



## Rights Issue Prospectus

Ethad Atheeb Telecommunication 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 nine hundred (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 nine hundred (33,999,900) ordinary shares, representing an increase of (277.78%) in the current capital.



### Trading Period

Starts from	until
02/08/1445H	09/08/1445H
12/02/2024G	19/02/2024G



### Subscription Period

Starts from [day]	until [day]
02/08/1445H	15/08/1445H
12/02/2024G	25/02/2024G

Ethad Atheeb Telecommunication 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's head office is located in the city of Riyadh, Building No. 3704, King Abdullah Branch Road, Al-Mughrizat District, P.O. Box 12482, Riyadh 6488, Kingdom of Saudi Arabia. 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 (each individually referred to as "Current Share" and jointly as "Current Shares"). As of the date of this Prospectus, the Company has one Substantial Shareholder, namely Bahrain Telecommunication Company BSC (Batelco), holding 1,349,988 pre-offering shares, equivalent to 15% of the Company's capital.

The Company's Board of Directors recommended in its decision dated 07/09/1444H (corresponding to 29/03/2023G) to increase 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 25/07/1445H (corresponding to 06/02/2024G), the EGM approved the increase of the Company's share capital by 277.78%, from 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, to three hundred and thirty-nine million and nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into thirty-three million nine hundred and ninety-nine thousand nine hundred (33,999,900) ordinary shares, through the offering of twenty-five million (25,000,000) new ordinary shares (referred to as "New Shares" or "Rights 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 Rights Shares 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 25/07/1445H (corresponding to 06/02/2024G) ("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 (2,777.8) 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 the "Exchange"). The trading period and subscription period will commence three (3) working days from the approval of the capital increase by the Extraordinary General Assembly on Capital Increase, from 02/08/1445H (corresponding to 12/02/2024G), provided that the trading period ends on 09/08/1445H (corresponding to 19/02/2024G) ("Trading Period"), while the subscription period will continue until the end of 15/08/1445H (corresponding to 25/02/2024G) ("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 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G) ("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 11/09/1445H (corresponding to 21/03/2024G); 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 fractional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 12 ("Details on Shares and Subscription Terms and Conditions") of this Prospectus). Final allocation will be announced no later than 24/08/1445H (corresponding to 05/03/2024G) (the "Allocation Date") (please refer to Section 12 ("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 thirty-three million nine hundred and ninety-nine thousand nine hundred (33,999,900) ordinary shares. The Net Proceed Offering shall be mainly used to pay Company obligations to suppliers, as well as develop Company systems and infrastructure (please refer to Section 6 ("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 for distribution from the date of their issue (please refer to Section 2 ("Risk Factors") of this Prospectus).

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"), of which thirty million (30,000,000) ordinary shares were offered for public subscription for a nominal value of ten (10) Saudi Riyals per share, representing (30%) of the Company's capital. When the Company was listed on Tadawul, its capital amounted to one billion (1,000,000,000) Saudi Riyals, divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. 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, divided into one hundred million (100,000,000) ordinary shares, to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, 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 increasing the Company's capital from four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, to one billion five hundred and seventy-five million (1,575,000,000) Saudi Riyals, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, through issuing one hundred seventeen million five hundred thousand (17,500,000) 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, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, to six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, 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, divided into sixty-three million (63,000,000) ordinary shares, to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, 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, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand and nine hundred (35,052,900) ordinary shares, by cancelling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) 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, divided into thirty-five million fifty-two thousand nine hundred (35,052,900) ordinary shares, to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, 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, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, to 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, 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 25/07/1445H (corresponding to 06/02/2024G), 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, divided into eight million nine hundred and ninety-nine thousand (8,999,900) ordinary shares, to three hundred 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, through a rights issue. As of 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 "xviii" ("Key Dates and Subscription Procedures") of this Prospectus). Upon registering and listing of the New Shares, KSA 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" on page (i) 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 03/07/1445H (corresponding to 15/01/2024G). 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, Lead Manager and Underwriter

الإيماء للاستثمار  
alinma investment

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 (iii) 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.

This Prospectus was issued on 26/06/1445H (corresponding to 08/01/2024G).

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.

