling and marketing expenses as a percentage of revenue increased from 9.9% in 2020G to 12.3% in 2021G.

Selling and marketing expenses increased to SR47.9 million in 2022G due to (1) an increase in employees' costs to SR28.4 million following an increase in the number of employees and an increase in the average salaries due to competitive salaries offered to new employees, (2) the increase in the dealers' commission to SR17.4 million, on the back of acquiring new customers. It is worth noting that total selling and marketing expenses as a percentage of revenue amounted to 12.7% during the period.

Impairment loss on trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has adopted a credit policy, whereby each new customer is analyzed individually to determine the extent of his exposure at default. Credit limits are set for each customer, which represents the maximum receivable amount without the need for management approval. These limits are reviewed annually. Customers who do not meet the Company's creditworthiness criteria may deal with the Company on a cash payment basis only.

The impairment loss on trade receivables amounted to SR20.4 million in 2020G and decreased to SR18.2 million in 2021G, as a result of the decrease in trade receivables following the drop in the Company's revenue following Covid-19 pandemic impact on the Company's operations.

The impairment loss on trade receivables decreased to SR7.6 million during 2022G, following the improved collections, coupled with the Company's increased focus on collection including hiring a third-party specialist to follow up with delayed customers.

Impairment for fixed assets

The fair value of property and equipment is assessed on an annual basis, as management determines whether there are indicators of impairment. The recoverable amount is based on value in use which is determined by discounting the future cash flows that will be generated from the continuing use of the non-financial assets.

During 2021G and based on the impairment testing performed by Management, the recoverable amount related to WiMAX services was determined to be lower than the carrying value, since this technology is considered obsolete. Accordingly, an impairment loss was recognized amounting to SR93.4 million. The Company used the following assumptions to calculate the value of use: (a) discount rate of 10%, and (b) terminal growth rate of 2%.

Management performed an impairment assessment on the value of its assets as at 31 March 2022G, and the recoverable amount was determined to be higher than the carrying value. Accordingly, no impairment loss was recognized.

Other income

During 2020G, other income amounted to SR3.2 million and consisted mainly of a discount granted by one of the Company's suppliers on early settlement of payments.

Other income amounted to SR102.2 million in 2021G resulting from the settlement agreed with Saudi Telecommunication Company ("STC") to cancel the old contract related to the purchase of 40,000 units of fiber-to-the-home ("FTTH") ports, in order to settle long outstanding payable balances.

During 2022G, other income amounted to SR29.4 million which consisted mainly of a discount granted by the Company's suppliers for early settlement of payments.

Finance (cost) income, net

During 2020G, finance cost amounted to (-SR21.0 million) and consisted mainly of the interest cost on lease liabilities.

During 2021G, finance income amounted to SR19.0 million, mainly due to (1) the signing of a new agreement with STC to settle all balances and dues between the two parties, which led to a reassessment of present value of the non-current liability balance to STC, resulting in a recorded finance income of SR35.9 million, (2) The finance income was partly offset by the interest cost on lease liabilities amounting to SR12.5million, and (3) canceling the discount on the long-term liability of SR2.8million.

Finance income decreased to a finance cost of (-SR19.1 million) during 2022G, due to additional financing cost on lease liabilities and notes payable.

Zakat and income tax

During 2021G, the Company recorded zakat and income tax expenses of SR24.7 million, which mainly consisted of a provision to cover zakat assessments for the previous years (2015G-2018G). The Company has filed an appeal against these assessments. In August 2021G, the objection request was suspended as the Company submitted a settlement request through the Settlement of Zakat and Tax Disputes Committee and a settlement offer was submitted to the Company for the years from 2015G to 2018G.

The Company submitted zakat and tax returns to ZATCA for the years until 31 March 2021G with a value of SR24.7 million and is also in the process of filling out the tax and zakat declaration with the ZATCA for the year ended 31 March 2022G, with an expected zakat provision of SR2.8 million.

In March 2022G, the Company received a decision regarding the appeal from the First Appeals Chamber for Income Tax Interventions and Disputes, in which it was stated that some of the points were accepted, and others were rejected. The Management and the zakat advisor are of the view that no additional provision is required other than what has already been provided for.

Net loss for the year

Net loss decreased from SR71.6 million during 2020G to SR38.3 million during 2021G, despite the decrease in revenue due to the decrease in depreciation and amortization of property, equipment, and intangible assets, in addition to finance income resulting from the settlement with the Saudi Telecommunication Company.

During 2022G, the Company's net loss decreased by 2.2% despite the increase in revenue by 34.2%, whereby the Company recorded a net loss of SR37.4 million during the period. This is mainly driven by the decrease in finance income / (cost), from finance income of SR19.0 million in 2021G to a finance cost of (-SR19.1 million) during 2022G. This was partially offset by the decrease depreciation and amortization of property and equipment, right of use assets and intangible assets.

6.9.1.1 Revenue by services

Table No. (6.3): Revenue by services for the fiscal years ended on 31 March 2020G, 2021G, and 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Usage and activation revenue	285,126	249,184	300,458	(12.6%)	20.6%	2.7%
Voice revenue	54,475	32,916	78,096	(39.6%)	137.3%	19.7%
Total	339,601	282,100	378,554	(16.9%)	34.2%	5.6%

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

Usage and activation revenue decreased by 12.6% from SR285.1 million during 2020G to SR249.2 million during 2021G mainly due to the decrease in the number of services provided to customers due to the increased competition in the market, coupled with closure/downsizing of certain B2B businesses due to Covid-19 pandemic.

Usage and activation revenue increased by 20.6% to SR300.5 million in 2022G mainly due to the company's adoption of a new strategy to increase revenue.

Voice revenue decreased from SR54.5 million during 2020G to SR32.9 million during 2021G, mainly driven by the decreasing demand of voice services from customers who were directly affected by Covid-19 pandemic.

During 2022G, voice revenue increased back by 137.3% to SR78.1 million mainly due to a significant increase in wholesale interconnection revenue as a result of a significant increase in international traffic routed through the Company's network by approximately 5 times.

Table No. (6.4): Revenue by customer type for the fiscal years ended on 31 March 2020G, 2021G, and 2022G

SR in 000s	2020G (Management information)	2021G (Management information)	2022G (Management information)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
B2B revenue	195,343	177,624	198,225	(9.1%)	11.6%	0.7%
B2C revenue	97,130	74,638	104,785	(23.2%)	40.4%	3.9%
Wholesale revenue	47,128	29,838	75,544	(36.7%)	153.2%	26.6%
Total	339,601	282,100	378,554	(16.9%)	34.2%	5.6%
Number of services						
B2B (number of services)	6,903	6,313	7,314	(8.5%)	15.9%	2.9%
B2C (number of services)	52,663	44,737	74,348	(15.1%)	66.2%	18.8%

Source: Management information

- Business-to-business sector ("B2B"): The revenue generated from the B2B sector mainly consists of revenue from "Dedicated Internet Services",

  B2B revenue decreased from SR195.3 million during 2020G to SR177.6 million during 2021G, mainly driven by (1) the decrease in the number of B2B services provided to Companies from 6.9 thousand services in 2020G to 6.3 thousand services in 2021G (a decrease of 8.5%), (2) the decrease in contracts volume provided to B2B customers as a result of COVID-19 pandemic, and (3) the decrease in average revenue per service from SR28.3 thousand in 2020G to SR28.1 thousand in 2021G.

  In 2022G, B2B revenue then increased to SR198.2 million mainly due to (1) the Company's turnaround strategy, following the revamp and expansion of its products and service offerings, mainly from dedicated internet access, (2) the increase in the number of services provided to B2B customers by 15.9% from 6.3

thousand services in 2021G to 7.3 thousand services in 2022G, however the average revenue per B2B service decreased from SR28.1 thousand in 2021G to SR27.1 thousand in 2022G, as a result of the increased competition in the market.

B2B revenue represented on average 58% of total revenue during the historical period from 2020G to 2022G.

- Business-to-consumer sector ("B2C"): Revenue from B2C sector consisted of (1) revenue generated from "LTE services" through which the Company provides internet packages to customers, and constituted most of the revenue generated from B2C sector, and (2) "Fiber to The Home services ("FTTH"), through which the Company provides internet services to customers at home.

  Revenue from B2C sector decreased from SR97.1 million during 2020G to SR74.6 million during 2021G, driven by (1) the decrease in the number of services provided to B2C customers by 15.1% (from 52.7 thousand services in 2020G to 44.7 thousand services during 2021G), (2) the decrease in the average revenue per service from SR1.8 thousand in 2020G to SR1.7 thousand in 2021G as a result of increased competition in the sector, in addition to discounts granted to B2C customers.

  B2C revenue increased to SR104.8 million in 2022G, mainly due to the adoption of competitive pricing, and providing better services to customers, coupled with an increase in the number of services provided to B2C customers from 44.7 thousand services in 2021G to 74.3 thousand services in 2022G, as the Company adopted a new strategy by providing better services to customers at lower prices, this accordingly resulted in the decrease in average revenue per service from SR1.7 thousand in 2021G to SR1.4 thousand in 2022G on the back of more competition in the market.

  B2C revenue represented on average 29% of total revenue during the historical period from 2020G to 2022G.

- Wholesale revenue: mainly consisted of (a) "Wholesale interconnection" resulting from linking telecommunications within the Kingdom between other operators, (b) revenue of Wholesale Gulf ("Wholesale GCC") resulting from linking telecommunications from outside the Kingdom between other operators, and (c) revenue from "Wholesales Dark Fiber (Dawiyat)" or "Connectivity services" launched by the Company during 2018G.

  Wholesale revenue decreased from SR47.1 million during 2020G to SR29.8 million during 2021G as customers were more reliant on online conference calls during the COVID-19 pandemic.

  Wholesale revenue increased to SR75.5 million in 2022G mainly due to a significant increase in wholesale interconnection revenue as a result of the increase in international traffic routed through the Company's network by approximately 5 times, by improving the Company's relationship with its international partners, with average revenue per minute remaining relatively stable during the period.

  Wholesale revenue represented on average 15% of total revenue during the historical period from 2020G to 2022G.

6.9.1.2 Cost of revenue

Table No. (6.5): Cost of revenue for the fiscal years ended on 31 March 2020G, 2021G, and 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Capacity lease charges	93,341	73,077	111,612	(21.7%)	52.7%	9.4%
Depreciation and amortization	-	85,657	52,307	Not applicable	(38.9%)	Not applicable
Employees' costs	14,639	14,605	19,094	(0.2%)	30.7%	14.2%
Inventory consumption and installation	4,516	11,735	21,591	159.9%	84.0%	118.7%
Network maintenance and support	10,473	7,883	3,551	(24.7%)	(55.0%)	(41.8%)
Voice interconnection charges	24,455	6,218	42,933	(74.6%)	590.5%	32.5%
Government fees	694	22,863	30,550	3194.4%	33.6%	563.5%
Site rentals and utilities	1,411	1,638	2,765	16.1%	68.8%	40.0%
Other	2,456	3,054	2,307	24.3%	(24.5%)	(3.1%)
Total	**151,985**	**226,730**	**286,710**	**49.2%**	**26.5%**	**37.3%**
As a % of revenue					**ppt**	
Capacity lease charges	27.5%	25.9%	29.5%	(1.6)	3.6	2.0

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Depreciation and amortization	0.0%	30.4%	13.8%	30.4	(16.5)	13.8
Employees' costs	4.3%	5.2%	5.0%	0.9	(0.1)	0.7
Inventory consumption and installation	1.3%	4.2%	5.7%	2.8	1.5	4.4
Network maintenance and support	3.1%	2.8%	0.9%	(0.3)	(1.9)	(2.1)
Voice interconnection charges	7.2%	2.2%	11.3%	(5.0)	9.1	4.1
Government fees	0.2%	8.1%	8.1%	7.9	(0.0)	7.9
Site rentals and utilities	0.4%	0.6%	0.7%	0.2	0.1	0.3
Other	0.7%	1.1%	0.6%	0.4	(0.5)	(0.1)
Average number of employees						
Average number of full-time employees	37	33	37	(10.8%)	12.1%	0.0%
Average monthly salary per employee (SR)	10,592	9,197	9,473	(13.2%)	3.0%	(5.4%)
Average number of outsourced employees	79	86	105	8.9%	22.1%	15.3%
Average monthly salary per outsourced employee (SR)	10,079	10,205	10,560	1.3%	3.5%	2.4%

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

Capacity lease charges

Capacity lease charges represent the fee which the Company incurs from various operators for the purchased internet capacity used by the Company to provide its services to customers. The capacity lease charges are subject to market conditions, including the cost of the links and the duration of the lease. Furthermore, it is subject to demand estimation and the capacity required to support the Company's operations and its customers. In addition, a buffer capacity is added for unexpected traffic surge. Accordingly, capacity lease charges fluctuate in line with revenue.

Capacity lease charges decreased from SR93.3 million in 2020G to SR73.1 million in 2021G, in line with the decrease in revenue during the same period, noting that capacity lease charges as a percentage of revenue decreased from 27.5% in 2020G to 25.9% in 2021G.

Capacity lease charges increased by 52.7% to SR111.6 million in 2022G in line with the increase in revenue during the same period. It is worth noting that total capacity lease charges increased as a percentage of revenue to 29.5% during 2022G.

Voice interconnection charges

Voice interconnection charges represent the charges from voice over Internet Protocol ("IP") minutes used with other operators. Voice interconnection charges are highly dependent on market conditions, including traffic routes between the Company and other operators, where each route has a specific pricing that might change on a daily basis. Voice interconnection charges decreased from SR24.5 million in 2020G to SR6.2 million in 2022G due to the decrease in the number of minutes consumed through the Company's network.

Voice interconnection charges increased by 590.5% to SR42.9 million in 2022G in line with the increase in voice interconnection revenue as a result of an increase in voice international traffic routed through the Company's network by approximately 5 times.

Depreciation and amortization

Depreciation and amortization have been reclassified from a separate line item in 2020G within operating expenses to (1) depreciation and amortization recorded under cost of revenue and (2) depreciation and amortization recorded under general and administrative expenses in 2021G.

Total depreciation and amortization amounted to SR122.5 million during 2020G. While the total depreciation and amortization amounted to SR99.7 million during 2021G, due to (1) SR85.7 million were reclassified under the cost of revenue during 2021G and (2) SR14.0 million were reclassified under general and administrative expenses during 2021G. This decrease is mainly due to (1) the Company's 40,000 Indefeasible right of use ("IRUs") returned to STC through a non-cash agreement to restructure its outstanding payables and (2) the extension of the Company's license from Communications, Space & Technology Commission ("CSTC") which is now being amortized over a period of 32 years (valid till March 2049G).

Depreciation and amortization of SR85.7 million were recorded as part of the cost of revenue during 2021G (representing 37.8% of the total cost of revenue, and 30.4% of the total revenue during the period).

Depreciation and amortization recorded within the cost of revenue decreased to SR52.3 million during 2022G (18.2% of total cost of revenue and 13.8% of total revenue during this period). This decrease was mainly driven by the decrease in amortization on right of use assets, due to the cancellation of 543 tower rental contracts which were unutilized under right of use assets.

Employees' costs

Employees' costs recorded under cost of revenue amounted to SR14.6 million during 2020G and consisted of (1) 37 full-time employees with an average monthly salary of SR10.6k, and (2) 79 outsourced employees with an average monthly salary of SR10.1 thousand.

During 2021G, employees' costs remained stable at SR14.6 million. This is mainly due to (1) the decrease in the number of full-time employees to 33 employees, with an average monthly salary of SR9.2 thousand, partially offset by (2) the increase in the number of outsourced employees to 86 employees, with an average monthly salary of SR10.2 thousand.

Employees' costs increased to SR19.1 million in 2022G, mainly driven by (1) the increase in the number of full-time employees from 33 employees during 2021G to 37 employees during 2022G, while the number of outsourced employees also increased from 86 employees in 2021G to 105 employees in 2022G, coupled with (2) the increase in the average monthly salaries of the company's full-time employees from SR9.2 thousand in 2021G to SR9.5 thousand during 2022G, and the average monthly salary per outsourced employee from SR10.2 thousand during 2021G to SR10.6 thousand during 2022G.

Employees' costs represented on average 7.6% of the total cost of revenue, and 4.8% of total revenue during the historical period from 2020G to 2022G.

It is worth noting that Management capitalized employees' costs amounting to SR1.4 million in 2022G, in relation to infrastructure upgrade projects (SR657 thousand in 2020G and SR1.2 million in 2021G).

Inventory consumption and installation

Inventory consumption and installation relates to the internet routers that are installed for customers, in addition to recharging cards and various communication devices that are used to connect the user to the network.

Inventory consumption and installation increased from SR4.5 million during 2020G to SR11.7 million during 2021G in line with the cancellation of the agreement to purchase internet ports from Saudi Telecommunication Company, according to which the latter was responsible for providing devices and installing them for customers.

Inventory consumption and installation increased to SR21.6 million during 2022G in line with the overall increase in the company's operations and revenue.

It is worth noting that inventory consumption and installation increased progressively over the last historical three years as a percentage of revenue from 1.3% to 4.2% and 5.7% during the fiscal years 2020G, 2021G, and 2022G, respectively.

Network maintenance and support

Network maintenance and support mainly relate to maintenance expenses for the leased towers used by the Company, in addition to software and hardware equipment maintenance and site maintenance.

Network maintenance and support expenses decreased from SR10.5 million during 2020G to SR7.9 million during 2021G, primarily driven by (1) the new STC agreement, whereby the Company returned 40,000 IRU ports, which led to a decrease in maintenance expenses, coupled with (2) Management shifting software and hardware maintenance inhouse (used to be outsourced historically). It should be noted that the network maintenance and support expenses for 2021G include data centre migration costs (SR3.1 million), in relation to a transfer imposed by the Government for the Company's data centre equipment and servers, to complete a huge project on site.

Network maintenance and support expenses decreased to SR3.6 million during 2022G due to (1) the Company incurring data centre migration costs in 2021G (2) the decrease in maintenance expenses as a result of carrying out maintenance work inhouse.

Government fees

Government fees represent license fees paid by the Company to CSTC related to the provision of telecommunications and Internet services, in addition to frequency fees for Microwave links, as the Company owns towers with microwave dishes connected for which a certain fee is paid to CSTC, upon usage. The fees represent 11% of the Company's net revenue defined by the CSTC.

Government fees increased from SR0.7 million during 2020G to SR22.9 million during 2021G, as most government fees have been historically recorded under general and administrative expenses in 2020G, and these fees have been reclassified to cost of revenue in 2021G.

Government fees increased to SR30.6 million during 2022G in line with the increase in the Company's revenue, and it remained stable as a percentage of revenue at 8.1% during 2021G and 2022G.

Site rentals and utilities

Site rental and utilities mainly relate to the utility and electricity charges of the Company's towers and network infrastructure.

Site rentals and utilities' expenses increased from SR1.4 million during 2020G to SR1.6 million during 2021G.

Site rentals and utilities' expenses increased to SR2.8 million during 2022G mainly driven by the

additional electricity cost related to sites and data centers.

Other

Other expenses consist mainly of costs incurred for technical accessories and allotment fees paid to CSTC to acquire new numbers.

Other expenses increased from SR2.5 million during 2020G to SR3.1 million during 2021G, mainly driven by the additional costs incurred for technical accessories following the migration of the data center from one location to another.

Other expenses returned to their normal rate during 2022G and recorded a total amount of SR2.3 million during the period, which represented on average 0.6% of the total revenue for the period (1.1% during 2021G and 0.7% during 2020G).

6.9.1.3 General and administrative expenses

Table No. (6.6): General and administrative expenses for the fiscal years ended on 31 March 2020G, 2021G, and 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Government fees	21,738	-	-	(100.0%)	Not applicable	(100.0%)
Employees' costs	22,903	12,986	37,793	(43.3%)	191.0%	28.5%
Network maintenance and support	5,035	4,365	6,552	(13.3%)	50.1%	14.1%
Office rent	3,749	-	-	(100.0%)	Not applicable	(100.0%)
Medical, visa, and iqama charges	2,869	2,630	2,735	(8.3%)	4.0%	(2.4%)
Professional and consultancy charges	1,401	1,691	6,507	20.7%	284.8%	115.5%
Utilities charges	1,817	1,079	129	(40.6%)	(88.0%)	(73.4%)
Computer accessories and software	108	184	182	70.4%	(1.1%)	29.8%
Other	5,320	6,960	12,624	30.8%	81.4%	54.0%
Depreciation and amortization	-	14,019	14,694	Not applicable	4.8%	Not applicable
Total	**64,940**	**43,914**	**81,216**	**(32.4%)**	**84.9%**	**11.8%**
As a % of revenue					**ppt**	
Government fees	6.4%	0.0%	0.0%	(6.4)	-	(6.4)
Employees' costs	6.7%	4.6%	10.0%	(2.1)	5.4	3.2
Network maintenance and support	1.5%	1.5%	1.7%	0.1	0.2	0.2
Office rent	1.1%	0.0%	0.0%	(1.1)	-	(1.1)
Medical, visa, and iqama charges	0.8%	0.9%	0.7%	0.1	(0.2)	(0.1)
Professional and consultancy charges	0.4%	0.6%	1.7%	0.2	1.1	1.3
Utilities charges	0.5%	0.4%	0.0%	(0.2)	(0.3)	(0.5)
Computer accessories and software	0.0%	0.1%	0.0%	0.0	(0.0)	0.0
Other	1.6%	2.5%	3.3%	0.9	0.9	1.8
Depreciation and amortization	0.0%	5.0%	3.9%	5.0	(1.1)	3.9

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

Government fees

Government fees represent license fees paid by the Company to CSTC related to the provision of telecommunications and Internet services, in addition to frequency fees for Microwave links, as the Company owns towers with microwave dishes connected for which a certain fee is paid to CSTC, upon usage. The fees represent 11% of the Company's net revenue defined by the CSTC.

The Company recorded Government fees amounting to SR21.7 million during 2020G (which represented 33% of total general and administrative expenses and 6.4% of total revenue during this period). Government fees have been reclassified within the cost of revenue during the fiscal years 2021G and 2022G, effective 2021G onwards.

Employees' costs

Employees' costs consisted of the employees' costs for full-time employees and the costs of outsourced employees.

Employees' costs decreased from SR22.9 million during 2020G (which represented 6.7% of total revenue for the period) to SR13.0 million during 2021G (which represented 4.1% of total revenue for the period), mainly due to the reversal of part of the vacation allowance which was over-accrued during the previous year in 2020G.

It should be noted that the number of full-time employees decreased from 62 employees with an average monthly salary of SR16.3 thousand in 2020G to 60 full-time employees with an average monthly salary of SR17.2 thousand in 2021G (an increase of 5.4%). Whereas the number of outsourced employees increased from 5 employees during 2020G with an average monthly salary of SR47.5 thousand in 2020G to 7 employees during 2021G with an average monthly salary of SR25.6 thousand (a decrease of 46.2%).

Employees' costs increased to SR37.8 million in 2022G (and represented 47% of total general and administrative expenses, and 10% of total revenue for the same period). The increase was mainly due to (1) allowances and bonuses granted to employees during this period, with a total amount of SR14.6 million during 2022G, (2) the increase in the monthly basic salary by SR4.3 million as a result of the increase in the average monthly salary per full-time employee from SR17.2 thousand in 2021G to SR25.2 thousand in 2022G, as the Company restructured the workforce and hired employees with qualified skills.

The number of full-time employees decreased from 60 full-time employees with an average monthly salary of SR17.2 thousand in 2021G to 58 full-time employees with an average monthly salary of SR25.2 thousand (an increase of 46.4%). Whereas the number of outsourced employees stabilized at 7 employees during 2022G, with a decrease in the average monthly salary by 8.2% to SR23.5 thousand.

Network maintenance and support

Network maintenance and support decreased from SR5.0 million during 2020G to SR4.4 million during 2021G due to the decrease in IT maintenance, support, and operations services.

Network maintenance and support then increased to SR6.6 million during 2022G, due to the increase in IT outsourcing and development costs incurred, as new agreements were concluded during this period. It is worth noting that network maintenance and support expenses accounted for 1.7% of total revenue during this period (1.5% in 2021G).

Office rent

Office rent expenses consisted of rental fees for the Company's head office. Office rent expenses amounted to SR3.7 million during 2020G (which represented 6% of total general and administrative expenses during this period).

The office rent was classified as an operating lease during 2020G, as the Company was forced to vacate the building due to a decision imposed by the Government to complete a huge project on-site.

The Company recognized the new head office lease under right of use assets in accordance with International Financial Reporting Standard No. 16 during 2021G and 2022G.

Medical, visa and iqama charges

Medical, visa and iqama charges mainly relate to the expenses incurred for full-time employees, and mainly consist of medical insurance expenses.

Medical, visas and iqama charges decreased from SR2.9 million during 2020G to SR2.6 million during 2021G in line with the slight decrease in medical insurance expenses in 2021G.

Medical, visas and iqama charges increased to SR2.7 million during 2022G as a result of (1) the increase of the number of employees, (2) the easing of travel restrictions post Covid-19 pandemic.

Professional and consultancy charges

Professional and consultancy charges consist of audit fees, technical consultancy, legal and recruitment fees.

Professional and consultancy fees increased from SR1.4 million during 2020G to SR1.7 million during 2021G, mainly due to ongoing legal expenses.

Professional and consultancy fees increased to SR6.5 million during 2022G mainly due to technical consultancy fees related to the zakat assessment from Zakat, Tax and Customs Authority in relation to the previous financial years, and the HR transformation project.

Utilities charges

Utilities charges mainly related to electricity charges incurred for the Company's head office.

Utilities charges decreased from SR1.8 million during 2020G to SR1.1 million during 2021G as these expenses were booked based on actual invoices in 2021G as compared to an estimated accrued balance in 2020G, as a result of the non-issuance of invoices during that period.

Utilities charges decreased to SR129 thousand during 2022G, as these expenses were reclassified to cost of revenue due to the relocation of the data center to a new building separate from the head office.

Other

Other general and administrative expenses consisted mainly of Board of Directors fees and advisory fees.

Other general and administrative expenses increased from SR5.3 million during 2020G to SR7.0 million during 2021G, mainly driven by recording the rent expense for the Company's headquarters with a total amount of SR2.8 million exceptionally during 2021G, due to the decision imposed by the Government to vacate the building for the completion of a huge project on-site.

Other general and administrative expenses increased further to SR12.6 million during 2022G mainly due to (1) advisory fees incurred in connection with the potential capital increase through a rights issue in the Saudi Stock Exchange ("Tadawul") with a total amount of SR4.0 million, (2) Municipality fees paid to the Riyadh Municipality amounting to SR1.2 million.

Depreciation and amortization

Depreciation and amortization for 2021G has been reclassified from a separate item within operating expenses to (1) depreciation and amortization recorded under cost of revenue and (2) depreciation and amortization recorded under general and administrative expenses.

Total depreciation and amortization amounted to SR122.5 million during 2020G, while total depreciation and amortization amounted to SR99.7 million during 2021G, due to (1) SR85.7 million were reclassified under cost of revenue during 2021G, and (2) SR14.0 million were reclassified under general and administrative expenses during 2021G.

Depreciation and amortization expense amounting to SR14.0 million were recorded among general and administrative expenses during 2021G (which represented 32% of total general and administrative expenses, and 5% of total revenue during this period).

The depreciation and amortization recorded within general and administrative expenses increased to SR14.7 million during 2022G (which represented 18% of total general and administrative expenses and 3.9% of total revenue during this period). This slight increase is due to (1) the increase in depreciation charges for warehouses (2) the increase in depreciation related to facilities, support, and technical equipment (3) the increase in depreciation related to leasehold improvements (as a result of additions during 2022G with a total amount of SR1.4 million).

6.9.1.4 Selling and marketing expenses

Table No. (6.7): Selling and marketing expenses for the fiscal years ended on 31 March 2020G, 2021G, and 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Employees' costs	16,599	21,264	28,386	28.1%	33.5%	30.8%
Dealers' commission	14,581	11,247	17,371	(22.9%)	54.5%	9.1%
Customer care	2,096	1,996	1,872	(4.8%)	(6.2%)	(5.5%)
Point of display and flagship rental	69	-	-	(100.0%)	Not applicable	(100.0%)
Other	230	92	260	(60.1%)	182.6%	6.2%
Total	**33,575**	**34,599**	**47,889**	**3.0%**	**38.4%**	**19.4%**
As a % revenue					ppt	
Employees' costs	4.9%	7.5%	7.5%	2.6	(0.0)	2.6
Dealers' commission	4.3%	4.0%	4.6%	(0.3)	0.6	0.3
Customer care	0.6%	0.7%	0.5%	0.1	(0.2)	(0.1)
Point of display and flagship rental	0.0%	0.0%	0.0%	(0.0)	-	(0.0)
Other	0.1%	0.1%	0.6%	0.1	0.5	0.6

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

Employees' cost

Employees' cost increased from SR16.6 million during 2020G to SR21.3 million during 2021G, due to the increase in the number of full-time selling and marketing employees from 51 employees in 2020G to 60 employees in 2021G, coupled with an increase in the number of outsourced selling and marketing employees from 44 employees in 2020G to 48 employees in 2021G.

Employees' cost increased in 2022G to SR28.4 million mainly driven by (1) the increase in commissions to employees for the acquisition of new customers, coupled with (2) the increase in the average monthly salary for full-time employees from

SR11 thousand in 2021G to SR19.8 thousand in 2022G, due to the Company's new strategy, restructuring its workforce and recruiting new qualified employees with higher salaries, partly offset by (3) a decrease in the average monthly salary per outsourced employee from SR18 thousand in 2021G to SR13 thousand during 2022G, mainly driven by the Company's agreement with 3 outsourcing companies hiring employees at lower rates.

Dealers' commission

Dealers' commission is related to the commission paid to the dealers as a result of the increase in the number of services provided by the Company.

Dealers' commission decreased from SR14.6 million to SR11.2 million during 2021G, in line with the decrease in revenue over the same period.

Dealers' commission increased to SR17.4 million in 2022G, in line with the increase in revenue, following the increase in the number of new services provided by the Company.

Customer care

Customer care relates to the costs associated with the customer services helpline which is outsourced by the Company.

Customer care expenses decreased from SR2.1 million during 2020G to SR2.0 million during 2021G, as a result of the cost-cutting initiatives implemented by the Company.

The expense decreased further to SR1.9 million in 2022G, as a result of the cost-cutting initiatives implemented by the Company.

Point of display and flagship rental

The point of display and flagship rental consists of advertisement and logos placed on vehicles for marketing purposes.

These expenses decreased from SR69 thousand during 2020G to nil during 2021G and 2022G, as the Company adopted alternative marketing channels.

Other

Other selling and marketing expenses mainly relate to marketing and advertising expenses, additional sales staff commission and cash collection services.

Other selling and marketing expenses decreased from SR230 thousand in 2020G to SR92 thousand in 2021G.

Other selling and marketing expenses increased to SR260 thousand in 2022G.

6.9.1.5 Other income

Table No. (6.8): Other income for the fiscal years ended on 31 March 2020G, 2021G and 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Variance 2020G-2021G	Variance 2021G-2022G	CAGR 2020G-2022G
Settlements with vendors and operators, net	-	101,132	29,633	Not applicable	(70.7%)	Not applicable
Early payment discount from a vendor	3,196	-	-	(100.0%)	Not applicable	(100.0%)
Government penalties	-	-	(5,008)	Not applicable	Not applicable	Not applicable
Support fund	-	-	4,386	Not applicable	Not applicable	Not applicable
Loss from disposal of lease contracts	-	-	(353)	Not applicable	Not applicable	Not applicable
Others	47	1,036	696	2104.3%	(32.8%)	284.8%
Total	**3,243**	**102,168**	**29,354**	**3050.4%**	**(71.3%)**	**200.9%**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G and 2022G

During 2020G, other income amounted to SR3.2 million and consisted mainly of a discount granted by one of the Company's suppliers in exchange for early settlement of payments.

Other income amounted to SR102.2 million during 2021G and consisted mainly of income resulting from a settlement agreed with the Saudi Telecommunication Company in order to settle long outstanding payable balances.

During 2022G, other income amounted to SR29.4 million, which consisted mainly of settlement with suppliers and operators amounting to SR29.6 million in exchange for early payment.

6.9.2 Income statement for the six-month period ended on 30 September 2021G and 30 September 2022G

Table No. (6.9): Income statement for the six-month period ended on 30 September 2021G and 30 September 2022G

SR in 000s	Six-month period ended 30 September 2021G (Reviewed)	Six-month period ended 30 September 2022G (Reviewed)	Variance 30 September 2021G - 30 September 2022G
Revenue	155,815	288,504	85.2%
Cost of revenue	(121,457)	(207,840)	71.1%
Gross profit	34,358	80,664	134.8%
General and administrative expenses	(37,295)	(31,326)	(16.0%)
Selling and marketing expenses	(22,510)	(33,689)	49.7%
Impairment loss on trade receivables	(8,972)	(6,672)	(25.6%)
Other income	23,102	5,206	(77.5%)
Operating profit (loss)	(11,317)	14,183	(225.3%)
Finance cost	(10,471)	(9,215)	(12.0%)
Profit (loss) before zakat and income tax	(21,788)	4,968	(122.8%)
Zakat and income tax	-	-	Not applicable
Net profit (loss) for the period	(21,788)	4,968	(122.8%)
KPIs			
As a % of revenue			**ppt**
Cost of revenue	77.9%	72.0%	(5.9)
Gross profit	22.1%	28.0%	5.9
General and administrative expenses	23.9%	10.9%	(13.1)
Selling and marketing expenses	14.4%	11.7%	(2.8)
Operating profit (loss)	(7.3%)	4.9%	12.2
Net profit (loss) for the period	(14.0%)	1.7%	15.7
Number of services			
Number of B2B services	6,023	4,899	(18.7%)
Number of B2C services	53,609	87,997	64.1%

Source: The reviewed financial statements for the six-month period ended 30 September 2021G and 2022G, and management information

Revenue

Revenue increased from SR155.8 million during the six-month period ended 30 September 2021G to SR288.5 million during the six-month period ended 30 September 2022G (representing an increase of 85.2%), mainly due to:

- An increase in B2C revenue from SR45.6 million during the six-month period ended 30 September 2021G to SR81.9 million during the six-month period ended 30 September 2022G, mainly due to the increase in the number of services provided to B2C customers (mainly LTE and FTTH services) by 64.1% from 53.6 thousand services during the six-month period ended 30 September 2021G to 88.0 thousand services during the six-month period ended 30 September 2022G.
- An increase in B2B revenue from SR95.0 million during the six-month period ended 30 September 2021G to SR125.1 million during the six-month period ended 30 September 2022G, specifically in dedicated internet access "DIA", following the Company's increase in average revenue per service, revamping and improving its service offerings as part of the Company's turn-around strategy to increase competition, coupled with the Company's focus on key customers.
- An increase in wholesale revenue from SR15.3 million during the six-month period ended 30 September 2021G to SR81.6 million during the six-month period ended 30 September 2022G, as a result of the increase in revenue generated from wholesale interconnection services, driven by the increase in international traffic routed through the Company's network, in addition to the increase in revenue from dark fiber provided to one of the Company's main wholesale customers.

Cost of revenue

Cost of revenue increased from SR121.5 million during the six-month period ended 30 September 2021G to SR207.8 million during the six-month period ended 30 September 2022G in line with the increase in revenue during the same period, and this was mainly driven by (1) the increase in capacity lease charges by SR28.7 million, (2) the increase in voice interconnection charges by SR47.6 million, (3) the increase in Government fees by SR5.8 million, and (4) the increase in inventory consumption and installation by SR7.7 million.

It should be noted that cost of revenue as a percentage of revenue decreased from 77.9% during the six-month period ended 30 September 20201G to 72% during the six-month period ended 30 September 2022G.

Gross profit

Gross profit margin increased from 22.1% during the six-month period ended 30 September 2021G to 28.0% during the six-month period ended 30 September 2022G, from SR34.4 million to SR80.7 million, respectively. This mainly resulted from the decrease in cost of revenue during the period, in addition to a decrease in depreciation and amortization charges, as a result of the Company's cancellation of some tower contracts (543 contracts) classified under the right of use assets during the previous year.

General and administrative expenses

General and administrative expenses decreased from SR37.3 million during the six-month period ended 30 September 2021G to SR31.3 million during the six-month period ended 30 September 2022G, mainly driven by the decrease in professional and consultancy fees, coupled with a decrease in other expenses mainly in relation to advisory work (mainly capital raise through a rights issue, and municipality fees).

Selling and marketing expenses

Selling and marketing expenses increased from SR22.5 million during the six-month period ended 30 September 2021G to SR33.7 million during the six-month period ended 30 September 2022G, mainly due to (1) the increase in dealer's commissions from SR8.7 million during the six-month period ended 30 September 2021G to SR16.8 million during the six-month period ended 30 September 2022G, (2) the increase in marketing and advertisement expenses, (3) the increase in average salaries for full-time selling and marketing employees.

Impairment loss on trade receivables

Impairment loss on trade receivables are calculated using forward-looking information that is based on assumptions about future drivers for various economic factors, and how those drivers affect each other.

Impairment loss on trade receivables amounted to SR9.0 million during the six-month period ended 30 September 2021G, and this is based on Management's estimates for gross trade receivables. The impairment loss on trade receivables represented an average of 5.8% of revenue during the six-month period ended 30 September 2021G.

The impairment loss on trade receivables decreased during the six-month period ended on 30 September 2022G to SR6.7 million, with an improvement in impairment loss on trade receivables as a percentage of revenue to 2.3% during the same period, due to the new agreement with third party specialists in the previous year onwards, to follow up on delayed customers.

Other income

Other income decreased from SR23.1 million during the six-month period ended 30 September 2021G to SR5.2 million during the six-month period ended 30 September 2022G, and mainly comprised of income from discounts granted to several suppliers as a result of early settlement of payments during the six-month period.

Finance costs

Finance costs decreased from SR10.5 million during the six-month period ended 30 September 2021G to SR9.2 million during the six-month period ended 30 September 2022G, primarily driven by the decrease in interest in lease liabilities from right of use assets.

6.9.2.1 Revenue by services

Table No. (6.10): Revenue by services for the six-month period ended 30 September 2021G and 2022G

SR in 000s	Six-month period ended 30 September 2021G (Reviewed)	Six-month period ended 30 September 2022G (Reviewed)	Variance 30 September 2021G - 30 September 2022G
Usage and activation revenue	135,210	243,409	80.0%
Voice revenue	20,605	45,095	118.9%
Total	155,815	288,504	85.2%

Source: The reviewed financial statements for the six-month period ended 30 September 2021G and 2022G, and Management information

Usage and activation revenue increased from SR135.2 million during the six-month period ended 30 September 2021G to SR243.4 million during the six-month period ended 30 September 2022G, mainly driven by the increase in the number of services provided for B2C customers by 64.1%, following the Company adopting a new strategy to increase competition and attract new customers.

Voice revenue increased from SR20.6 million during the six-month period ended 30 September 2021G to SR45.1 million during the six-month period ended 30 September 2022G, as a result of the increase in international traffic directed through the Company's network, through the improvement of the Company's relationship with its local and international partners, while the average revenue per minute of the call remained constant during the period under review.

Table No. (6.11): Revenue by customer type for the six-month period ended 30 September 2021G and 2022G

SR in 000s	Six-month period ended 30 September 2021G (Management information)	Six-month period ended 30 September 2022G (Management information)	Variance 30 September 2021G - 30 September 2022G
B2B revenue	94,955	125,085	31.7%
B2C revenue	45,595	81,866	79.6%
Wholesale revenue	15,265	81,553	434.2%
Total	155,815	288,504	85.2%
Number of services			
B2B (number of services)	6,023	4,899	(18.7%)
B2C (number of services)	53,609	87,997	64.1%
Average revenue by service – B2B (SR)	15,766	25,533	61.9%
Average revenue by service – B2B (SR)	851	930	9.4%

Source: Management information

- Business-to-business sector ("B2B"): Revenue generated from B2B increased from SR95.0 million during the six-month period ended 30 September 2021G to SR125.1 million during the six-month period ended 30 September 2022G, mainly driven by (1) the Company's focus on key clients and improving its product and service offerings, especially for dedicated Internet access services, (2) offering more features (add-ons) as part of the Company's competitive strategy.
  - It should be noted that the number of services provided to B2B customers decreased from 6.0 thousand services over the six-month period ended 30 September 2021G to 4.9 thousand services over the six-month period ended 30 September 2022G, as a result of the significant decrease in "Go Secure" services, due to lower demand from customers.
  - On the other hand, the average revenue per service provided to B2B customers increased by 61.9%, from SR15.8 thousand over the six-month period ended 30 September 2021G to SR25.5 thousand over the six-month period ended 30 September 2022G.
- Business-to-consumer ("B2C"): Revenue generated from B2C customers increased from SR45.6 million during the six-month period ended 30 September 2021G to SR81.9 million during the six-month period ended 30 September 2022G, as a result of (1) a significant increase in the number of services provided to B2C customers from 53.6 thousand services during the six-month period ended 30 September 2021G to 88.0 thousand services during the six-month period ended 30 September 2022G, on the back of the competitive prices offered for products and services to B2C customers as part of the turn-around strategy,

(2) expanding the Company's marketing and advertising efforts, and (3) improving the sales commission distribution scheme.