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## 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](http://www.go.com.sa)), Financial Advisor’s website ([www.alinmainvestment.com.sa](http://www.alinmainvestment.com.sa)), or the CMA’s website ([www.cma.org.sa](http://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 EGM on 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 Alinma Investment as a financial advisor (“**Financial Advisor**”), lead manager (“**Lead Manager**”) and underwriter (“**Underwriter**”) (Please refer to Section 10 (“**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. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G). The Members of the Board of Directors, whose names appear in this Prospectus, 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 officers, directors, Financial Advisor, or the Company’s advisors, whose names appear on Page (vii) 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 Right issue 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**”). The trading period and subscription period will commence three (3) working days from the approval of the capital increase by the Extraordinary General Assembly, from 02/08/1445H (corresponding to 12/02/2024G), provided that the trading period ends on 09/08/1445H (corresponding to 19/02/2024G) (“**Trading Period**”), while the subscription period will continue until the end of 15/08/1445H (corresponding to 25/02/2024G) (“**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.

Registered Shareholders will be allowed to trade the Rights during the Trading 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 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G) (**"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 11/09/1445H (corresponding to 21/03/2024G); noting that investor who did not subscribe or sell his 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 fractional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 10 (**"Underwriting"**) and Section 12 (**"Details on Shares and Subscription Terms and Conditions"**) of this Prospectus).

In the event that Institutional Investors did not subscribe to all of the Rump Shares and fractional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 12 (**"Details on Shares and Subscription Terms and Conditions"**) of this Prospectus). Final allocation will be announced no later than 24/08/1445H (corresponding to 05/03/2024G) (the **"Allocation Date"**) (please refer to Section 12 (**"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 03/07/1445H (corresponding to 15/01/2024G).

## 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 2021G, 2022G, and 2023G, in addition to the notes thereto, were prepared in accordance with International Financial Reporting Standards (IFRS) as approved in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants (SOCPA).

The Company's financial statements for the last three Financial Years ended on 31 March 2021G, 2022G, and 2023G have been audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants – a member of Crowe International.

The Company's financial statements are presented in Saudi Riyals. 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 publicly 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 published, and before the completion of the Offering, 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 both aforementioned 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. (1.1): Board Members

No	Name	Position	Nationality	Age	Membership status	Appointment date*	Shares		Percentage
							Direct	Indirect	
1	Dr. Issa Yaslam Faraj Baeisa *	Chairman	Saudi	49	Non-executive / Independent	14/11/2023G	2	-	0.00002222%
2	Omar Nabil Noori Alkhudairi*	Vice Chairman	Saudi	46	Non-executive / Independent	14/11/2023G	10	-	0.00011111%
3	Saad bin Omar bin Saad Al-Baiz	Member and Board Secretary	Saudi	68	Non-executive / Non-independent	14/11/2023G	58	-	0.0006445%
4	Maitham Abdullah Ashour Hassan**	Member	Bahraini	40	Non-executive / Non-independent	14/11/2023G	-	-	-
5	Abdullah Mohammed Abdullah Danesh	Member	Bahraini	38	Non-executive / Non-independent	14/11/2023G	-	-	-
6	Ayman Hilal Ali Al Jaber	Member	Saudi	36	Non-executive / Independent	14/11/2023G	10	-	0.00011111%
7	Suliman Ahmad Saeed AlZahrani	Member	Saudi	52	Non-executive / Independent	14/11/2023G	20	-	0.00022222%
8	Sager Abdullatif Mohammad Nadershah	Member	Saudi	58	Non-executive / Independent	14/11/2023G	10	-	0.00011111%

9	Ehsan Amanallah Aminallah Makhdoom	Member	Saudi	49	Non-executive / Independent	14/11/2023G	10	-	0.00011111%
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Source: The Company

\*In its meeting held on 01/05/1445H (corresponding to 15/11/2023G), the Board of Directors decided to appoint Dr. Issa Yaslam Faraj Baeisa as Chairman of the Board of Directors, and to appoint Omar Nabil Noori Alkhudairi as Vice Chairman of the Board of Directors.