- Wholesale revenue: increased from SR15.3 million during the six-month period ended 30 September 2021G to SR81.6 million during the six-month period ended 30 September 2022G, due to the increase in international traffic routed through the Company's network, in addition to the increase in revenue from dark fiber provided to one of the Company's wholesale customers.

6.9.2.2 Cost of revenue

Table No. (6.12): Cost of revenue for the six-month period ended 30 September 2021G and 2022G

SR in 000s	Six-month period ended 30 September 2021G (Reviewed)	Six-month period ended 30 September 2022G (Reviewed)	Variance 30 September 2021G - 30 September 2022G
Capacity lease charges	45,354	74,073	63.3%
Voice interconnection charges	5,353	52,928	888.8%
Depreciation and amortization	30,451	22,584	(25.8%)
Government fees	14,493	20,274	39.9%
Inventory consumption and installation	12,246	19,946	62.9%
Employees' costs	9,414	11,243	19.4%
Network maintenance and support	1,542	2,385	54.7%
Site rentals and utilities	1,391	1,627	17.0%
Other	1,213	2,780	129.2%
Total	**121,457**	**207,840**	**71.1%**
As a % of revenue			ppt
Capacity lease charges	29.1%	25.7%	(3.4)
Voice interconnection charges	3.4%	18.3%	14.9
Depreciation and amortization	19.5%	7.8%	(11.7)
Government fees	9.3%	7.0%	(2.3)
Inventory consumption and installation	7.9%	6.9%	(0.9)
Employees' costs	6.0%	3.9%	(2.1)
Network maintenance and support	1.0%	0.8%	(0.2)
Site rentals and utilities	0.9%	0.6%	(0.3)
Other	0.8%	1.0%	0.2
Average number of employees			
Average number of full-time employees	31	39	25.8%
Average monthly salary per employee (SR)	14,381	8,659	(39.8%)
Average number of outsourced employees	107	110	2.8%
Average monthly salary per outsourced employee (SR)	10,058	13,651	35.7%

Source: The reviewed financial statements for the six-month period ended 30 September 2021G and 2022G

Cost of revenue increased from SR121.5 million during the six-month period ended 30 September 2021G to SR207.8 million during the six-month period ended 30 September 2022G, in line with the increase in the Company's revenue, this increase was mainly driven by due to the increase in the following expenses incurred (1) the capacity lease charges, (2) the voice interconnection charges, (3) Government fees, and (4) inventory consumption and installation.

It is worth noting that the total cost of revenue as a percentage of revenue decreased from 78% during the six-month period ended 30 September 2021G to 72% during the six-month period ended 30 September 2022G.

Capacity lease charges

Capacity lease charges increased from SR45.4 million during the six-month period ended 30 September 2021G to SR74.1 million during the six-month period ended 30 September 2022G mainly driven by the increase in LTE and FTTH costs following the increase in B2C revenue.

Voice interconnection charges

Voice interconnection charges increased from SR5.4 million during the six-month period ended 30 September 2021G to SR52.9 million during the six-month period ended 30 September 2022G, in line with the increase in voice interconnection revenue during the aforementioned period.

Government fees

Government fees increased from SR14.5 million during the six-month period ended 30 September 2021G to SR20.3 million during the six-month period ended 30 September 2022G due to the increase in licensing fees in line with the increase in revenue.

Inventory consumption and installation

Inventory consumption and installation fees increased from SR12.2 million during the six-month period ended 30 September 2021G to SR19.9 million during the six-month period ended 30 September 2022G due to (1) the increase in the inventory consumption and installation related to B2B services, and (2) the increase in LTE and FTTH router costs.

Employees' costs

Employees' costs increased from SR9.4 million during the six-month period ended 30 September 2021G to SR11.2 million during the six-month period ended 30 September 2022G as a result of the increase in the number of outsourced employees by 5 employees, in addition to the increase in the average monthly salaries of outsourced employees by 29%, from SR10.1 thousand during the six-month period ended 30 September 2021G to SR13.7 thousand during the six-month period ended 30 September 2022G. This increase is mainly due to the Company signing new agreements with three new outsourcing companies as part of improving its workforce at relatively higher rates.

Network maintenance and support

Network maintenance and support expenses increased from SR1.5 million during the six-month period ended 30 September 2021G to SR2.4 million during the six-month period ended 30 September 2022G, due to the increase in data center maintenance charges.

Site rentals and utilities

Site rentals and utilities cost increased from SR1.4 million during the six-month period ended 30 September 2021G to SR1.6 million during the six-month period ended 30 September 2022G as a result of an increase in electricity charges by SR236 thousand.

It should be noted that cost of site rentals and utilities as a percentage of revenue decreased from 0.9% during the six-month period ended 30 September 2021G to 0.6% during the six-month period ended 30 September 2022G.

Other

Other expenses increased from SR1.2 million during the six-month period ended 30 September 2021G to SR2.8 million during the six-month period ended 30 September 2022G due to additional expenses incurred in relation to cloud and hosting services. It should be noted that other expenses as a percentage of revenue increased from 0.8% during the six-month period ended 30 September 2021G to 1.0% during the six-month period ended 30 September 2022G.

6.9.2.3 General and administrative expenses

Table No. (6.13): General and administrative expenses for the six-month period ended 30 September 2021G and 2022G

SR in 000s	Six-month period ended 30 September 2021G (Management information)	Six-month period ended 30 September 2022G (Management information)	Variance 30 September 2021G - 30 September 2022G
Employees' costs	12,830	13,944	8.7%
Depreciation and amortization	7,284	7,570	3.9%
Network maintenance and support	2,274	3,675	61.6%
Medical, visa and iqama charges	1,482	678	(54.3%)
Professional and consultancy charges	3,468	1,509	(56.5%)
Utilities charges	59	88	49.2%
Computer accessories and software	100	115	15.0%
Other	9,798	3,747	(61.8%)
Total	**37,295**	**31,326**	**(16.0%)**
As a % of revenue			**ppt**
Employees' costs	8.2%	4.8%	(3.4)
Depreciation and amortization	4.7%	2.6%	(2.1)
Network maintenance and support	1.5%	1.3%	(0.2)
Medical, visa and iqama charges	1.0%	0.2%	(0.7)
Professional and consultancy charges	2.2%	0.5%	(1.7)
Utilities charges	0.0%	0.0%	(0.0)
Computer accessories and software	0.1%	0.0%	(0.0)
Other	6.3%	1.3%	(5.0)

Source: Management information

Employees' costs

Employees' costs increased from SR12.8 million during the six-month period ended 30 September 2021G to SR13.9 million during the six-month period ended 30 September 2022G, mainly due to the increase in the number of full-time employees (from 74 to 81) in addition to the increase in the average monthly salary per employee (from SR18.7 thousand to SR20.3 thousand).

It should be noted that the employees' costs decreased as a percentage of revenue from 8.2% during the six-month period ended 30 September 2021G to 4.8% during the six-month period ended 30 September 2022G.

Network maintenance and support

Network maintenance and support expenses increased from SR2.3 million during the six-month period ended 30 September 2021G to SR3.7 million during the six-month period ended 30 September 2022G, as a result of the increase in IT maintenance and support service expenses. Network maintenance and support expenses decreased as a percentage of revenue from 1.5% to 1.3% during the same period.

Medical, visa and iqama charges

Medical, visa and iqama charges decreased from SR1.5 million during the six-month period ended 30 September 2021G to SR0.7 million during the six-month period ended 30 September 2022G as a result of reclassifying part of these expenses under "other general and administrative expenses" for the period from May 2022G to July 2022G.

Professional and consultancy charges

Professional and consultancy charges decreased from SR3.5 million during the six-month period ended 30 September 2021G to SR1.5 million during the six-month period ended 30 September 2022G, as a result of the decrease in expenses related to tax consulting charges in relation to zakat studies for the Zakat, Tax and Customs Authority as well as technical consultancy fees related to the HR transformation project.

Utilities charges

Utilities charges increased from SR59 thousand during the six-month period ended 30 September 2021G to SR88 thousand during the six-month period ended 30 September 2022G, as a result of the increase in electricity expenses by SR27 thousand during this period.

Computer accessories and software

The computer accessories and software expenses remained stable at an average of SR108 thousand during the six-month period ended 30 September 2021G and 30 September 2022G.

Other

Other general and administrative expenses decreased from SR9.8 million during the six-month period ended 30 September 2021G to SR3.7 million during the six-month period ended 30 September 2022G, as a result of (1) the decrease in fees related to advisory fees incurred in connection with the potential capital raise through a rights issue on the Saudi Stock Exchange market ("Tadawul"), and (2) the municipality fees paid to the Riyadh municipality.

6.9.2.4 Selling and marketing expenses

Table No. (6.14): Selling and marketing expenses for the six-month period ended 30 September, 2021G and 2022G

SR in 000s	Six-month period ended 30 September 2021G (Reviewed)	Six-month period ended 30 September 2022G (Reviewed)	Variance 30 September 2021G - 30 September 2022G
Employees' costs	11,414	12,154	6.5%
Dealer' commission	8,673	16,829	94.0%
Customer care	969	1,374	41.8%
Marketing and advertisement	1,424	3,145	120.9%
Other	30	187	523.3%
Total	**22,510**	**33,689**	**49.7%**
As a % of revenue			**ppt**
Employees' costs	7.3%	4.2%	(3.1)
Dealer' commission	5.6%	5.8%	0.3
Customer care	0.6%	0.5%	(0.1)
Marketing and advertisement	0.9%	1.1%	0.2
Other	0.0%	0.1%	0.0

Source: The reviewed financial statements for the six-month period ended 30 September 2021G and 2022G

Employees' costs

Employees' costs increased from SR11.4 million during the six-month period ended 30 September 2021G to SR12.2 million during the six-month period ended 30 September 2022G, mainly due to the increase in the number of full-time employees (by 7 employees) following the recruitment of sales specialists. It should be noted that the employees' cost as a percentage of revenue decreased from 7.3% during the six-month period ended 30 September 2021G to 4.2% during the six-month period ended 30 September 2022G.

Dealers' commission

Dealers commission increased from SR8.7 million during the six-month period ended 30 September 2021G to SR16.8 million during the six-month period ended 30 September 2022G, in line with the increase in revenue and operations of the Company, coupled with an increase in the number of services provided to customers.

Customer care

Customer care expenses increased from SR1.0 million during the six-month period ended 30 September 2021G to SR1.4 million during the six-month period ended 30 September 2022G, due to Management's initiative to improve customer service, and increase competition.

Marketing and advertisement

Marketing and advertisement expenses increased from SR1.4 million during the six-month period ended 30 September 2021G to SR3.1 million during the six-month period ended 30 September 2022G due to the Company's turnaround strategy for acquiring new customers to induce revenue growth.

Other

Other selling and marketing expenses increased from SR30 thousand during the six-month period ended 30 September 2021G to SR187 thousand during the six-month period ended 30 September 2022G as a result of additional marketing and advertising expenses incurred as part of the Company's turnaround strategy.

6.9.3 Historical Balance Sheets

Table No. (6.15): Balance sheet as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Assets				
Non-current assets				
Property and equipment	221,878	117,624	124,449	125,507
Right of use assets	260,274	248,808	117,279	107,187
Intangible assets	701,016	365,024	344,538	332,995
Total non-current assets	1,183,168	731,456	586,266	565,689
Current assets				
Inventories	3,352	9,557	8,151	13,432
Trade receivables	212,397	187,750	117,681	169,536
Other current assets	131,462	35,271	50,094	50,416
Cash and cash equivalents	122,530	71,113	83,257	35,275
Total current assets	469,741	303,690	259,183	268,660
Total assets	1,652,909	1,035,146	845,448	834,348
Equity and liabilities				
Equity				
Share capital	228,529	228,529	89,999	89,999
Accumulated losses	(77,787)	(116,790)	(16,003)	(11,037)
Total equity	150,742	111,739	73,996	78,962
Liabilities				
Non-current liabilities				
Long term accounts payable	143,946	211,583	185,013	137,449
Non-current portion of lease liabilities	256,450	250,254	132,503	110,602
Employees' defined benefit obligation	8,310	8,332	8,844	8,482
Decommissioning provision	3,095	3,213	3,336	3,399

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Total non-current liabilities	**411,801**	**473,382**	**329,696**	**259,932**
Current liabilities				
Murabaha financing – current portion	7,767	-	-	-
Accounts payable	805,934	160,224	188,043	235,242
Other current liabilities	131,816	112,087	136,694	148,070
Current portion of lease liabilities	106,745	113,417	55,644	64,683
Deferred income	35,404	36,895	43,976	41,184
Provision for zakat and tax	2,699	27,399	17,399	6,275
Total current liabilities	1,090,367	450,023	441,756	495,454
Total liabilities	**1,502,168**	**923,406**	**771,452**	**755,386**
Total equity and liabilities	**1,652,909**	**1,035,145**	**845,448**	**834,348**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Non-current assets

Non-current assets consist of (1) intangible assets mainly in relation to a license received from the Communications, Space & Technology Commission ("CSTC") valid until 2049G, and network capacity that represents the various IRU agreements with telecom operators in the Kingdom of Saudi Arabia, (Bayanat, ITC, STC), (2) right of use assets representing leased communication tower sites and warehouses, (3) property and equipment representing network infrastructure, capital work in progress and leasehold improvements.

Non-current assets decreased from SR1.2 billion as at 31 March 2020G to SR0.7 billion as at 31 March 2021G driven by (1) the decrease in property, plant and equipment resulting from differences between the market value of the assets and the book value, (2) the decrease in intangible assets after the settlement agreement, and the new contract agreement with Saudi Telecommunication Company.

Non-current assets decreased from SR731.5 million as at 31 March 2021G to SR586.3 million as at 31 March 2022G, as a result of the cancellation of some agreements for the rights to use assets (telecom tower contracts).

Non-current assets decreased to SR565.7 million as at 30 September 2022G as a result of a decrease in the right of use assets as well as a decrease in intangible assets on the back of depreciation charges.

Current assets

Current assets comprise of inventories, trade receivables, cash, margins held by banks against letters of guarantee issued, prepayments, and other current assets.

Current assets decreased from SR469.7 million as at 31 March 2020G to SR303.7 million as at 31 March 2021G mainly due to the decrease in (1) prepayments and other current assets by SR96.2 million, (2) cash and cash equivalents by SR51.4 million and (3) trade receivables by SR24.6 million.

Current assets decreased to SR259.2 million as at 31 March 2022G as a result of the decrease in trade receivables.

Current assets increased to SR268.7 million as at 30 September 2022G due to the increase in (1) inventories by SR5.3 million as the Company had to purchase new inventory items in relation to LTE and FTTH routers, as historically such items were provided by STC, as part of the old agreement, and (2) trade receivables by SR51.9 million, partially offset by the decrease in cash and cash equivalents by SR48.0 million.

Equity

Total equity decreased from SR150.7 million as at 31 March 2020G to SR111.7 million as at 31 March 2021G as a result of the increase in accumulated losses during the period.

Total equity decreased from SR111.7 million as at 31 March 2021G to SR73.9 million as at 31 March 2022G as a result of (1) the Company's board of directors' decision to reduce capital by SR138.53 million to absorb the accumulated losses, and (2) losses recorded as at 31 March 2022G with a total amount of SR16.0 million.

Equity increased to SR78.9 million as at 30 September 2022G following the decrease in losses recorded during the period from SR16.0 million as at 31 March 2022G to SR11.0 million as at 30 September 2022G.

Non-current liabilities

Non-current liabilities increased from SR411.8 million as at 31 March 2020G to SR473.4 million as at 31 March 2021G, as a result of an increase in long-term payables by SR67.6 million after rescheduling payments to Saudi Telecommunication Company through five equal installments.

Non-current liabilities decreased to SR329.7 million as at 31 March 2022G, as a result of the decrease in (1) long-term payables by SR26.6 million, and (2) lease commitments by 117.8 million Saudi riyals following the cancellation of some agreements related to unused leased towers.

Non-current liabilities decreased to SR259.9 million as at 30 September 2022G as a result of the decrease in (1) long-term payables by SR47.6 million, and (2) lease liabilities by SR21.9 million as a result of amortization charges.

Current liabilities

Current liabilities decreased from SR1.09 billion as at 31 March 2020G to SR450.0 million as at 31 March 2021G as a result of the decrease in accounts payable.

Current liabilities decreased to SR441.8 million as at 31 March 2022G, as a result of a decrease in (1) lease liabilities by an amount of SR57.7 million, and (2) provision for zakat and tax by an amount of SR10.0 million, partially offset by an increase in (1) accounts payable and other liabilities by SR52.4 million, and (ii) deferred income with a total amount of SR7.1 million.

Current liabilities increased to SR495.5 million as at 30 September 2022G, mainly as a result of the increase in accounts payable by SR47.2 million.

6.9.3.1 Non-current assets

Table No. (6.16): Noncurrent assets as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Property and equipment	221,878	117,624	124,449	125,507
Right of use assets	260,274	248,808	117,279	107,187
Intangible assets	701,016	365,024	344,538	332,995
Total non-current assets	1,183,168	731,455	586,266	565,689

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

6.9.3.1.1 Property and equipment

Table No. (6.17): Net book value of property and equipment as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Leasehold improvements	-	1,354	3,441	3,198
Network infrastructure	213,971	107,802	111,435	112,629
Facilities, vehicles, support & IT equipment	3,278	3,838	5,705	5,813
Capital work in progress	4,630	4,630	3,867	3,867
Total	221,878	117,624	124,449	125,507

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Table No. (6.18): Accumulated depreciation as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Leasehold improvements	3,671	3,693	4,068	4,312
Network infrastructure	852,190	963,132	976,066	983,172
Facilities, vehicles, support & IT equipment	29,475	29,858	30,477	30,808
Capital work in progress	-	-	-	-
Total	**885,335**	**996,683**	**1,010,611**	**1,018,291**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Leasehold improvements

Leasehold improvements relate to repairs and improvements made to the Company's buildings, in addition to some electrical work.

The net book value for leasehold improvements was nil as at 31 March 2020G as it was fully depreciated.

Leasehold improvements increased to SR1.4 million as at 31 March 2021G as a result of additions during the same period, and further increased to SR3.4 million as at 31 March 2022G.

Leasehold improvements decreased to SR3.2 million as at 30 September 2022G due to depreciation charges.

Network infrastructure

Network infrastructure mainly consist of network communication devices, which constituted 90.0% of the book value as at 30 September 2022G.

Network infrastructure decreased from SR214.0 million as at 31 March 2020G to SR107.8 million as at 31 March 2021G, resulting from the differences between the market value of assets and the recorded book value, which resulted in an impairment amounting to SR93.4 million, coupled with depreciation charges of SR17.6 million during the period. This was slightly offset by additions of SR4.7 million during the year.

Network infrastructure increased to SR111.4 million as at 31 March 2022G, as a result of infrastructure additions amounting to SR15.8 million for the investment in 5G technology, partly offset by depreciation charges of SR12.9 million during the period.

Network infrastructure increased to SR112.6 million as at 30 September 2022G, as a result of additions of SR8.3 million, partly offset by depreciation charges of SR7.1 million during the period.

It is worth noting that network infrastructure was 90% depreciated as at 30 September 2022G.

Facilities, vehicles, support & IT equipment

Facilities, vehicles, support & IT equipment amounted to SR3.3 million as at 31 March 2020G.

Facilities, vehicles, support & IT equipment increased to SR3.8 million as at 31 March 2021G due to additions of SR0.9 million, slightly offset by depreciation charges of SR0.4 million.

The net book value for facilities, vehicles, support & IT equipment increased to SR5.7 million as at 31 March 2022G due to additions of SR2.5 million, which were partly offset by depreciation charges of SR0.6 million during the year.

The net book value for facilities, vehicles, support & IT equipment increased to SR5.8 million as at 30 September 2022G due to additions of SR0.4 million, which were partly offset by depreciation charges of SR0.3 million during the year.

Capital work in progress

Capital work in progress mainly include the cost for development of internal systems. Net book value amounted to SR4.6 million as at 31 March 2020G and 2021G.

During 2022G, there was a transfer of SR0.8 million from capital work in progress to network infrastructure, and accordingly, the net book value decreased to SR3.9 million as at 31 March 2022G and 30 September 2022G.

6.9.3.1.2 Right of use assets

Table No. (6.19): Right of use assets as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Tower sites	259,051	236,706	107,684	98,177
Telecommunication towers	673	497	322	234
Building & warehouses	550	11,605	9,273	8,776
Total	**260,274**	**248,808**	**117,279**	**107,187**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Tower sites

The Company adopted IFRS 16 "Leases", whereby lease contracts are recognized as right-of-use assets with corresponding liabilities at the date when the leased assets are ready for use. The lease payments are distributed between the lease obligation and the finance cost. The finance cost is recognized in profit or loss over the term of the lease. Right of use assets are depreciated over the useful life of the asset or the lease term on a straight-line basis, and mainly comprised of tower sites leased by the Company.

Tower sites amounted to SR259.1 million as at 31 March 2020G, and SR236.7 million as at 31 March 2021G.

Tower sites decreased to SR107.7 million as at 31 March 2022G as the Company cancelled the agreement of some tower contracts (543 contracts) with a total amount of SR101.5 million. Tower sites further decreased to SR98.2 million as at 30 September 2022G, as a result of amortization charges incurred during the period.

Telecommunication towers

Telecommunication towers represented the value associated with 500 towers that were sold and leased back from the Saudi Telecommunication Company and recorded a total balance of SR0.2 million as at 30 September 2022G.

Building & warehouses

Building & warehouses amounted to SR8.8 million as at 30 September 2022G and relates to warehouses and other rented buildings.

6.9.3.1.3 Intangible assets

Table No. (6.20): Intangible assets as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
License	328,280	316,960	305,640	299,980
Network capacity	372,566	47,991	38,898	33,015
Software	170	73	-	-
Total	**701,016**	**365,024**	**344,538**	**332,995**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G.

License

The Communications, Space & Technology Commission has extended the Company's license for a period of 15 years. Accordingly, as at 1 December 2016G, the remaining book value of the license was amortized over the adjusted useful life of 32 years (valid until 31 March 2049G).

Licenses decreased from SR328.3 million as at 31 March 2020G to SR317.0 million as at 31 March 2021G as a result of amortization charges amounting to SR11.3 million.

The net book value of licenses decreased from SR317.0 million as at 31 March 2021G to SR305.6 million as at 31 March 222G as a result of amortization charges amounting to SR11.3 million and further decreased to SR300.0 million as at 30 September 2022G as a result of amortization charges amounting to SR5.7 million recorded during the period.

Network capacity

Network capacity relates to several irrevocable rights of use (IRU) agreements signed with telecom operators in the Kingdom of Saudi Arabia.

A new agreement regarding (IRU) fiber optic for homes was made with Saudi Telecommunication Company in exchange for a settlement, as the Company decided to return the 40,000 IRUs (purchased during 2017G) to the operator in exchange for settlement of accounts payable balance, which led to a decrease in the book value from SR372.6 million as at 31 March 2020G to SR48.0 million as at 31 March 2021G.

Network capacity decreased to SR38.9 million as at 31 March 2022G as a result of the amortization charge amounting to SR11.6 million.

Network capacity decreased from SR38.9 million as at 31 March 2022G to SR33.0 million as at 30 September 2022G as a result of the amortization charge amounting to SR5.9 million.

Software

Software decreased from SR170 thousand as at 31 March 2020G to SR73 thousand as at 31 March 2021G, as a result of the amortization charge amounting to SR97 thousand.

Net book value for software decreased from SR73 thousand as at 31 March 2021G to nil as at 30 September 2022G as a result of the amortization charge during the period.

6.9.3.2 Current assets

Table No. (6.21): Current assets as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Inventories	3,352	9,557	8,151	13,432
Trade receivables	212,397	187,750	117,681	169,536
Other current assets	131,462	35,271	50,094	50,416
Cash and cash equivalents	122,530	71,113	83,257	35,275
Total current assets	**469,741**	**303,690**	**259,183**	**268,660**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

6.9.3.2.1 Inventories

Table No. (6.22): Inventories as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Customer premises equipment and USB dongles	15,471	21,182	14,221	20,992
Spare parts	1,661	2,154	7,709	6,219
Prepaid cards	171	171	171	171
Total inventories	17,303	23,507	22,101	27,382
Provision for obsolete and slow-moving inventories	(13,951)	(13,951)	(13,951)	(13,951)
Total	**3,352**	**9,557**	**8,151**	**13,432**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Customer premises equipment and USB dongles

The Company uses special equipment to provide its services to all its clients.

The balance of customer premises equipment and USB dongles increased from SR15.5 million as at 31 March 2020G to SR21.2 million as at 31 March 2021G as a result of additions made during the year mainly driven by the change in STC agreement during 2021G, as the Company had to purchase FFTH and LTE routers for its customers.

The value of the customer premises equipment and USB dongles decreased from SR21.2 million as at 31 March 2021G to SR14.2 million as at 31 March 2022G following the increase in B2C sales, where the majority of these inventory items were sold as part of the internet packages.

The balance then increased to SR21.0 million as at 30 September 2022G driven by the overall increase in the Company's operations.

Spare parts

Spare parts consist of parts used in network infrastructure assets.

Spare parts increased from SR1.7 million as at 31 March 2020G to SR2.2 million as at 31 March 2021G as a result of additions made during the year.

Spare parts increased from SR2.2 million as at 31 March 2021G to SR7.7 million as at 31 March 2022G as a result of additions made during the year.

Spare parts decreased to SR6.2 million as at 30 September 2022G as a result of the use of spare parts.

Prepaid cards

The balance of prepaid cards remained stable at SR171 thousand as at 31 March 2020G, 31 March 2021G, 31 March 2022G, and as at 30 September 2022G.

Provision for obsolete and slow-moving inventories

Provision for obsolete and slow-moving inventories amounted to SR14.0 million as at 31 March 2020G, 31 March 2021G, 31 March 2022G and 30 September 2022G, and mainly related to equipment specifically used at customer premises, which did not witness any movement during the period.

6.9.3.2.2 Trade receivables

Table No. (6.23): Trade receivables as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Trade receivables	298,120	291,682	229,198	287,726
Provision for impairment loss on trade receivables	(85,724)	(103,932)	(111,518)	(118,190)
Total	**212,397**	**187,750**	**117,681**	**169,536**
Day's sales outstanding	259	309	174	101

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Table No. (6.24): Movement in provision for impairment loss on trade receivables as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Balance at the beginning of the year / period	65,313	85,724	103,932	111,518
Charge for the year / period	20,410	18,208	7,586	6,672
Balance at end of the year / period	**85,724**	**103,932**	**111,518**	**118,190**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Table No. (6.25): Aging analysis of net trade receivables as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	Governmental	Non-governmental	Total
30 September 2022G (Reviewed)			
Not past due	32,268	68,568	100,836
Past due:			
1-180 days	-	44,051	44,051
Over 180 days	3,588	21,061	24,649
Total net trade receivables	**35,856**	**133,680**	**169,536**
31 March 2022G (Audited)			
Not past due	2,812	34,927	37,739
Past due:			
1-180 days	9,178	50,514	59,692
Over 180 days	5,874	14,376	20,250
Total net trade receivables	**17,864**	**99,817**	**117,681**

SR in 000s	Governmental	Non-governmental	Total
31 March 2021G (Audited)			
Not past due	1,058	98,317	99,376
Past due:			
1-180 days	5,531	34,845	40,375
Over 180 days	5,170	42,839	47,999
Total net trade receivables	11,759	175,991	187,750
31 March 2020G (Audited)			
Not past due	2,526	90,769	93,376
Past due:			
1-180 days	11,084	49,640	60,724
Over 180 days	14,534	43,844	58,379
Total net trade receivables	28,144	184,253	212,397

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Trade receivables relate to services billed to customers and businesses.

Trade receivables decreased from SR298.1 million as at 31 March 2020G to SR291.7 million as at 31 March 2021G following collections made during the year coupled with the decrease in revenue.

Trade receivables decreased to SR229.2 million as at 31 March 2022G mainly driven by collections from customers during the period.

Trade receivables increased from SR229.2 million as at 31 March 2022G to SR287.7 million as at 30 September 2022G following the increase in the Company's business operations and revenue, mainly in relation to new projects and other new customers.

It is worth noting that trade receivables include an amount of SR44.7 million as at 31 March 2020G, SR47.9 million as at 31 March 2021G, SR841 thousand as at 31 March 2022G and SR601 thousand as at 30 September 2022G due from related parties.

The provision for trade receivables is calculated based on the expected credit loss method, which was applied effective 2019G according to IFRS 9, resulting in recording provision for impairment loss on trade receivables.

An additional provision was made amounting to SR20.4 million as at 31 March 2020G, SR18.2 million as at 31 March 2021G, SR7.6 million as at 31 March 2022G, and SR6.7 million as at 30 September 2022G, accordingly the ending balance of provision for impairment loss on trade receivables amounted to SR85.7 million, SR103.9 million, SR111.5 million, and SR118.2 million as at 31 March 2020G, 31 March 2021G, 31 March 2022G, and 30 September 2022G, respectively.

Net trade receivables consist of governmental and non-governmental receivables, and government receivables constitute 21% of the total net trade receivables as at 30 September 2022G (15% as at 31 March 2022G).

Trade receivables that are not past due represent 59% of the total net receivables as at 30 September 2022G (32% as at 31 March 2022G), while receivables that have been outstanding between 1 and 180 days represent 26% of the total net receivables as at 30 September 2022G (51% as at 31 March 2022G), and receivables outstanding for more than 180 days represent 15% of the total net receivables as at 30 September 2022G (17% as at 31 March 2022G).

6.9.3.2.3 Other current assets

Table No. (6.26): Other current assets as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Margins held by banks against letters of guarantee issued	14,004	15,459	20,522	20,783
Advances to suppliers	2,707	10,825	20,695	23,427
Prepayments	8,528	7,267	732	173
Other receivables	1,875	1,096	7,499	5,332
Advances to employees	1,072	624	647	700
Receivable from a major vendor	97,800	-	-	-
Value added tax refundable, net	5,476	-	-	-
Total	**131,462**	**35,271**	**50,094**	**50,416**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Margins held by banks against letters of guarantee issued

Margins held by banks against letters of guarantee issued increased from SR14.0 million as at 31 March 2020G to SR15.5 million as at 31 March 2021G, related to Huawei and the ZATCA.

Margins held by banks against letters of guarantee increased from SR15.5 million as at 31 March 2021G to SR20.5 million as at 31 March 2022G and further to SR20.8 million as at 30 September 2021G mainly driven by the increase in the Company's operations and revenue in general.

Advances to suppliers

Advances to suppliers increased from SR2.7 million as at 31 March 2020G to SR10.8 million as at 31 March 2021G, mainly driven by advances for equipment used to provide services to clients.

Advances to suppliers further increased to SR20.7 million as at 31 March 2022G stemming from an increase in advances to STC, mainly in connection equipment specifically used at customer premises.

Advances to suppliers increased from SR20.7 million as at 31 March 2022G to SR23.4 million as at 30 September 2022G for the same reasons mentioned above.

Prepayments

Prepayments relate to payments made to insurance companies and payments made to other telecom companies that provide access for use of their own infrastructure. Prepayments decreased from SR8.5 million as at 31 March 2020G to SR7.3 million as at 31 March 2021G.

Prepayment balances significantly decreased to SR732 thousand as at 31 March 2022G driven by Management reclassifying the balances under advances to suppliers.

Prepayments significantly decreased from SR732 thousand at 31 March 2022G to SR 173 thousand as at 30 September 2022G for the same reasons mentioned above.

Other receivables

Other receivables decreased from SR1.9 million as at 31 March 2020G, SR1.1 million as at 31 March 2021G in line with the increase advances from dealers.

Other receivables amounted to SR7.5 million as at 31 March 2022G, and SR5.3 million as at 30 September 2022G in line with the increase advances from dealers.

Advances to employees

Advances to employees increased from SR624 thousand as at 31 March 2021G to SR647 thousand as at 31 March 2022G and SR700 thousand as at 30 September 2022G as some new employees received housing allowances in advance, exceptionally.

Receivables from a major vendor

Receivables from a major vendor consists of an advance payment against the contract with Saudi Telecommunication Company, amounting to SR97.8 million as at 31 March 2020G.

The balance decreased to nil as at 31 March 2021G, 31 March 2022G, and 30 September 2022G following the settlement of all balances and dues between the two parties in December 2020G, following the agreement that was signed in February 2021G.

Value added tax refundable, net

Value added tax refundable amounted to SR5.5 million as at 31 March 2020G. The balance decreased to nil as at 31 March 2021G, 31 March 2022G, and 30 September 2022G as the Company settled this balance.

6.9.3.2.4 Cash and cash equivalents

Table No. (6.27): Cash and cash equivalents as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Cash and cash equivalents	122,530	71,113	83,257	35,275

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

The balance of cash and cash equivalents decreased from SR122.5 million as at 31 March 2020G to SR71.1 million as at 31 March 2021G, mainly driven by the decrease in operating cash flows as a result of the impairment loss on property and equipment amounting to SR101.1 million.

The balance of cash and cash equivalents increased from SR71.1 million as at 31 March 2021G to SR83.3 million as at 31 March 2022G driven by the improvement in working capital changes to a positive balance.

The balance of cash and cash equivalents decreased from SR83.3 million as at 31 March 2022G to SR35.3 million as at 30 September 2022G as a result of the decrease in operating cash flows.

6.9.3.3 Equity

Table No. (6.28): Equity as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Share capital	228,529	228,529	89,999	89,999
Accumulated losses	(77,787)	(116,790)	(16,003)	(11,037)
Total	**150,742**	**111,739**	**73,996**	**78,962**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

6.9.3.3.1 Share capital

As at 31 March 2021G, the Company's authorized, issued, and paid-up capital amounted to SR228.5 million, consisting of 22.85 million shares at a value of SR10 per share.

As at 10 October 2021G, the Board of Directors issued a decision to reduce the Company's capital from SR228.5 million to SR90.0 million by reducing the Company's capital by an amount of SR138.5 million by canceling 13.853 million shares, and the General Assembly approved this decision on 23 January 2022G.

As at 31 March 2022G and 30 September 2022G, the Company's authorized, issued, and paid-up capital amounted to SR90.0 million.

6.9.3.3.2 Accumulated losses

Accumulated losses increased from SR77.8 million as at 31 March 2020G to SR116.8 million as at 31 March 2021G.

Accumulated losses decreased to SR16.0 million as at 31 March 2022G following the Company's board of directors' decision to reduce capital by SR138.5 million to absorb the accumulated losses.

Accumulated losses decreased to SR11.0 million as at 30 September 2022G, as the Company recorded a net profit of SR5.0 million during the six-month period ended on 30 September 2022G.

6.9.3.4 Non-current liabilities

Table No. (6.29): Noncurrent liabilities as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Long term accounts payable	143,946	211,583	185,013	137,449
Non-current portion of lease liabilities	256,450	250,254	132,503	110,602
Employees' defined benefit obligation	8,310	8,332	8,844	8,482
Decommissioning provision	3,095	3,213	3,336	3,399
Total	**411,801**	**473,383**	**329,696**	**259,932**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

6.9.3.4.1 Long term accounts payable

Long-term accounts payable mainly include payables to Saudi Telecommunication Company.

Long-term accounts payable increased from SR143.9 million as at 31 March 2020G to SR211.6 million as at 31 March 2021G. The long-term accounts payable then decreased to SR185.0 million as at 31 March 2022G and SR137.4 million as at 30 September 2022G due to the settlement of annual payments.

6.9.3.4.2 Non-current portion of lease liabilities

Lease liabilities mainly related to lease contracts for sites linked to the towers owned by the Company, which were registered in accordance with IFRS 16, and amounted to SR256.5 million as at 31 March 2020G, and SR250.3 million as at 31 March 2021G due to delayed lease payments due to cash constraints.

Lease liabilities decrease from SR250.3 million as at 31 March 2021G to SR132.5 million as at 31 March 2022G following the cancelation of the agreement of the unused leased towers.

Lease liabilities decrease from SR132.5 million as at 31 March 2022G to SR110.6 million as at 30 September 2022G following the payments made amounting to SR15.1 million, partially offset by additions of SR5.1 million during the period.

6.9.3.4.3 Employees' defined benefit obligations

Table No. (6.30): Employees' defined benefit obligations as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Balance at beginning of the year / period	9,524	8,310	8,332	8,844
Amount recognized in profit or loss account	1,655	1,332	1,447	795
Re-measurement loss/(gain) recognized in other comprehensive loss/(income)	(112)	743	344	-
Benefits paid during the year/ period	(2,757)	(2,054)	(1,279)	(1,157)
Total	**8,310**	**8,332**	**8,844**	**8,482**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

The Company operates an unfunded gratuity scheme for all of its employees in accordance with the requirements of Saudi

Labor Law. The Company's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods on the basis of actuarial valuation.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognizes the following changes in the defined benefits obligation in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

The calculation of defined benefits obligation has been performed by a qualified actuary using the projected unit credit method. The most recent actuarial valuation was performed on 31 March 2022G.

Table No. (6.31): Principal actuarial assumptions and sensitivity analysis for employees' defined benefit obligations as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Discount rate used	3.80%	3.80%	3.80%	Not applicable
Future growth in salary	0.50%	0.50%	0.50%	Not applicable

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

The above sensitivity analysis was based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in the key assumptions that occurred at the end of each period. The sensitivity analysis is based on a change in a fundamental assumption with all other assumptions held constant. The sensitivity analysis may not represent the actual change in the defined benefit obligations as it is unlikely that changes in the assumptions will occur in isolation from each other.

The provision for employee benefits obligations remained stable at SR8.3 million as at 31 March 2020G and 31 March 2021G, with no movement in the balance during the year as a result of recording amounts recognized in profit or loss for the year amounting to SR1.3 million, in addition to losses of SR743.6 thousand that were recorded in other comprehensive income, resulting from the re-measurement, offset by amounts paid to employees of SR2.1 million during the same period.

The provision for employee benefits obligations amounted to SR8.8 million as at 31 March 2022G, mainly due to the decrease in benefits paid to employees during the period.

The balance of the provision for employee benefits obligations decreased to SR8.4 million as at 30 September 2022G, as a result of the payments made to employees during the period.

6.9.3.4.4 Decommissioning provision

The provision for decommissioning cost arises on construction of networking sites. A corresponding asset is recognized in property and equipment upon initial recognition of the provision. Dismantling costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pretax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

The decommissioning provision increased from SR3.1 million as at 31 March 2020G, to SR3.2 million as at 31 March 2021G due to the increase in the provision.

The decommissioning provision increased from SR3.2 million as at 31 March 2021G to SR3.3 million as at 31 March 2022G due to the increase in the provision.

The decommissioning provision increased from SR3.3 million as at 31 March 2022G to SR3.4 million as at 30 September 2022G due to the additions made during the period.

6.9.3.5 Current liabilities

Table No. (6.32): Current liabilities as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Murabaha financing – current portion	7,767	-	-	-
Accounts payable	805,934	160,224	188,043	235,242
Other current liabilities	131,816	112,087	136,694	148,070
Current portion of lease liabilities	106,745	113,417	55,644	64,683
Deferred income	35,404	36,895	43,976	41,184
Provision for zakat and tax	2,699	27,399	17,399	6,275
Total	**1,090,367**	**450,023**	**441,756**	**495,454**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

6.9.3.5.1 Murabaha financing – current portion

This item represents the current portion of the Murabaha financing which the Company obtained and which was used for capital expenditures, and decreased from SR7.8 million as at 31 March 2020G to nil as at 31 March 2021G, 31 March 2022G and 30 September 2022G, following the repayment of the loan.

6.9.3.5.2 Accounts payable

Table No. (6.33): Accounts payable as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Management information)	31 March 2021G (Management information)	31 March 2022G (Management information)	30 September 2022G (Management information)
STC	495,438	3,278	84,775	134,783
WiMAX	45,104	33,798	41,548	32,985
Tawal	-	-	20,700	18,700
CSTC	8,912	14,914	32,554	32,486
Dawiyat Communication Co	4,497	5,250	-	12,441
Others	221,626	71,571	16,341	11,722
Related parties	30,464	31,606	-	-
Total	**805,934**	**160,224**	**188,043**	**235,242**

Source: Management information

Accounts payable decreased from SR805.9 million as at 31 March 2020G to SR160.2 million as at 31 March 2021G, mainly due to the decrease in payables due to the Saudi Telecommunication Company.

Accounts payable increased to SR188.0 million as at 31 March 2022G, and further to SR235.2 million as at 30 September 2022G.

Accounts payable mainly consisted of an amount owed to STC in connection with an irrevocable right of use agreement for Fiber Optic Home (FTTH IRU).

Accounts payable to STC decreased from SR495.4 million as at 31 March 2020G to SR3.3 million as at 31 March 2021G, as a result of the new agreement between the two parties in February 2021G to settle all outstanding balances, in exchange for the return of the 40,000 IRUs back to STC (purchased during 2017G). The balance then increased from SR84.8 million as at 31 March 2022G to SR134.8 million as at 30 September 2022G, in line with the increase in the Company's services used that required STC to deliver.

WiMAX rental sites relate to unpaid balances to landowners due to lack of liquidity. It is worth noting that the Company is currently negotiating with the landowners to reschedule these payments.

Related parties relate to a credit balance to Bahrain Telecommunications Company in return for interconnection services provided to the Company. It is worth noting that the amount was fully settled as at 31 March 2022G.

6.9.3.5.3 Other current liabilities

Table No. (6.34): Other current liabilities as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Government fees	78,804	70,888	73,820	89,018
Employees' related expenses	9,761	9,127	22,296	11,921
Voice interconnection	5,198	1,495	1,146	9,714
Capacity lease	14,838	5,304	-	356
Electricity	6,543	616	529	668
Accrued expenses	16,673	24,657	38,905	36,393
Total	131,816	112,087	136,694	148,070

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Other current liabilities consisted of accrued Government fees for the Communications Space and Technology Commission, accrued employees' related expenses, accrued voice interconnection charges, accrued capacity lease charges, and accrued expenses credited to other telecom companies.

Other current liabilities decreased from SR131.8 million as at 31 March 2020G to SR112.1 million as at 31 March 2021G, mainly due to the decrease in the accrued Government fees to the Communications Space and Technology Commission.

Other current liabilities increased to SR136.7 million as at 31 March 2022G and SR148.1 million as at 30 September 2022G as a result of an increase in revenue, which was associated with an increase in accrued payables for these services.

As at 25 January 2022G, the Company obtained the approval of the Ministry of Finance to pay through several installments the Government fees with a total amount of SR22.23 million over a period of 36 months starting from 20 February 2022G.

6.9.3.5.4 Current portion of lease liabilities

Lease liabilities represent the current part of the lease contracts agreed with the Saudi Telecommunication Company to re-lease the towers that have been sold. Lease liabilities increased from SR106.7 million as at 31 March 2020G to SR113.4 million as at 31 March 2021G.

Lease liabilities decreased to SR55.6 million as at 31 March 2022G following the cancelation of the agreement of the unused leased towers during the period. Lease liabilities then increased to SR64.7 million as at 30 September 2022G as a result of the additions during the period.

6.9.3.5.5 Deferred income

Deferred income relates to advance payments received from customers prior to providing the services and recognized as revenue once the services are rendered to the customer.

Deferred income increased from SR35.4 million as at 31 March 2020G to SR36.9 million as at 31 March 2021G, due to the additions during the year.

Deferred income increased from SR36.9 million as at 31 March 2021G to SR44.0 million as at 31 March 2022G in line with the increase in the number of customers.

Deferred income decreased to SR41.2 million as at 30 September 2022G as the revenue was recognized.

6.9.3.5.6 Provision for zakat and tax

Table No. (6.35): Movement in provision for zakat and tax as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Balance at beginning of the year / period	2,699	2,699	27,399	17,399
Zakat charge during the year / period	-	4,505	2,784	-
Income tax charge during the year / period	-	37	-	-
Provision for zakat assessment related to prior years / periods	-	20,158	-	-
Paid during the year / period	-	-	(12,784)	(11,124)
Balance at end of the year / period	**2,699**	**27,399**	**17,399**	**6,275**

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

The Company has filed zakat and tax returns with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 March 31 2021G and the Company is in the process of filing the zakat and tax declaration with ZATCA for the year ended 31 March 2022G.

In July 2015G, ZATCA raised the zakat and withholding tax ("WHT") assessment for the years from 2010G to 2012G, amounting to SR17.43 million and SR0.83 million, respectively. The Company filed an appeal with the ZATCA against the assessments in August 2015G. In response to the appeal filed by the Company, the Preliminary Appeal Committee ("PAC") issued a ruling in October 2016G, based on which the Company's zakat liability was reduced to SR6.98 million, and withholding tax liability remained stable at SR0.83 million. The Company was also liable to pay a fine of SR0.6 million as per the PAC ruling, on the delay of the payment of the WHT.

In December 2016G, the Company filed an appeal to the Higher Appeal Committee ("HAC") against the PAC ruling in relation to the zakat and the imposition of a delay fine on the WHT. However, the Company has settled the WHT liability of SR0.83 million and the related fine of SR0.6 million with the ZATCA.

In March 2022G, the Company received a decision regarding the appeal from the First Appeals Chamber for Income Tax Interventions and Disputes, in which it was stated that some of the points were accepted, and others were rejected. Accordingly, the Company filed an appeal with the General Secretariat of Tax Committees, and no comments or requests have been received yet.

The ZATCA has not issued any assessment up to date with relation to 2013G.

In July 2020G, the ZATCA issued a zakat assessment for 2014G, with an additional amount of SR5.53 million. In September 2020G, the Company objected to the assessment submitted by the ZATCA. In December 2020G, the ZATCA amended the additional amount to become SR5.44 million. However, the Company filed an appeal to the General Secretariat of Tax Committees ("GSTC") against the ZATCA's response received on the objection. The GSTC is on hold since the Company went for a settlement with the Settlement of Zakat and Tax Disputes Committee in August 2021G and the Company attended a hearing record with the Settlement Committee, and the settlement Committee sent the Company a proposal for the years from 2014G to 2018G.

In December 2020G, the ZATCA raised the zakat and tax assessments for 2015G, 2016G, 2017G and 2018G, with an additional amount of SR4.089 million, SR4.57 million, nil and SR18 million, respectively. In February 2021G, the Company filed an objection to the assessment submitted by the ZATCA, and in July 2021G, the ZATCA amended the additional amount related 2015G to SR4.087 million, the additional amount related to 2016G to become SR4.44 million, and the additional amount related to the 2018G to become SR9.28 million. However, the Company filed an appeal to the General Secretariat of the Tax Committees against the ZATCA's response received on the objection. The GSTC is on hold since the Company submitted a settlement request through the Settlement of Zakat and Tax Disputes Committee in August 2021G and the Company attended a hearing record with the Settlement Committee and the Settlement Committee sent the Company a proposal to pay SR20.85 million for the years from 2014G to 2018G, and the Company has accepted the proposal. The Company paid a 20% amount of SR4.17 million on the accepted proposal, and the remaining amount of SR16.68 million, will be paid in four equal quarterly installments, starting from March 2022G.

In October 2021G, the ZATCA raised the zakat assessment for the 2019G with a total nil amount, which is consistent with the declaration submitted for the year subject to the assessment. As of the date of the current financial statements, no zakat assessment for 2020G has been received from the ZATCA.

The first installment of SR4.17 million was paid in March 2022G.

The Company is also in the process of filling out the tax and zakat declaration with the ZATCA for the year ended 31 March 2022G, with an expected zakat provision of SR2.78 million.

The Management and the zakat advisor are of the view that no additional provision is required other than what has already been provided for.

6.9.3.6 Loss per share

Table No. (6.36): Loss per share as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Loss for the year	(71,608)	(38,259)	(37,400)	4,966
Weighted average number of shares for the year	22,582,900	20,272,067	20,272,067	8,999, 900
Basic and diluted loss per share	(3.13)	(1.89)	(1.84)	0.55

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Loss per share is calculated by dividing the loss attributable to the ordinary shareholders of the Company for the years ended 31 March 2020G, 2021G, 2022G and 30 September 2022G by the weighted average number of shares outstanding for the years ended 31 March 2020G, 2021G, 2022G and 30 September 2022G, respectively.

6.9.3.7 Related party transactions and balances

Related parties consist of the significant partners, their subsidiaries and sister companies, and senior management personnel. The Company deals with related parties based on mutually agreed rates and contractual terms approved by the Company's Board of Directors.

The following are the most important transactions that took place with related parties:

Table No. (6.37): Related party transactions and balances as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

Related parties	Relationship	Nature of transaction	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Atheeb Maintenance and Services Limited	Shareholder	Data revenue	81	20	-	-
Atheeb Saudi Intergraph Company Limited	Shareholder	Data revenue	223	190	58	-
Bahrain Telecommunication Company	Shareholder	Data revenue	6,105	3,895	1,082	899
		Interconnection revenue	3,279	3,047	189	135
		Interconnection cost	1,500	1,124	4,418	1,275
Bithar Trading Company Limited	Shareholder	Data revenue	-	-	3,653	-
Saudi Arabian Marketing and Agencies Limited	Affiliate	Data revenue	413	277	66	-
Etihad Shams Company Limited	Affiliate	Data revenue	1,163	644	56	-
Founding shareholders	Shareholder	Guarantee fee	31	30	6	-
Key management personnel		Salaries and benefits	122	19	-	-
		Short-term employee benefits	1,731	3,452	17,231	3,790

Related parties	Relationship	Nature of transaction	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
		Long-term employee benefits	-	-	1,249	-
		End of service	-	1,261	1,407	80
Board of directors		Expenses	222	-	-	-

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

The above transactions resulted in the following balances with these companies:

Table No. (6.38): Due from related parties as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

Due from related parties	Relationship	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Bahrain Telecommunications Company	Shareholder	40,169	42,556	841	601
Bithar Trading Company Limited	Shareholder	458	735	-	-
Saudi Arabian Marketing and Agencies Limited	Affiliate	3,867	4,460	-	-
Atheeb Saudi Intergraph Company Limited	Shareholder	148	95	-	-
Atheeb Maintenance and Services Company Limited	Shareholder	81	86	-	-
Etihad Shams Company Limited	Affiliate	3	12	-	-
Total		44,726	47,944	841	601

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Table No. (6.39): Due to related parties as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

Due from related parties	Relationship	31 March 2020G (Audited)	31 March 2021G (Audited)	31 March 2022G (Audited)	30 September 2022G (Reviewed)
Bahrain Telecommunications Company	Shareholder	28,574	29,711	-	-
Bithar Trading Company Limited	Shareholder	52	53	-	-
Traco Company Trading and Contracting Company	Shareholder	924	925	-	-
Saudi Internet Company Limited	Shareholder	213	213	-	-
Bithar Communications & Information Technology Company Limited	Shareholder	265	266	-	-
Atheeb Maintenance and Services Company Limited	Shareholder	265	266	-	-
Al Nahla Trading and Contracting Company Limited	Shareholder	171	172	-	-
Total		30,464	31,606	-	-

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

Due from related parties decreased from SR44.7 million as at 31 March 2020G to SR601 thousand as at 30 September 2022G mainly due to (1) netting off some balances due from and due to related parties, (2) some related parties sold their shares in the Company, and are therefore no longer considered as related parties, and (3) collecting some related party balances.

Due from related parties amounted to SR601 thousand as at 30 September 2022G, and it consists mainly of balances due from Bahrain Telecommunications Company related to services provided for interconnection services.

According to the Management, the services provided to related parties are done on a commercial basis.

It should be noted that the Company has netted off amounts due to related parties with balances due from related parties. It should also be noted that *Bithar Trading Company Limited and Al Nahla Trading and Contracting Company Limited* sold their shares during June and July 2021G, respectively. Therefore, these companies are no longer considered as related parties.

6.9.3.8 Commitments and contingent liabilities

Letters of guarantee

The banks issued letters of guarantee amounting to SR50.0 million as at 30 September 2022G, 31 March 2022G, 31 March 2021G, and 31 March 2020G.

Legal case status

In the normal course of business, the Company became part of legal cases with a few suppliers and employees. Management believes that the cases will be decreed in favor of the Company, and accordingly no provision has been recognized.

Communications, Space and Technology Commission liability

The Ministry of Finance, in its letter dated 26 August 2017G, instructed the Company to pay an amount of SR155.7 million to the CSTC as royalty. The Company finalized certain aspects of the mechanism for the calculation of the royalty fee payable to CSTC, and CSTC issued revised invoices for royalty fees. However, the CSTC has also issued royalty fee invoices on the internet revenue of the Company. The Management and the legal advisor believe that internet revenue is not subject to royalty fees, and accordingly have raised the matter with the CSTC.

Management believes that the actual amount due to CSTC against all its claims will not exceed the amount recorded in the books of accounts and accordingly no accrual has been recorded in respect of the disputed invoices. Subsequently from 31 January 2018G, the CSTC has revised the calculation of the royalty fee to include Internet services.

6.9.4 Statement of Cash Flows

Table No. (6.40): Statement of cash flows as at 31 March, 2020G, 2021G, 2022G, and 30 September, 2022G

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Six-month period ended 30 September 2022G (Reviewed)
Cash flows from operating activities				
Loss before zakat and income tax	(71,608)	(13,559)	(34,615)	4,966
Adjustments for non-cash items:				
Depreciation and amortization	122,541	99,676	67,001	30,154
Impairment of fixed assets	-	93,369	-	-
Settlement with vendors	-	(101,132)	(29,633)	-
Support fund	-	-	(4,386)	-
Impairment loss on trade receivables	20,410	18,208	7,586	6,672
Loss from disposal of lease contracts	-	-	353	-
Finance income / (costs)	21,000	(18,993)	19,122	9,216
Provision for employees' defined benefit obligation	1,324	1,017	1,112	627
Early payment discount from a vendor	3,195	-	-	-
Gain from disposal of lease contracts	-	-	-	(394)
Leased liabilities settlement against other income	-	-	-	(183)
	96,862	78,586	26,540	51,058
Changes in working capital:				
Inventories	(2,255)	(1,300)	1,405	(5,281)
Trade receivables	(69,894)	6,438	62,483	(58,528)
Other current assets	(13,154)	(1,609)	(20,292)	(322)
Accounts payable	74,510	(99,406)	(11,267)	(6,783)

SR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Six-month period ended 30 September 2022G (Reviewed)
Other current liabilities	(13,744)	2,836	23,123	11,376
Deferred income	1,576	1,491	7,080	(2,791)
	73,901	(12,964)	89,072	(11,271)
Finance costs paid	(2,242)	(1,155)	(9,820)	(587)
Employees' defined benefit obligation paid	(2,757)	(2,054)	(1,279)	(1,157)
Zakat paid	-	-	(12,784)	(11,124)
Net cash generated from (used in) operating activities	68,902	(16,173)	65,189	(24,139)
Cash flows from investing activities:				
Additions to property and equipment	(2,730)	(7,093)	(20,753)	(8,739)
Additions to intangible assets	1	-	(2,528)	-
Net cash used in investing activities	(2,729)	(7,093)	(23,281)	(8,739)
Cash flows from financing activities				
Repayment of Murabaha financing	(31,068)	(7,737)	-	-
Payment of lease liabilities	(10,147)	(20,414)	(29,764)	(15,104)
Net cash used in financing activities	(41,215)	(28,151)	(29,764)	(15,104)
Increase / (decrease) in cash and cash equivalents	24,958	(51,417)	12,144	(47,982)
Cash and cash equivalents at the beginning of the year / period	97,572	122,530	71,113	83,257
Cash and cash equivalents at the end of the year / period	122,530	71,113	83,257	35,275

Source: The audited financial statements for the financial years ended 31 March 2020G, 2021G, and 2022G and the reviewed financial statements for the six-month period ended 30 September 2022G

6.9.4.1 Cash flows from operating activities

Net cash from operating activities decreased from SR68.9 million in 2020G to (-SR16.2 million) in 2021G, mainly due to changes in the Company's working capital amounting to (-SR91.6 million) in 2021G, mainly due to the decrease in account payables by SR99.4 million in 2021G following the new agreement with the Saudi Telecommunication Company to settle all balances and dues between the two parties.

In 2022G, the net cash from operating activities amounted to SR65.2 million due to the positive changes in working capital, amounting to SR62.5 million, resulting from a decrease in trade receivables and an increase in other current liabilities, partly offset by zakat payments amounting to (-SR12.8 million) and finance costs amounting to (-SR9.8 million).

Net cash from operating activities decreased to (-SR24.1 million) during the six-month period ended 30 September 2022G mainly due to the negative change in the working capital of the Company, which amounted to (-SR62.3 million) during the period, as a result of the increase in trade receivables by SR58.5 million in addition to Zakat payments amounting to (-SR11.1 million).

6.9.4.2 Cash flows from investing activities

Net cash from investing activities amounted to SR2.7 million as at 31 March 2020G, SR7.1 million in 2021G, SR23.3 million in 2022G and SR8.7 million in the six-month period ended 30 September 2022G, and mainly comprised of additions to network infrastructure, leasehold improvements, and facilities, vehicles, support, and IT equipment.

6.9.4.3 Cash flows from financing activities

Net cash from financing activities amounted to (-SR41.2 million) as at 31 March 2020G, (-SR28.2 million) in 2021G, and (-SR29.8 million) in 2022G, and (-SR15.1 million) during the six-month period ended 30 September 2022G, as a result of the payment on Murabaha financing during 2020G and 2021G, in addition to lease payments under the right of use assets during the historical period.

7. USE OF PROCEEDS

7.1 Net Proceeds

The total Offering Proceeds are estimated at two hundred and fifty million (250,000,000) Saudi Riyals, of which five million (5,000,000) Saudi Riyals shall be paid to cover the Offering expenses including the fees of the Financial Advisor, Lead Manager, Legal Advisor, Auditor, Media and PR Consultant, in addition to the Underwriting expenses, the costs of advertisements, printing and distribution, and other expenses related to the Offering. Net Offering Proceeds are estimated at two hundred forty five million (245,000,000) Saudi Riyals, which shall be used to pay Company obligations to suppliers, as well as develop Company systems and infrastructure.

In the event of any difference of 5% or more between the actual use of Offering Proceeds to the one disclosed in this Prospectus, the Company shall, upon becoming aware thereof, disclose such difference to the public on the Tadawul website prior to the opening of the trading session, in accordance with Paragraph (F) of Article 54 of the Rules on Offering Securities and Continuing Obligations, which states: "*The issuer must, in the event of any deviation of 5% or more from the planned use of proceeds as set out in the relevant rights issue prospectus, disclose each such case to the public before the opening of the trading session following the relevant deviation*."

The Company has appointed Arthur D. Little Saudi Arabia as the Company's consultant to prepare a feasibility study and a transformation strategy for the Company, on this basis of which the use of the Offering Proceeds was approved.

7.2 Use of Proceeds

The Company intends to use Offering Proceeds to settle the balances owed by the Company, and to finance its future plans and projects to develop the Company's systems and infrastructure.

Offering Proceeds, amounting to two hundred and forty five million (245,000,000) Saudi Riyals shall be used as follows:

7.2.1 Payment of Obligations

- **Paying part of the outstanding balances and dues to one of the Company's main suppliers**: In February 2021G, the Company signed an agreement with a main supplier to settle all balances and dues owed thereto, which resulted in a new balance agreed upon between the Company and the main supplier amounting to three hundred seventy million (370,000,000) Saudi Riyals. One hundred twenty five million (125,000,000) Saudi Riyals were paid as a down payment, provided that, starting July 1, 2022G, the balance shall be paid in five equal annual installments of thirty million (30,000,000) Saudi Riyals totaling two hundred forty five million (245,000,000) Saudi Riyals. The Company will use thirty million (30,000,000) Saudi Riyals from Offering Proceeds to pay a part of the second installment of forty nine million (49,000,000) Saudi Riyals due on July 1, 2023G. The remainder of the second installment will be paid from the Company's operating income. This balance represents the provision of Fiber to the Home (FTTH) services provided to the Company's customers and some other services related to the Company's infrastructure.
- **Paying a balance owed to the Communications, Space and Technology Commission**: The Company will use thirty million (30,000,000) Saudi Riyals from the net Offering Proceeds to pay part of its outstanding fees of one hundred and six million three hundred and eight thousand six hundred and twenty six (106,308,626) Saudi Riyals as at December 31, 2022G owed to the Communications, Space and Technology Commission. The fees represent license fees for the provision of fixed telecommunication services. These fees represent an amount equivalent to 10% of the Company's net revenues in consideration for the commercial provision of fixed telecommunications services and an amount equivalent of 1% from the Company's net revenues to be paid annually in consideration for the license. (For more information please refer to subsection 10.3 ("**Licensing and Interconnection**") of Section 10 ("**Legal Information**") from this prospectus).
- **Paying part of the total value of leasing telecom towers from a main supplier**: The Company will use fifty million (50,000,000) Saudi Riyals to pay part of the value of a lease agreement for telecom towers entered into with a main supplier. In 2017G, the Company entered into an agreement with a main supplier to sell and re-lease 500 telecom towers for ninety million (90,000,000) Saudi Riyals. The balance of this agreement is fifty two million (52,000,000) Saudi Riyals as on September 30, 2022G.
- **Payment of dues for leasing the Company's tower sites**: The Company will use twenty million (20,000,000) Saudi Riyals to pay part of the amounts owed for the company leasing telecommunication tower sites and facilities amounting to ninety six million nine hundred forty-nine thousand eight hundred and eighty (96,949,880) Saudi Riyals as of September 30, 2022G.
- **Payment of outstanding balances and dues to other operators**: The Company will use five million (5,000,000) Saudi Riyals to pay part of the balances owed to other operators in the Kingdom, in return for

the Company leasing internet capacity to provide internet services to Company customers. In addition to the interconnection fees used by the Company's customers, whereby the Company leases some services from telecom operators through wholesale agreements, fiber provisioning services, and networks providing data services to corporate (B2B) customers.

- **Payment of Zakat entitlements**: The Company will use two million (2,000,000) Saudi Riyals to pay part of zakat entitlements for years 2009G, 2010G and 2011G, amounting to six million nine hundred eighty one thousand nine hundred eighty six (6,981,986) Saudi Riyals, as set forth in the financial statements for the Period Ended September 30 2022G.

7.2.2 Upgrading Company Systems

- **Developing and Replacing IT Systems**: The Company will use five million (5,000,000) Saudi Riyals to upgrade its Enterprise Resource Planning (ERP) system, billing system, the customer relationship management system (CRM), in addition to some other systems, as the current systems are outdated and do not serve the Company's future aspirations. It is worth noting that the Company entered into a contract with a service provider to develop its IT systems, provided that the development of said systems is completed within a year from the date of signing the contract with the IT systems development services provider. It is also worth noting that 54% of this project will be financed from the Offering Proceeds, while the remaining part will be financed from the Company's operations income. The following table illustrates the main stages and expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G
Upgrading the Enterprise Resource Planning (ERP) system	Project start and assessment of requirements	Programming and interconnecting	Training and gradual transition	Activation and completion
Upgrading the billing system	Project start and assessment of requirements	Programming and interconnecting	Training and gradual transition	Activation and completion
Upgrading the CRM system	Project start and assessment of requirements	Programming and interconnecting	Training and gradual transition	Activation and completion

Source: The Company

- **Developing a Business Intelligence and Reporting System**: The Company will use one million (1,000,000) Saudi Riyals to develop a Business Intelligence system, which will serve the Company in making decisions regarding services by analyzing customer data. The following table illustrates the main stages and the expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G
Developing a Business Intelligence system	Planning and project start	Procuring equipment and systems	Installation and implementation	Activation, testing and delivery

Source: The Company

- **Purchase of equipment and devices**: The Company will use two million (2,000,000) Saudi Riyals to purchase and replace devices and equipment related to the Company's business, such as computers and information technology equipment.
- **Infrastructure development by developing networking (IP-MPLS)**: The Company will inject forty million (40,000,000) Saudi Riyals to optimize the specifications and capabilities of the types of equipment associated with the basic network. The following table illustrates the main stages and expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G	Q4 2023G	Q1 2024G
Infrastructure development through the development of network connectivity (IP-MPLS)	Network planning and design	Procuring equipment and systems	Installation and interconnecting	Continued installation and interconnecting	Network testing and gradual transition	Activation and delivery

Source: The Company

- **Developing microwave technology to support the business sector**: The Company will inject five million (5,000,000) Saudi Riyals to upgrade business sector microwave technology to increase the capacity of communication towers in high demand areas and enhance the services provided to the business sector such as Dedicated Internet Connections (DIA) and Virtual Private Network solutions (VPN). The following table illustrates the main stages and the expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G	Q4 2023G
Developing microwave technology to support the business sector	Network planning and design	Manufacturing and procuring equipment and gear	Continued manufacturing and procurement of equipment and gear	Installation and interconnecting	Activation and delivery

Source: The Company

- **Developing and building cloud data centers**: The Company will inject five million (5,000,000) Saudi Riyals to upgrade current data centers and build a new data center satisfying international standards, to increase the capacity of its data centers, as the capacity currently used represents about 0.8 megawatts of the total capacity of data centers, which is 3 megawatts. It is expected that the full capacity will be used once cloud data centers are upgraded. 10% of the project will be financed from the Offering Proceeds, while the remaining part will be financed from the Company's operations income. The following table illustrates the main stages and the expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G	Q4 2023G	Q1 2024G	Q2 2024G	Q3 2024G	Q4 2024G
Developing cloud data centers	Planning, design and adopting a sales plan	Procuring equipment and gear	Installation and interconnecting	Continued installation and interconnecting	Initial testing and activation	Final testing and activation	Starting marketing and sales	-	-
Building a new cloud data centers	-	-	Planning and design	Procuring equipment and gear	Continued procurement of equipment and gear	Installation and interconnecting	Continued installation and interconnecting	Initial testing and activation	Final testing and activation

Source: The Company

- **Voice over IP development**: The Company will inject one million (1,000,000) Saudi Riyals to support the second phase of developing the Voice over IP system. It is worth noting that the first phase of the project has been completed. The expenses of the second phase will be financed from the Offering Proceeds, i.e. 25% of the project cost, provided that the balance will be financed from the Company's operating income. The following table illustrates the main stages and the expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G	Q4 2023G	Q1 2024G	Q2 2024G
Voice over IP development	Planning and design	Procuring systems and commencing installation	Continued installation and interconnecting	Comprehensive testing of interconnection channels	Gradual entry into service	Continued gradual entry into service	Completion and delivery

Source: The Company

- **Upgrading Core Network Equipment**: The Company will use ten million (10,000,000) Saudi Riyals to upgrade obsolete core network equipment and gear.

- **Cybersecurity implementation**: The Company will use four million (4,000,000) Saudi Riyals to adopt and purchase cybersecurity devices, in accordance with the requirements imposed by the Communications, Space and Technology Commission and the National Cybersecurity Authority on Saudi telecom companies. The Company is currently working on adopting all cybersecurity requirements in the Kingdom of Saudi Arabia, part of which will be funded from the Offering Proceeds. The following table illustrates the main stages and the expected timetable for the implementation of the project:

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G	Q4 2023G	Q1 2024G	Q2 2024G	Q3 2024G
Cybersecurity implementation	Preparing governance and documents for submission to CST	Study requirements and evaluation, then start installing monitoring links	Complete monitoring links, start-up and employee training	Continued monitoring and protection	Continued monitoring and protection	Continued monitoring and protection	Continued monitoring and protection	Continued monitoring and protection

Source: The Company

- **Network capacity development**: The Company will use thirty five million (35,000,000) Saudi Riyals to pay part of the costs of contracts to obtain an Indefeasible Right of Use (IRU) to use dark fibers to connect between cities and increase the Company's total internet capacity. It is expected that the term of the contract will extend to 15 years, whereby thirty five million (35,000,000) Saudi Riyals shall be paid from the Offering Proceeds to meet the needs of 2022G only.

Project	Q4 2022G	Q1 2023G	Q2 2023G	Q3 2023G
Network capacity development	Interconnection agreements with London and Frankfurt stations, in addition to connecting data centers using dark fibers	Installation and inter-testing of data centers in Riyadh and Jeddah	Development of the accompanying services for interconnecting and gradual transition	Gradual transition and project completion

Source: The Company

The following is the expected schedule for using the Offering Proceeds:

Million SAR	2023G Q1	2023G Q2	2023G Q3	2023G Q4	Total	%
Paying part of the outstanding balances and dues to one of the Company's main suppliers	-	30.00	30.00	-	30.00	12.00%
Paying a balance owed to the Communications, Space and Technology Commission	-	30.00	-	-	30.00	12.00%
Paying part of the total value of leasing telecom towers from a main supplier	50.00	-	-	-	50.00	20.00%
Payment of dues for leasing the Company's tower sites	-	10.00	10.00	-	20.00	8.00%
Payment of outstanding balances and dues to other operators	5.00	-	-		5.00	2.00%
Payment of zakat entitlements	2.00	-	-		2.00	0.80%
Developing and Replacing IT Systems	5.00	-	-		5.00	2.00%
Developing a Business Intelligence and Reporting System	1.00	-	-		1.00	0.40%
Purchasing equipment and gear	1.00	1.00	-		2.00	0.80%
Infrastructure development by developing networking (IP-MPLS)	10.00	10.00	10.00	10.00	40.00	16.00%
Developing microwave technology to support the business sector	3.00	2.00	-	-	5.00	2.00%
Developing and building cloud data centers	2.00	2.00	1.00	-	5.00	2.00%
Voice over IP development	1.00	-	-	-	1.00	0.40%
Upgrading Core Network Equipment	3.00	3.00	2.00	2.00	10.00	4.00%
Cybersecurity implementation	1.00	1.00	1.00	1.00	4.00	1.60%
Network capacity development	10.00	10.00	10.00	5.00	35.00	14.00%
Offering Expenses	5.00	-	-		5.00	2.00%
Total Offering Proceeds	129.00	99.00	34.00	18.00	250.00	100%

Source: The Company

* Numbers and percentages are rounded to the nearest decimal number.

The Company intends to initiate these investments as soon as the Offering process is completed.

8. EXPERT STATEMENTS

Written approval has been obtained from all the consultants and auditors set forth in Pages (vii) and (viii) to include their names, logos and statements in the form mentioned in this Prospectus, and such approvals have not been withdrawn as of the date of this Prospectus. Moreover, none of the consultants, their Subsidiaries, shareholders, board of directors or relatives have any shareholding or interest of any kind in the Company.

The Company appointed Arthur D. Little Saudi Arabia as an advisor to prepare the feasibility study and transformation strategy of the Company and on the basis of which the use of proceeds of the Offering was approved.

Arthur D. Little Saudi Arabia is an independent company based in Riyadh, having its address at Office 502, Plaza, Al Akaria Complex, Olaya Street, P.O. Box 305005, Riyadh 11361, Kingdom of Saudi Arabia. Arthur D. Little Saudi Arabia provides strategic services, business consulting and market analysis.

9. DECLARATIONS

As at the date of this Prospectus, Board members declare that:

There has been no interruption in the business of the Company which may have had a significant effect on its financial position in the last 12 months.

No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company during the three years immediately preceding the application for listing the securities in connection with the issue or sale of any securities.

There has been no material adverse change in the financial or trading position of the Company in the three years immediately preceding the date of filing the application for admission and offer of securities, subject of this Prospectus, in addition to the period covered by the Auditor's report until the date of approval of this Prospectus.

Except as disclosed in subsection 10.6.1 ("**Contracts and Transactions with Related Parties**") of Section 10 ("**Legal Information**"), Board members or any of their relatives do not have shares or interests of any kind in the Company.

The Company did not maintain treasury shares, and the the Company's EGM did not approve the purchase of the Company's Shares.

10. LEGAL INFORMATION

10.1 Company Incorporation, Licenses and Permits

Etihad Atheeb Telecom Company (hereinafter referred to as the "**Company**" or "**GO**") is a Saudi joint stock company, established by virtue of Royal Decree No. M/6 dated 19/02/1429H (corresponding to 26/02/2008G) and registered under Commercial Register No. 1010263273 issued in the city of Riyadh on 30/02/1430H (corresponding to 25/02/2009G). The Company commenced operations under the license issued on 05/04/1430H (corresponding to 01/04/2009G) by the Communications, Space and Technology Commission ("**CST**"). The head office of the Company is located in the city of Riyadh, Building No. 3740, King Abdullah Branch Road, Al Mughrizat District, P.O. Box 12482, Riyadh 6488, Kingdom of Saudi Arabia.

The Company's current share capital is eighty nine million nine hundred ninety nine thousand (89,999,000) Saudi Riyals divided into eight million nine hundred ninety nine thousand nine hundred (8,999,900) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.

With the exception of items listed in the table below, the Company has obtained all the necessary licenses and approvals to conduct its activities in accordance with applicable regulations:

Table No. (10.1): The necessary licenses obtained by the Company to carry out its activities in accordance with applicable regulations:

No.	Type	Purpose	Lic. #	Issue Date	Expiry Date	Issuing Authority
1	Commercial Register Certificate	Company incorporation and registration	1010263273	30/02/1430H	29/02/1446H	Ministry of Commerce
2	GOSI Certificate	Certificate of fulfillment of GOSI requirements	50599100	27/04/1444H	26/05/1444H	General Organization for Social Insurance
3	GOSI Certificate	Certificate of fulfillment of GOSI requirements	11371211	07/09/1432H	07/12/1432H	General Organization for Social Insurance
4	Saudization Certificate	Saudization Compliance Certificate	16744873-141477	19/09/2022G	18/12/2022G	Ministry of Human Resources and Social Development
5	Riyadh Chamber of Commerce Membership Certificate	-	204000	-	29/12/2022G	Riyadh Chamber of Commerce and Industry
6	Zakat Certificate	Certificate of compliance with GAZT requirements	1110337430	22/12/1443H	13/01/1445H	Zakat, Tax and Customs Authority
7	Municipal License	Legally required license under the Law of Municipal Licensing Procedures	43047975250	-	21/06/1444H	The Riyadh Municipality
8	Civil Defense License*	A legally required license under the Civil Defense Law	1-000839725-43	21/06/1443H	21/06/1444H	General Directorate of Civil Defense

Source: The Company

10.2 Company Objects

Under its Bylaws, the Company's objects are as follows:

Provide all fixed telecommunications services (limited traffic) in the Kingdom of Saudi Arabia after obtaining all necessary CST licenses. If the Company wishes to provide other telecommunications services, it may apply to the CST to obtain the necessary licenses.

Build, own, maintain, operate, manage and develop telecommunications and information technology networks and facilities, on a commercial basis in the Kingdom, and acquire the necessary licenses, equipment and devices.

Import, export, market and source all types of fixed telephone devices and similar devices and goods, and enter into related tenders therein.

Invest in commercial and investment projects related to various telecommunications services as the Company deems appropriate to develop and grow its business, in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia.

Possess, manage, sell, lease and dispose of any movable and immovable property, benefits and intangible rights related to the Company's business that lead to the development and promotion of its business in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia.

Import, market, install and maintain telecommunications and information technology equipment.

Sell, distribute and market prepaid cards.

The Company carries out its activities after obtaining the necessary licenses from the competent authorities, if any.

10.3 Licensing and Interconnection

Below is a summary of the licenses issued to the Company by the Communications, Space and Technology Commission, and their terms and conditions.

License to Provide Facilities-Based Fixed Telecommunications Services

On 05/04/1430H (corresponding to 01/04/2009G), the CST granted the Company with a license for the provision of facilities-based fixed telecommunications services in Saudi Arabia, with a period of 25 years from the date of its issuance, renewable for a similar period by a decision to be issued by the CST. On 30/12/1437H (corresponding to 01/10/2016G), a Royal Decree was issued and was announced by the CMA on 01/01/1438H (corresponding to 02/10/2016G) stipulating that CST shall coordinate with the Company to extend its license for 15 additional years in consideration for the Government obtaining 5% of the Company's annual net profits during the extension period.

The above-referenced CST license allows the Company to carry out the following services:

Establish, operate and maintain a fixed telecommunications network in the Kingdom of Saudi Arabia and international outlets, in line with international standards approved by recognized international standards organizations, as acceptable to the CST, in order to provide fixed-line services in accordance with the terms and conditions of the license;

Provide the following fixed telecom services licensed at the local, internal and international levels including, but not limited to:

- fixed voice communication services;
- fixed data communication services;

as well as other related services including, but not limited to, audio, text, video, and image services or a combination thereof, and value-added services that the Company's users may wish to subscribe to as offered by the Company.

The license does not include the provision of other services such as internet services, mobile communications services, or satellite communications services, except under other separate licenses issued by CST in accordance with the regulations thereof.

Pursuant to letter number 4538/HT dated 16/05/1440H (corresponding to 22/01/2019G), CST granted the Company the right to provide internet services effective as of 16/05/1440H (corresponding to 22/01/2019G).

Pursuant to Registration Certificate No. 51.T1.42 dated 20/04/1443H (corresponding to 23/11/2021G), CST approved registering the Company under Class (A) to allow the Company to provide cloud computing services to individuals, the private sector, the non-profit sector and the government sector with respect to public data.

Geographical Scope of the License

The Company is allowed to establish and operate a public fixed telecom network with all related components in the Kingdom of Saudi Arabia, as well as to provide all services at the local and internal levels through its own network, in accordance with its Bylaws and applicable regulations.

License Term and Renewal

The license was issued for a period of (25) twenty-five years starting from 05/04/2009G, and may be renewed for a similar period by virtue of a decision issued by CST in accordance with the regulations thereof. On 30/12/1437H (corresponding to 01/10/2016G), a Royal Decree was issued and announced by the CMA on 01/01/1438H (corresponding to 02/10/2016G) stipulating that CST shall coordinate with the Company to extend its license for 15 additional years, so the total licensing period will be 40 years, in consideration for the Government obtaining 5% of the Company's annual net profits during the extension period.

Subcontracting

Subject to CST's prior written consent, the Company may subcontract with other persons to provide the telecom services it is licensed to provide under this license. In the event of such a subcontracting, all obligations resulting from the licence shall remain the Company's responsibility.

Licensing Fees

Under the license, the Company shall pay the following:

- 10% of the Company's net revenues paid annually in return for providing the fixed commercial telecommunications service.
- 1% of the Company's net revenues paid annually in exchange for the license.
- CST may impose financial considerations in exchange for issuing, renewing and converting licenses to other types, and may request bank guarantees. CST may also apply a fee in accordance with the approved comprehensive service policy and the right of universal use policy.
- The annual fee for the use of the frequency spectrum allocated to the Company, in accordance with the provisions of the regulation for the financial consideration for the use of frequencies.
- An annual fee for the use, reservation and allocation of the Company's numbers, in accordance with CST regulations.

Frequencies

On 01/09/1440H (corresponding to 06/05/2019G), the CST issued the Company a frequency spectrum license. Pursuant to this license, the CST allocated to the Company a total of 50 MHz in the 3.5 GHz band of frequency spectrum, valid until 04/04/1455H (corresponding to 01/07/2033G), to be used for the provision of the licensed services in Riyadh, Jeddah, Mecca, Medina, Dammam, Al Ahsa, (Al Hofuf and Al Mubarraz), Taif, Tabuk, Buraydah, Khamis Mushait, Al Jubail, Hail, Abha, Sakaka, Arar, Al Baha, Najran, and Jazan.

Pursuant to this license, the Company is committed to cover at least 10% of the populated areas in the abovementioned cities mentioned before the end of the year 2021G, at least 30% before the end of the year 2022G, and at least 50% before the end of the year 2027G. On 27/04/1443H (corresponding to 02/12/2021G), CST granted the Company an extension of a period of six months ending on June 30 2022G in order to fulfill the Company's obligations to cover at least 10% of the populated areas of the abovementioned cities.

On 25/10/1443H (corresponding to 26/05/2022G), the Company received a letter from CST advising of its intention to cancel the frequency spectrum license in the 3.5 GHz band if the Company does not fulfill its obligations before the expiry of the deadline granted to the Company as per its decision dated 13/10/1443H (corresponding to 14/05/2022G).

By virtue of a letter issued by the CST No. 474/1444/HT on 09/02/1444H (corresponding to 05/09/2022G), CST confirmed that the Company is currently compliant with the obligations of covering at least 10% of the populated areas in the cities subject to the obligation.

On 03/11/2022G, the Company entered into a network rollout framework agreement with Oloom Al Shabaka Communication LLC ("**WiConnect**") for the purpose of increasing its capacity to cover the populated areas in the above-mentioned cities by at least 30% before the end of 2022G and at least 50% before the end of 2027G. For more information about this Agreement, please see subsection 10.6.2-5 ("**Network Rollout Framework Agreement (3500 MHz)**") of Section 10 ("**Legal Information**") of this Prospectus. As of the date of this Prospectus, the Company has not obtained a confirmation letter from CST that it fulfills the 30% and 50% coverage obligations; and the Company is scheduled to undergo the procedures and tests which are conditions to CST's issue of the confirmation letter at the end of 2022G and 2027G, respectively.

Technology Transformation

The Company must notify CST when it intends to make any fundamental change in the technology used to deploy the network, and CST may request that the Company takes measures to mitigate any adverse effects arising from the proposed technology changes.

Continuity of Service in Emergencies

In the event of emergencies or disasters, as determined by the Government, the Company shall allow the concerned Government authorities to use the Company's public telecom network, for which the Company is entitled to compensation therefrom.

10.4 Ongoing obligations imposed by government agencies on the Company

The regulatory authorities below obligate the Company to comply with certain material requirements as follows:

10.4.1 Ongoing obligations imposed by the Ministry of Commerce

Under the Commercial Registry Law, the Company is obliged to register with the Commercial Registry Department in the city of Riyadh, where the main head office is registered under Certificate No. 1010263273 dated 30/02/1430H (corresponding to 25/02/2009G), expiring on 29/02/1444H (corresponding to 25/09/2022G).

The Company is obliged to comply with the Companies' Law, as the Ministry of Commerce approved the proposed draft Bylaws as approved by shareholders in the Extraordinary General Assembly meeting held on 06/09/2020G which Bylaws were issued on 5/10/2020G.

10.4.2 Ongoing obligations imposed by CST

The Company must fulfill all obligations stipulated in the Telecommunications Act and in the license to provide facilities-based fixed telecommunication services, including the continuity, development and improvement of services. In particular, the Company shall comply with the following requirements:

- Implement and adhere to all policies, rules and instructions issued by CST and other official authorities, and demonstrate integrity and good conduct.
- Ensure the privacy of users and non-discrimination between them.
- Explain service fees and features in advance for those interested in subscribing thereto.
- Comply with copyrights and other rights in accordance with relevant regulations when providing software to users. The Company must obtain the approval of the Ministry of Culture: (1) before transmitting the content in any way through any media; (2) if the service includes sending or receiving information, audio or visual materials, written texts or graphics, in addition to any new future services related to intellectual property rights or publishing and printing information.
- Obtain the approval of the Chamber of Commerce if the service is directly or indirectly related to providing a reward or commercial promotion, and in any case obtain the approval of other concerned authorities prior to commencing the provision of a service.
- Comply with the provisions of Islamic Sharia, ethics, general rules, customs and public decency, and not to violate any laws or internal regulations as applied in the Kingdom.
- Refrain from exploiting users' phone numbers or numbers obtained through incoming calls to users in any way, such as using them in advertising campaigns or selling databases, including those numbers, to other agencies without prior permission from the owners of the numbers.
- Provide technical capabilities of network devices and equipment for (1) connecting with other devices and equipment (the form of special requirements for network operation and use must be filled out and signed); (2) determining and referring to users' data when necessary for a period of not less than twelve months or according to the decision of the CST.

As at the date of this Prospectus, the Company is bound by the Telecommunications Act and its implementing regulations thereof, but the Company has previously been subjected to financial fines for violating some provisions as follows:

- On 25/02/1443H (corresponding to 02/10/2021G), CST imposed a fifteen thousand (15,000) Saudi Riyals fine for the Company's failure to comply with CST's letter regarding achieving the indicator targets for activating the sixth version of the Internet Protocol within the specified period (before the end of Q4 of 2019G), which is considered a violation of Article 37(2) of the Telecommunications Act (in relation to the refusal to implement a decision issued by the CST against the operator).

- A fifty thousand (50,000) Saudi Riyals fine imposed by the CST on 28/02/1443H (corresponding to 05/10/2021G), for the Company's failure to comply with CST's letter regarding the Company's obligation to provide CST, within three working days from the date of issuance of the letter, with reports of compliance with the basic controls of cybersecurity and cybersecurity controls for sensitive systems and providing the CST with a copy of these reports without justification for the reasons for the delay, which is considered a violation of Article 37(3) of the Telecommunications Act (the company's non-compliance with submitting reports related to the requests of the CST within the deadlines specified thereby).
- A twenty five thousand (25,000) Saudi Riyals fine imposed by the CST on 10/02/1444H (corresponding to 06/09/2022G), for the Company's failure to repair faults in its services provided to users, as identified by the CST when seeking to address complaints received during June 2022G, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator) and a violation of Paragraph (1) of Article (13) of the CST Resolution No. (423/1441) dated 27/12/1441H "the service provider must repair service failures as soon as they are discovered thereby or when the user informs the service provider about the disruption of the provided service, whichever comes first, and ensure that no financial fees are imposed on the user during the period of interruptions and malfunctions".
- A twenty five thousand (25,000) Saudi Riyals fine imposed by the CST on 14/02/1443H (corresponding to 10/09/2022G), for the Company's provision of a service in the name of a user without his request or approval and without providing evidence that the service was provided pursuant to valid procedures during June 2022G, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator) and a violation of Item (C) of Paragraph (1) of Article (27) the CST Resolution No. (1441/423) dated 12/27/1441H "the service provider's inability to prove the validity of the action taken in accordance with what was issued in this document".
- A five thousand (5,000) Saudi Riyals fine imposed by the CST on 08/05/1444H (corresponding to 02/12/2022G) for the Company's failure to implement necessary measures to prevent the receipt of fraudulent calls during the process of transferring systems or to notify the CST in advance to coordinate with other companies to ensure that fraudulent calls are avoided as agreed upon in the minutes of a meeting held at the headquarters of the CST, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator).

A five thousand (5,000) Saudi Riyals fine imposed by the CST on 09/05/1444H (corresponding to 03/12/2022G) for the Company's failure to submit and publish a notice of service interruption through the "Bunya" platform (which is designated for this purpose) within the statutory deadline, which is considered a violation of Article 37(3) of the Telecommunications Act (failure to implement a decision issued by the CST against the operator) and a violation of Paragraph (5-1) of the CST Resolution No. (470/1443) dated 08/02/1443H in "the service provider must notify the CST in the event of a network failure through the electronic system for reporting network malfunctions, within (10) minutes as a maximum for critical and high risk incidents, and within (20) minutes as a maximum for medium and low risk) and in Article 6(1) "the service provider must commit to reporting according to the time periods specified in Appendix No. (1)".

10.4.3 Ongoing obligations imposed by the CMA

The CMA obliges listed companies to abide by the Rules on the Offer of Securities and Continuing Obligations and listing rules, especially the obligation to periodically disclose material and financial developments and the Board of Directors' report. The publication forms included in the instructions for company announcements of their financial results must be adhered to, and the Company must also provide a statement of all the reasons and the effects of any change to current fiscal year financial results as the relate to the comparative period, so that the reasons include all items of the financial results announcement.

On 23/01/1438H (corresponding to 24/10/2016G), CMA Board Resolution No. 1-130-2016 amended the procedures and instructions of Tadawul-listed companies whose accumulated losses amounted to 50% or more of their capital under the Companies' Law, and the title thereof was amended to become "Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to 20% or more of its Share Capital", as amended under CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G).

The CMA also obligated listed companies to follow the instructions related to announcements issued pursuant to the CMA Board Resolution No. 1-199-2006 dated 18/07/1427H (corresponding to 12/08/2006G), as amended under Resolution No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G).

The CMA also obligated listed companies to disclose, in stages, their compliance with the transition to international accounting standards.

10.5 Company Branches

Article 5 of the Company's Bylaws stipulated that the Company may establish branches, offices or agencies inside or outside the Kingdom of Saudi Arabia. Telecom companies wishing to open branches are required to adhere to the statutory procedures related to the opening of branches for joint stock companies as issued by the Ministry of Commerce. As of the date of this Prospectus, the Company has eight (8) branches as follows:

Table No. (10.2): Details of the commercial register certificates issued to the Company's branches:

No.	Location	CR	Registration Date	Expiry date
1	Dammam*	2050085898	29/10/1433H (corresponding to 16/09/2012G)	29/10/1440H (corresponding to 02/07/2019G)
2	Khobar	2051050130	29/10/1433H (corresponding to 16/09/2012G)	29/10/1445H (corresponding to 08/05/2024G)
3	Qatif*	2053026540	29/10/1433H (corresponding to 16/09/2012G)	29/10/1440H (corresponding to 02/07/2019G)
4	Al Ahsa*	2250048702	29/10/1433H (corresponding to 16/09/2012G)	29/10/1440H (corresponding to 02/07/2019G)
5	Jeddah (point of sale)	4030197139	23/02/1431H (corresponding to 16/09/2012G)	23/02/1446H (corresponding to 25/12/2024G)
6	Mecca*	4031072075	29/10/1433H (corresponding to 16/09/2012G)	29/10/1440H (corresponding to 02/07/2019G)
7	Medina *	4650058563	29/10/1433H (corresponding to 16/09/2012G)	29/10/1440H (corresponding to 02/07/2019G)
8	Khamis Mushait*	5855046378	29/10/1433H (corresponding to 16/09/2012G)	29/10/1440H (corresponding to 02/07/2019G)

Source: The Company

* These branches are inactive and not in use by the Company as at the date of this Prospectus. The Company will cancel the commercial registration certificates of all inactive branches by March 31 2023G.

10.6 Summary of Material Contracts

10.6.1 Contracts and Transactions with Related Parties

The members of the Company's Board of Directors acknowledge that all contracts with related parties described in this section do not include any preferential terms and that they were duly entered into on appropriate and fair commercial bases. Except as mentioned in this section of the Prospectus, the members of the Board of Directors acknowledge that the Company is not involved in any dealings, agreements, commercial relationships or real estate deals with a Related Party, including the Offering Financial Advisor and Legal Advisor.

The members of the Board of Directors further affirm compliance with Articles 71 and 72 of the Companies' Law and the instructions of 46 of the Corporate Governance Regulations issued by the CMA in relation to agreements with Related Parties. The General Assembly held on 12/02/1444H (corresponding to 08/09/2022G) approved the transactions and contracts with Related Parties. The total value of transactions with Related Parties as approved in the General Assembly amounted to one million five hundred thousand (1,500,000) Saudi Riyals for the Period Ended March 31 2022G, which represents 0.4% of the Company's total revenues.

The Company's transactions with Related Parties revolve around interconnection services for international calls, data and internet services, as well as the payment of administrative fees related to bank guarantees.

Contracts with Bahrain Telecommunications Company (Batelco)

International VoIP Agreements

On 01/02/2010G and in February 2009G, the Company entered into service agreements with a Related Party, Batelco, represented by Mr. Issa Abbas Issa Al-Sabaa who therefore holds an indirect interest.

Under these agreements, Batelco and the Company will provide technical VoIP services to each other. The service fee payable to the Company or to Batelco is calculated according to the chat minutes paid by the service provider, and the Company and Batelco are obligated to settle the fee on a monthly basis. These agreements shall remain in effect unless terminated in accordance with the terms and conditions thereof. As at the date of this Prospectus, the service agreements were concluded on a purely arm's length basis.

Guarantee and indemnity bond

On 15/08/1442H (corresponding to 28/03/2021G), Batelco provided a guarantee in favor of Banque Saudi Fransi in relation to a facility agreement concluded with the Company for a maximum value of SAR 11,715,606.12; under which Batelco guaranteed all of the Company's facility-related obligations.

The Company compensates Batelco for guarantee related administrative fees. Batelco is a Related Party, as it is represented by Mr. Issa Abbas Issa Al-Sabaa who therefore holds an indirect interest.

10.6.2 Contracts related to connectivity and network

10.6.2.1 Wholesale Fiber to the Home Service Agreements (FTTH)

The Company entered into 4 wholesale and Fiber to the Home (FTTH) service agreements in order to lease multiple fibers from fiber home telecom operators for the purpose of providing its services to customers. These agreements include the following:

- an agreement between the Company and Dawiyat Integrated Communications and Information Technology Company dated 16/02/2020G;
- an agreement between the company and Etihad Etisalat Company (Mobily) dated 16/02/2020G;
- an agreement between the Company and the Integrated Telecommunications Company Limited (Salam) dated 16/02/2020G; and
- an agreement between the Company and Saudi Telecom Company dated 21/2/2021G.

Under these agreements, telecom operators provide Fiber to the Home (FTTH) services as they own a fiber-optic access network and the Company uses fiber-optic services to provide its customers with fiber-optic home access through these agreements themselves. The agreements stipulate different recurring monthly costs depending on the description and speed of the service and a one-time charge for the services due. These agreements will remain in effect for a period of three (3) years and automatically renewable for a similar period unless they are terminated by written notification from any of the parties to the other party indicating their unwillingness to renew the contract at least six (6) months prior to the expiry thereof. As at the date of this Prospectus, these agreements are still in effect.

10.6.2.2 Fiber Wholesale Bitstream Access Service (FTTB)

The Company entered into 4 Fiber Wholesale Bitstream Access Service agreements in order to lease multiple fibers from fiber home telecom operators for the purpose of providing its services to customers. These agreements include the following:

- an agreement between the Company and Dawiyat Integrated Communications and Information Technology Company dated 16/02/2020G;
- an agreement between the Company and Etihad Etisalat Company (Mobily) dated 16/02/2020G;
- an agreement between the Company and the Integrated Telecommunications Company Limited (Salam) dated 16/02/2020G; and
- an agreement between the Company and Saudi Telecom Company dated 21/2/2021G.

Under these agreements, telecom operators provide Fiber Wholesale Bitstream Access Service (FTTB) as they own a fiber-optic access network and the Company uses fiber-optic services to provide its customers with fiber-optic business access through said agreements. The agreements stipulate different recurring monthly costs depending on the description and speed of the service and a one-time charge for the services due. These agreements will remain in effect for a period of three (3) years and will be automatically renewed for a similar period unless they are terminated by written notification from any of the parties to the other party indicating their unwillingness to renew the contract at least six (6) months prior to the expiry thereof. As at the date of this Prospectus, these agreements are still in effect.

10.6.2.3 Indefeasible Rights of Use (IRU) Agreement

The Company has a long term irrevocable IRU Agreement to use dark fiber from a telecom operator in the Kingdom of Saudi Arabia. This right is not subject to a formal contract and is based on orders to provide services signed by the Company.

10.6.2.4 Wholesale Agreement

On 28/05/2014G, the Company entered into a wholesale agreement (as amended on 20/06/2017G and 01/11/2019G) with Saudi Telecom Company to provide the Company with infrastructure sharing services including LTE, 4G fixed broadband services and FTTH services. This Agreement will remain in effect for the duration of each Service provided thereunder unless modified or terminated.

10.6.2.5 Network Rollout Framework Agreement (3500 MHz)

On 03/11/2022G, the Company entered into a rollout framework agreement with Oloom Al Shabaka Communication LLC ("**WiConnect**") for the provision of network rollout services and products within a frequency of 3500 MHz to the Company with a total value of one hundred eighty million (180,000,000) Saudi Riyals (value added tax included). These products and services are provided on the basis of purchase orders issued by the Company pursuant to the terms and conditions of this agreement. The Company intends to expand through this agreement its network relating to the 5G services in order to meet its obligations provided by the frequency spectrum license, which include the obligation to cover the populated areas in the cities mentioned therein by no less than 30% before the end of the year 2022G and by no less than 50% before the end of the year 2027G.

10.6.3 Information technology solutions and software-related agreements

10.6.3.1 Contract between the Company and ESKADENIA Software

The 01/11/2021G license agreement between the Company and ESKADENIA Software grants the Company a license to use ESKA Telecom Systems. The Company considers this license essential to implement the transformation strategy action plan, as it will contribute to mitigating the risks related to the current system and ensuring the Company's business continuity (EATC), for example, it will help manage customer relations, billing and collection.

10.6.4 Site Sharing Agreement

On 30/01/2017G, the Company entered into a site-sharing agreement with Saudi Telecom Company, under which Saudi Telecom Company leases the Company and shares the use of 500 towers in return for fees paid annually by the Company. This Agreement will remain in effect for 7 years starting from 30/01/2017G. The agreement is renewed upon the consent of both parties.

10.6.5 Agreements with Governmental Entities

10.6.5.1 Project with a public university

The Company has been appointed by a public university to provide a range of services and solutions subject to the following agreements:

- On 27/06/2022G, the Company entered into an agreement with a public university to provide virtual networking services. Under this agreement, the Company undertook to implement and complete all works and services within a period of 36 Gregorian months, starting from the date of signing the activation form.
- On 22/06/2022G, the Company entered into an agreement with a public university to provide establishment services of data centers. Under this agreement, the Company undertook to implement and complete all works and services within a period of 36 Gregorian months, starting from the date of signing the activation form.
- On 23/06/2022G, the Company entered into an agreement with a public university to provide internet services, telephone lines and management services. Under this agreement, the Company undertook to implement and complete all works and services within a period of 36 Gregorian months, starting from the date of signing the activation form.
- On 23/06/2022G, the Company entered into an agreement with a government university to provide services for hosting a backup data center with management services. Under this agreement, the Company committed to implement and complete all works and services within a period of 36 Gregorian months, starting from the date of signing the activation form.

The value of the project with the public university is twenty two million (22,000,000) Saudi Riyals (value added tax included).

10.6.5.2 Project with a governmental entity

The Company has been appointed by a governmental entity to provide communications and information technology services relating to the business sector pursuant to an agreement concluded on 27/07/2022G with a total value of thirty one million (31,000,000) Saudi Riyals (value added tax included). This agreement will remain in effect for a period of one (1) month from the date of providing the service to the customer and will be automatically renewed for a similar period unless the customer requests a modification or cancellation of the service ninety (90) days before the end of the contract.

10.6.5.3 Project with the Emirate of Tabuk Province

The Company has been appointed by the Emirate of Tabuk Province to provide consulting services and digital transformation solutions pursuant to an agreement concluded on 29/12/2022G with a total value of twenty eight million two hundred thirty four thousand eight hundred (28,234,800) Saudi Riyals (value added tax included). This agreement will remain in effect for a period of thirty-six (36) months from the date of providing the service to the customer and will be automatically renewed for a similar period unless the customer requests to amend or cancel the termination of the service ninety (90) days before the date of the end of the contract.

The Company has also been appointed by the Emirate of Tabuk Province to provide networking services for centers pursuant to an agreement that was concluded on 29/12/2022G, with a total value of two million seven hundred thirty thousand two hundred thirty two (2,713,232) Saudi Riyals (including value added tax). This agreement will remain in effect for a period of thirty-six (36) months from the date of providing the service to the customer and will be automatically renewed for a similar period unless the customer requests termination of the service before ninety (90) days from the date of the end of the contract.

10.6.5.4 Project with the Emirate of Najran Province

The Company has been appointed by the Emirate of Najran Province to provide communications and information technology services and to provide consulting services and digital transformation solutions pursuant to an agreement concluded on 29/12/2022G with a total value of seventy seven million four thousand (77,004,000) Saudi Riyals (including value added tax). This agreement will remain in effect for a period of sixty (60) months from the date of providing the service to the customer, and it will be automatically renewed for a similar period, unless the customer requests to modify or cancel the service ninety (90) days before the date of the end of the contract.

10.7 Disputes and Litigation

Except for as disclosed below, there are no actual or potential litigation, cases, complaints, or existing investigation procedures that may, collectively or individually, have a material impact on the Company; and the Company is not aware of any current or potential material litigation disputes or facts that could, collectively or individually, have a material impact on the Company.

On 31/12/2020G, the Company entered into a settlement agreement with one of its Main Suppliers to settle all outstanding balances and debts amounting to three hundred seventy million (370,000,000) Saudi Riyals as on 31/12/2020G. The Company agreed to pay an initial amount of 125,000,000 upon implementation of the agreement, with the remaining two hundred forty five million (245,000,000) balance paid over 5 years through annual installments of forty nine million (49,000,000) Saudi Riyals, provided that the last installment is paid by 01/01/2026G.

On 30/07/2019G, the Company entered into a settlement agreement with one of its suppliers to settle all outstanding balances and debts amounting to nine million five hundred twenty thousand nine hundred ninety five (9,520,995) Saudi Riyals as on 30/04/2019G. The Company agreed to pay a final amount of five million three hundred thousand (5,300,000) Saudi Riyals within 15 working days from the date of implementing the agreement.

It should be noted that there are ongoing negotiations between the Company and one of its Main Suppliers regarding the settlement of debts amounting to eight million five hundred thousand (8,500,000) Saudi Riyals under a service agreement concluded between them.

As at the date of this Prospectus, there are 89 claims filed against the Company related to lease contracts entered into by the Company as a lessee with a number of lessors, for a total amount of eleven million two hundred four thousand five hundred forty three point ninety four (11,204,543.94) Saudi Riyals. These issues remain pending and no final court ruling has been issued in this regard as at the date of this Prospectus.

10.8 Approvals required for capital increase

The Company has obtained the following approvals required for capital increase:

- Company Board of Directors' Approval.
- CMA approval.
- Tadawul Approval.
- The Company's Extraordinary General Assembly's approval for Capital Increase.

10.9 Board member acknowledgments

As at the date of this Prospectus, the members of the Board of Directors acknowledge the following with regard to the legal information:

- The issuance of Rights under this Prospectus does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
- The issuance of Rights under this Prospectus does not constitute a breach of any contract or agreement entered into by the Company.
- All material legal information concerning the Company have been disclosed in this Prospectus.

Except as disclosed in subsection 10.7 ("**Disputes and Litigation**") of Section 10 ("**Legal Information**"), the Company is not party to any lawsuits or legal proceedings that may - collectively or individually - materially affect the Company's business or financial position.

The members of the Board of Directors are not party to any lawsuits or legal proceedings that may - collectively or individually - materially affect the Company's business or its financial position.

There is no other material legal information, the omission of which from this Section would make other statements misleading.

11. UNDERWRITING

11.1 Underwriter

The Company and the Underwriter (AlKhair Capital Saudi Arabia) have entered into an underwriting agreement for the subscription of twenty-five million (25,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share, representing 100% of the Rights Shares offered for subscription ("**Underwriting Agreement**").

Table No. (11.1): Underwriter

Underwriter	Total number of Rights Shares offered for subscription	Total percentage of Rights Shares offered for subscription
AlKhair Capital Saudi Arabia	25,000,000	100%

11.2 Underwriter's Name and Address

AlKhair Capital Saudi Arabia
King Abdulaziz Road, Al Wizarat District, Quara Holding Building
P.O. Box 69410, Riyadh 11547
Kingdom of Saudi Arabia
Tel: +966 (11) 245 5678
Fax: +966 (11) 219 1270
Website: info@alkhaircapital.com.sa
E-mail: www.alkhaircapital.com.sa

11.3 Key terms of the Underwriting Agreement

The terms and conditions of the Underwriting Agreement provide that:

1. The Company undertakes to the Underwriter that, on the allocation date, it will allocate and issue to the Underwriter all Rights Shares that have not been subscribed for by Eligible Shareholders as additional shares at the Offer Price.
2. The Underwriter undertakes to the Company that it will, on the allocation date, purchase the Rights Shares not subscribed for by Eligible Persons, as additional shares at the Offer Price.
3. The Underwriter shall, on account of underwriting, receive a specified amount of money to be paid from the Offering Proceeds.

12. WAIVERS

Neither the Company nor the Financial Advisor have applied to the CMA or Tadawul to be exempt from any of the requirements contained in the Listing Rules and the Rules on the Offer of Securities and Continuing Obligations.

13. DETAILS ON SHARES AND OFFERING TERMS AND CONDITIONS

The Company has filed an application for the registration and offering of the New Shares to the CMA and to Tadawul for listing the New Shares. All the requirements were fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Shareholders and holders of acquired Rights must read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

13.1 Offering

The Offering is an increase in the Company's share capital by two hundred fifty million (250,000) Saudi Riyals, divided into twenty five million (25,000,000) ordinary shares at a nominal value of SAR 10 per share.

13.2 How to Apply for Subscription to the Rights (New Shares)

The Registered Shareholders and those wishing to subscribe to the Rights shall submit the subscription application during the Subscription Period through the investment portfolio on trading platforms through which sale and purchase orders are entered, in addition to the possibility of subscribing through any other means provided by the Broker and shares Custodian in the Kingdom during the Offering Period. If there is a Rump Offering Period, subscription application forms can also be submitted during such a period by Institutional Investors for any Rump shares only.

The number of shares entitled to an Eligible Person will be calculated based on the number of Rights held thereby. The subscription monies that the subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Subscription Period by SAR (10).

By subscribing, the subscriber:

- Agrees to subscribe to the Company's shares in the number of such shares specified in the subscription application form;
- Declares that they have read the Prospectus and understood all of its contents;
- Accepts the Company's Bylaws and the terms mentioned in the Prospectus;
- Declares that it has not subscribed for the same shares under this offering and the Company has the right to reject all of their applications if it is proven that they submitted more than one application;
- Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the subscription application form and the Prospectus; and
- Warrants not to cancel or amend the subscription application form after submitting it to the Broker.

13.3 Subscription Application Form

Eligible Persons wishing to subscribe to all Rights Shares they are entitled to may do so through the investment portfolios in trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the Broker and the Custodian of the shares.

The number of shares an Eligible Person is entitled to will be calculated based on the number of Rights held by the same Eligible Person. The subscription monies that the subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Subscription Period by SAR (10).

13.4 Trading Period, Subscription Period and Rump Offering Period

Eligible Shareholders wishing to subscribe to the Rights shall submit the subscription application during the Offering Period, which begins on [•]H (corresponding to [•]G) and ends on [•]H (corresponding to [•]G).

The EGM on capital increase held on [•]H (corresponding to [•]G) approved the recommendation of the Board of Directors to increase the Company's share capital through a Rights Issue. Under this Prospectus, twenty five million (25,000,000) ordinary shares will be offered for subscription in the Rights Issue, representing 277.78% of the Company's share capital before the offering, at an Offer Price and nominal value of SAR (10) per share, with a total offering value of two hundred fifty million (250,000,000) Saudi Riyals. The New Shares will be issued with one share for every one Right to shareholders, including Eligible Shareholders who purchased additional Rights along with their originally owned rights.

If Eligible Persons have not exercised the Rights by the end of the Offering Period, the Rump shares resulting from non-exercise or sale of those Rights will be offered to Institutional Investors in the Rump Offering Period.

Registered Shareholders may trade the Rights deposited in their portfolios via the Saudi Stock Exchange (Tadawul). These Rights are considered to be the acquired right of all shareholders recorded in the Company's shareholders register held with the Depository Center as of the close of the second trading day following the date of the EGM. Each Right grants its holder eligibility to subscribe for one new share at the offer price. The Rights will be deposited after the EGM. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue. Then, Registered Shareholders will be informed of the deposit of the Rights in their portfolios.

The schedule for the sequence and details of the Rights issue process will be as follows:

- Eligibility Date: End of trading on the day of the EGM on [•]H (corresponding to [•]G).
- Trading Period and Subscription Period: The trading period and Subscription offering period start on [•]H (corresponding to [•]G). The trading period will end on [•]H (corresponding to [•]G), while the Subscription offering period will continue until the end of the day on [•]H (corresponding to [•]G).
- Rump Offering Period: The Rump offering period starts on [•]H (corresponding to [•]G) at 10:00 AM until the following day at 5:00 PM on [•]H (corresponding to [•]G). Rump shares will be offered to a number of Institutional Investors, provided that such Institutional Investors shall submit offers to purchase the Rump shares. The Rump shares shall be allocated to Institutional Investors with the highest offer, then to the next one, and the allocation of those shares to Institutional Investors submitting the same offer will be pro rata. Fractional shares shall be added to the Rump shares and treated in the same way. The subscription price of the new unsubscribed shares for this period will be offered at the offer price, as the minimum price. In case the sale price of such shares is higher than the offer price, the difference (if any) shall be distributed as compensation to the Rights holders who did not exercise their rights in the subscription in proportion to their respective rights.
- Final Allocation of Shares: Shares will be allocated to each investor based on the number of Rights properly and fully exercised by them. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump offering. The total offer price of the Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of Offer Price) shall be distributed to the Eligible Persons not later than [•]H (corresponding to [•]G).
- Trading of the New Shares on Tadawul: Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares.

13.5 Allocations and Refunds

The Company and the Lead Manager will open an Escrow Account in which the proceeds will be deposited.

The Rights Issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than [•]H (corresponding to [•]G). Excess unsubscribed shares shall be purchased by and allocated to the Underwriter.

Final notice for the number of Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to take place by depositing the shares into the accounts of subscribers. Eligible Persons shall contact the branch of the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than [•]H (corresponding to [•]G).

13.6 Compensation Payment

Compensation shall be paid to Eligible Persons who have not fully or partly participated in the subscription to Rights shares (if any) no later than [•]H (corresponding to [•]G).

13.7 Miscellaneous Terms

The Subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators and heirs. Except as specifically indicated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

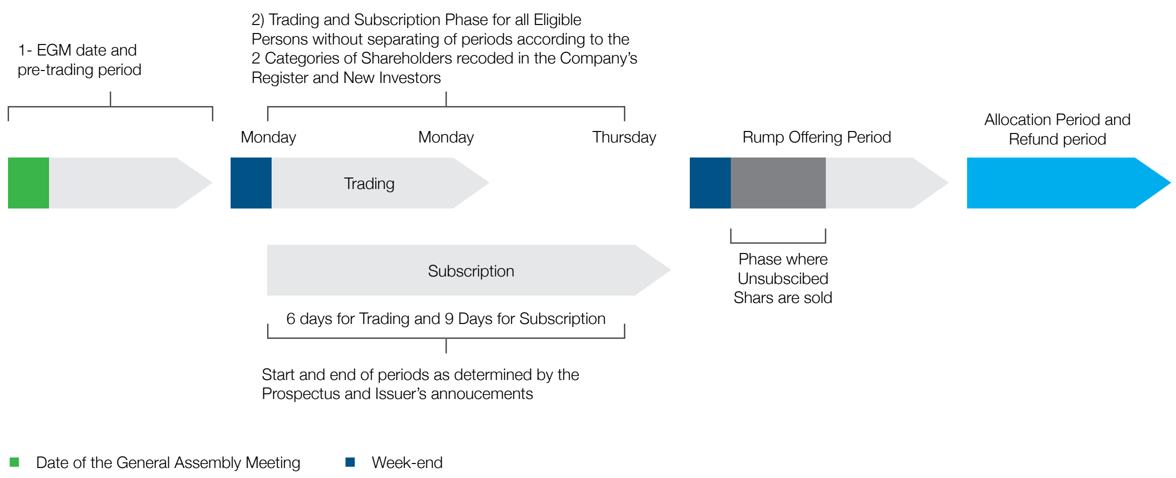
These instructions, conditions and receipt of any subscription application forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus may be distributed in Arabic and English. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.

Although CMA has approved this Prospectus, it may suspend this subscription offer if the Company, at any time after the adoption of this Prospectus by CMA and before approving admission and listing of shares on Tadawul, becomes aware of any of the following:

- That a material change has occurred to any of the basic information contained in this Prospectus, or any of the documents required to be included therein by the Rules on the Offer of Securities and Continuing Obligations.
- The emergence of any additional material issues that should have been included in this Prospectus.
- In both cases above, the Company shall submit a supplementary prospectus to CMA in accordance with the Rules on the Offer of Securities and Continuing Obligations. The supplementary prospectus shall then be published, and subscription dates thereof will be announced. This Offering may also be suspended if the EGM does not approve any of the details of the Offering.

Diagram 13.1: the mechanism for trading in and subscription for Tradable Rights



Q&A related to the New Rights Issue Mechanism

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM on capital increase.

When are the Rights deposited?

Following the EGM and its approval to increase capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It's a factor by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. For example, if a company has issued one thousand (1,000) shares and increased its capital by offering two hundred (200) New Shares, its number of shares becomes one thousand and two hundred (1,200), making the ratio 1 to 5 (i.e. one share for every five shares).

Will these Rights be tradable and will they be added to the Shareholders portfolios under the same name/ symbol of the Company's shares, or will they be assigned a new name?

The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is twenty five (25) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be fifteen (15) Saudi Riyals, the difference between the two prices.

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe for additional shares?

Yes. Registered Shareholders can subscribe for additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible for a registered shareholder to lose their eligibility to subscribe even if they have the right to attend the EGM and vote on raising the capital through rights issue?

Yes, the Shareholder loses their eligibility to subscribe if they sell their shares on the day of the Extraordinary General Meeting or one working day before it.

How does the Subscription take place?

Subscription applications are submitted through the investment portfolio in the trading platforms through which the purchase and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

Is it possible to subscribe more than once through more than one Receiving Agent?

Yes, provided that the number of Shares subscribed for should not exceed the number of Rights owned at the end of the Trading Period. Any excess in the shares subscribed over the number of Rights owned at the end of the Trading Period will result in the cancellation of the subscription application.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to one thousand (1000) rights, as each share is eligible for a right) will be deposited. Therefore, eight hundred (800) rights will be deposited in portfolio (a) and two hundred (200) rights will be deposited in portfolio (b).

In case of subscription through more than one portfolio, where will the New Shares be deposited after allocation?

Shares will be deposited to the investment portfolio given under the first subscription application form.

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents.

If the New Shares are subscribed, and the Rights are sold thereafter, what would happen in such case?

If a Registered Shareholder subscribed and then sold the Rights without purchasing a number of Rights equal to the number of exercised the Rights that were subscribed before the end of the Trading Period, then the subscription application will be rejected entirely, if all Rights have been sold, or partly in an amount equal to the number of sold Rights. The Registered Shareholder will be notified by its Receiving Agent and the rejected Offering amount will be refunded.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

When can a Shareholder subscribe for the Rights it purchased during the Trading Period?

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

Can the Eligible Person sell the Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio.

What happens to the Rights that are unsold or unsubscribed for during the Subscription Period?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through a Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor buys securities on the date of the EGM, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, the subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

Will there be any other fees for the trading in Rights?

The same commissions on buying and selling transactions for stocks will be applied, but without a minimum commission amount.

Resolutions and Approvals are offered under which shares?

On 16/05/1443H (corresponding 20/12/2021G), the Company's Board of Directors recommended that the Company's capital be increased through a Rights Issue of [•] Saudi Riyals (SAR [•]) after obtaining the necessary regulatory approvals.

On [•]H (corresponding to [•]G), the EGM approved the Board's recommendation on capital increase as stated above. The increase will be restricted to eligible Registered Shareholders at the end of trading on the day of the EGM.

This Prospectus, together with the supporting documents required by CMA, has been approved on the day of announcement on CMA website on 17/07/1444H (corresponding to 08/02/2023G).

Are their statements on current arrangements to prevent disposal of certain shares?

There are no current arrangements to prevent the disposal of certain shares.

14. CHANGE IN SHARE PRICE AS A RESULT OF CAPITAL INCREASE AND DECREASE

Change in the share price as a result of the capital increase

The closing price of the Company's share on the day of the EGM is [•] and it is expected to reach [•] at the opening session next day, and the change represents a decrease of [•]%. Failure to subscribe to any of the shareholders registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the date of the EGM will lead to a decrease in their ownership percentage in the Company.

The method of calculating the Share Price as a result of capital increase is:

First: Calculation of the market value of the Company at the close of trading on the date of the EGM on capital increase:

Number of shares at the end of EGM multiplied by the closing price for the Company's share at the date of the EGM = market value of the Company at the close of trading at the date of the EGM.

Second: Calculation of the Share Price in the opening session on the day following the EGM on capital increase:

(The market value of the Company at the close of trading on the date of EGM + Value of Offer Shares) / (Number of shares at the end of the EGM + the number of New Shares offered for subscription) = share price expected for the opening session on the day following the date of EGM.

15. RUMP OFFERING

In the event that any shares remain unsubscribed for during the Subscription offering period ("**Rump Shares**"), they will be offered to a number of Institutional Investors ("**Investment Institutions**"), provided that such Institutional Investors shall submit offers to purchase the Rump Shares and the fractional shares. Receipt of such offers will start at 10:00 AM on [•]H (corresponding to [•]G) until the following day at 5:00 PM on [•]H (corresponding to [•]G). This offering will be referred to as the Rump offering. The Rump Shares will be allocated to the Institutional Investors by giving priority to the highest price per share offered by the relevant Institutional Investor with shares being allocated on a proportional basis among those Institutional Investors that have tendered offers at the same price.

Fractional entitlements to New Shares will be combined and offered to Institutional Investors during the Rump Offering. All proceeds resulting from the sale of Rump Shares and fractional shares up to the paid Offer Price shall be distributed to the Company and any proceeds in excess of the Offer Price shall be distributed to the Eligible Persons who did not subscribe wholly or partly for New Shares and those entitled to fractional shares pro rata to their entitlement on [•] (corresponding [•]).

It is expected that trading in the New Shares will start on Tadawul system upon completion of all procedures relating to the registration and allocation of the New Shares.

The application for listing and offering of the New Shares has been submitted to the CMA, and the application for admission of such shares has been submitted to Tadawul.

16. DECLARATIONS RELATING TO SUBSCRIPTION

16.1 About the Subscription Application and Undertaking

Subscription can be made using trading platforms or any other means provided by the broker to investors. The New Shares will be subscribed for in a single stage as follows:

1. In this period, all Registered Shareholders and new investors will be allowed to subscribe for the New Shares.
2. A Registered Shareholder will be entitled to subscribe directly to the number of its shares during the offering Period. If it purchases new Rights, it may subscribe to them by the end of the settlement period (two working days).
3. New investors will be allowed to subscribe for New Shares by the end of the settlement period (two working days).
4. Subscription will be available online through investment portfolios in trading platforms and applications, through which sale and purchase orders are entered, as well as through other channels and means provided by the Broker.

Each Right entitles its holder to subscribe for one new share, at the offering price. The subscriber to the New Shares shall acknowledge the following:

- Acceptance of all terms and conditions of subscription contained in this Prospectus.
- Reading this Prospectus and all its contents, carefully studied the same and understood its content.
- Acceptance of the Company's Bylaws.
- Undertaking not to cancel or modify the subscription application after its implementation.

16.2 Allocation process

The Rights Shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly exercised. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump Offering. The Total Offer Price of the Rump Shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump Shares and fractional shares (in excess of the Offer Price) shall be distributed to the Eligible Persons no later than [•]H (corresponding to [•]G). Excess Unsubscribed Shares shall be purchased by and allocated to the Underwriters.

Eligible Persons shall contact at broker through which they have submitted the subscription application form to obtain any further information. Notification of the final allocation results will be made no later than [•]H (corresponding to [•]G).

16.3 Saudi Stock Exchange (Tadawul)

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990G, full electronic trading in Saudi Arabian equities was introduced. Trading is performed on each Business Day from Sunday to Tuesday of each week from 10AM to 3PM. During this period, the orders are executed. However, other than those times, orders can be entered, amended and deleted from 09:30 AM until 10:00 AM.

Transactions take place through the automatic matching of orders according to the price level. In general, market orders that are placed at best price are executed first, followed by limit orders that are placed at a price limit. If several orders are generated at the same time, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, in particular Tadawul website, which supplies trading data in real time to information providers such as Reuters. Transactions are automatically settled within two business days according to (T+2).

The Company should report all material decisions and information to the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

16.4 Trading the Company's shares on the Saudi Stock Exchange (Tadawul)

The application for listing and offering of the new shares has been submitted to Saudi Stock Exchange (Tadawul), and this Prospectus has been approved and all requirements have been met.

The listing and offering are expected to be approved, and trading is expected to commence on the Saudi Stock Exchange (Tadawul) once the final allocation of the rights has been concluded. An announcement will be made on Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed subject to approval of the CMA.

Although the Existing Shares are registered in Tadawul, it will only be possible to trade with the New Shares once the allocation of the new shares has been approved and these have been deposited in the subscribers' portfolios. It is absolutely forbidden to trade in the new shares until the allocation process has been approved.

Subscribers or proposal providers in the Rump Offering and who deal in restricted trading activities will be fully liable for their dealing in such activities, and the Company will not bear any legal liability in this case.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office in Riyadh in the Kingdom of Saudi Arabia during official working hours, from 9:00 AM until 5:00 PM fourteen (14) days before the date of the EGM until the end of the Offering period.

Company's Documents

- Commercial Registration Certificate
- Bylaws

Offering of Shares

- The announcement of the CMA's approval of the Rights Issue.
- Board of Directors' recommendation to increase capital through Rights Issue.
- The Extraordinary General Assembly's approval to the offering of shares issued on [•]H (corresponding to [•]G).

Reports, Letters, and Documents

- Underwriting Agreement referred to in Section 11 "Underwriting Agreement".
- Written approval by the Financial Advisor (Aljazira Capital) to list its name and logo in this Prospectus.
- Witten approval by the Underwriter and Lead Manager (AlKhair Capital Saudi Arabia) to list its name and logo in this Prospectus.
- Written approval by the Legal Advisor (Abdulaziz Alajlan & Partners) to include its name and logo in this Prospectus.
- Written approval by the Financial Due Diligence Advisor (PricewaterhouseCoopers – Public Accountants) to include its name and logo in this Prospectus.
- Written approval from Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants to include their name, logos and statements as certified accountants of the Company for the audited financial statements for the fiscal years ending on 31 March 2020G, 2021G and 2022G, and the Period Ended 30 September 2022G, in this Prospectus, and to publish the certified accountants report.
- The feasibility study and a future work plan for using the proceeds of the Offering, which was prepared by Arthur D. Little Saudi Arabia, in addition to the study in relation to the use of the Offering Proceeds.

Financial Statements

- The Company's audited financial statements for the financial years ending on 31 March 2020G, 2021G and 2022G, and the Period Ended September 30 2022G.

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