## Senior Management

Table No. (1.2): Senior Executives

No	Name	Position	Nationality	Age	Membership date *	Shares		Percentage
						Direct	Indirect	
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	61	03/09/2011G	-	-	-
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	Vice President of Human Resources	Saudi	39	26/04/2021G	-	-	-
14	Mr. Ahmed Hussein AlRashed	Vice President of Governance, Risk and Compliance	Saudi	40	09/10/2023G	-	-	-

Source: The Company

## Address of Company and Representatives

### Address of Company and Authorized Representatives

#### Company address

**Etihad Atheeb Telecommunication 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 (11) 511 4100

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 1151 (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, Lead Manager and Underwriter

#### Alinma Investment

Burj AlAnoud 2, King Fahad Road, Riyadh  
P.O. Box 55560  
Riyadh 11544  
Kingdom of Saudi Arabia  
Tel: +966 (800) 441 3333  
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Website: [www.alinmainvestment.com.sa](http://www.alinmainvestment.com.sa)  
E-mail: [info@alinmainvest.com.sa](mailto:info@alinmainvest.com.sa)

الإئماء للاستثمار  
alinma investment 

### Legal Advisor

#### Abdulaziz I. Al-Alajlan & Partners, Lawyers and Legal Advisors

Olayan Complex, Tower 2, 3rd Floor  
Al Ahsa Street, Malaz  
P.O. Box 69103  
Riyadh 11547  
Kingdom of Saudi Arabia  
Tel: +966 (11) 265 8900  
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E-mail: [legal.advisors@legal-advisors.com](mailto:legal.advisors@legal-advisors.com)

Legal  
Advisors.  
Abdulaziz Alajlan & Partners  
in association with Baker & McKenzie Limited

### Advisor of the Feasibility Study and the Transformation Strategy Business Plan

#### Arthur D. Little Saudi Arabia

Office No. 502, Floor 5, Entrance D  
Al Plaza, Al Akaria Mall, Olaya Street  
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Kingdom of Saudi Arabia  
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Fax: +966 (11) 293 0490  
Website: [www.adl.com.sa](http://www.adl.com.sa)  
Email: [gm\\_ksa@adlittle.com](mailto:gm_ksa@adlittle.com)

ARTHUR D LITTLE

### Auditor (Of Financial Years ended on 31 March 2021G, 2022G and 2023G)

#### Abdullah Mohammad Al Azem, Salaman Bander Al Sudairy, Musab Abdulrahman Al Shaikh, & Partners for Professional Consulting

Prince Mohammed Bin Abdulaziz Street - Unit No. 11  
P.O. Box 10504 Riyadh 11443  
Kingdom of Saudi Arabia  
Tel: +966 (11) 217 5000  
Fax: +966 (11) 217 6000  
Website: [www.crowe.com/sa](http://www.crowe.com/sa)  
E-mail: [info@crowe.sa](mailto:info@crowe.sa)

 Crowe Horwath.

**Note:** The above Advisors and the independent Auditor have provided and have not withdrawn, as of the date of this Prospectus, their written consent to the publication of their names and logos in the Prospectus, and to the inclusion of their statements in the form and content set out in 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:

<b>Issuer’s Name, Description, and Information on its Incorporation</b>	<p>Etihad Atheeb Telecommunication 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”).</p> <p>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, and the value of all these shares has been paid-up in full.</p> <p>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”), of which thirty million (30,000,000) ordinary shares will be offered for public subscription for a nominal value of ten (10) Saudi riyals per share, representing (30%) of the Company’s capital. When the Company was listed on Tadawul, its capital amounted to one billion (1,000,000,000) Saudi riyals, divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share. 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, divided into one hundred million (100,000,000) ordinary shares, to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, 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 increasing the Company’s capital from four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, to one billion five hundred and seventy-five million (1,575,000,000) Saudi Riyals, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, 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, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, to six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, 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 the Company Shareholders was held and resolved to decrease the Company’s capital from six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, 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, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand and nine hundred (35,052,900) ordinary shares, by cancelling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) 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, divided into thirty-five million fifty-two thousand nine hundred (35,052,900) ordinary shares, to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, 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, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, 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 25/07/1445H (corresponding to 06/02/2024G), 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, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, to three hundred thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into thirty-three million nine hundred ninety-nine thousand nine hundred (33,999,900) ordinary shares, through a rights issue, consisting of the offering of twenty-five million (25,000,000) new ordinary shares (referred to as the “New Shares”, or “Rights Shares”) at an offer price of ten (10) Saudi Riyals per share (referred to as the “Offer Price”), with a nominal value of ten (10) Saudi Riyals. 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.</p>
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<p><b>Summary of the Issuer's Activities</b></p>	<p>The Company's activities pursuant to its Commercial Register No. 1010263273, dated 30/02/1430H (corresponding to 25/02/2009G) consists of the fulfillment of the following purposes:</p> <ul style="list-style-type: none"> <li>- Providing fixed communication services;</li> <li>- Fixed broadband;</li> <li>- Providing wired internet services;</li> <li>- Providing wired data services;</li> <li>- Mobile broadband;</li> <li>- Providing wireless internet services;</li> <li>- Providing wireless data services;</li> <li>- Public telephone service activities;</li> <li>- Telecommunications booths;</li> <li>- Providing Virtual Network Operator Services for the Internet of Things (IoT- VNO)</li> <li>- Providing Carrier Service Provider (CSP)</li> <li>- Providing Internet of Things (IoT) services using license-exempt frequencies;</li> <li>- Virtual Voice Services (VVS);</li> <li>- Internet Exchange Point (IXP) services;</li> <li>- Systems analysis;</li> <li>- Designing and programming special software;</li> <li>- Providing call center service.</li> </ul> <p>The Company's activities, as stated in its Bylaws, are to carry out and implement the following purposes:</p> <ol style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(c) Import, export, market and supply all types of fixed telephone devices and other similar devices and goods, and enter into related tenders;</li> <li>(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;</li> <li>(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;</li> <li>(f) import, market, install and maintain telecommunication and information technology equipment;</li> <li>(g) sell, distribute and market prepaid cards.</li> </ol> <p>The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities - if any.</p> <p>The Company conducts its activities through its head office in Riyadh. For more information, please refer to Section 3 ("Background of the Company and Nature of its Business") of this Prospectus.</p>														
<p><b>Substantial Shareholders</b></p>	<p>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:</p> <p><b>Table No. (1.3): Substantial Shareholders</b></p> <table border="1" data-bbox="427 1563 1394 1753"> <thead> <tr> <th rowspan="2">Shareholder</th> <th colspan="2">Post-Offering Ownership (Direct)</th> <th colspan="2">Post-Offering Ownership* (Direct)</th> </tr> <tr> <th>Number of Shares</th> <th>Ownership</th> <th>Number of Shares</th> <th>Ownership</th> </tr> </thead> <tbody> <tr> <td>Bahrain Telecommunication Company BSC (Batelco)</td> <td>1,349,988</td> <td>15%</td> <td>5,099,996</td> <td>15%</td> </tr> </tbody> </table> <p>Source: Tadawul's website as at 30/10/2023G</p> <p>* Assuming that Substantial Shareholder subscribes to its full share of the Rights.</p>	Shareholder	Post-Offering Ownership (Direct)		Post-Offering Ownership* (Direct)		Number of Shares	Ownership	Number of Shares	Ownership	Bahrain Telecommunication Company BSC (Batelco)	1,349,988	15%	5,099,996	15%
Shareholder	Post-Offering Ownership (Direct)		Post-Offering Ownership* (Direct)												
	Number of Shares	Ownership	Number of Shares	Ownership											
Bahrain Telecommunication Company BSC (Batelco)	1,349,988	15%	5,099,996	15%											
<p><b>Nature of the Offering</b></p>	<p>Increasing the Company's capital through the issuance of Rights Shares.</p>														
<p><b>Purpose of the Offering</b></p>	<p>By increasing its capital through the issuance of Rights Shares, the Company aims to pay certain obligations to suppliers, as well as to develop Company's systems and infrastructure (for further information, please refer to Section 6 ("Use of Proceeds") of this Prospectus)</p>														

Total Estimated Proceeds, Breakdown Analysis and Description of its Potential Use	The following table shows the expected use of the Offering proceeds:			
	Description	Amount (in SAR Million)	Percentage of Total	
	Paying part of the outstanding balances and dues to one of the Company's main suppliers	49.00	19.60%	
	Paying a balance owed to the Communications, Space and Technology Commission	15.00	6.00%	
	Paying part of the total value related to the Settlement Agreement with TAWAL	26.00	10.40%	
	Developing infrastructure by developing networking (IP-MPLS)	35.00	14.00%	
	Developing microwave technology to support the business sector	30.00	12.00%	
	Developing and building cloud data centers	10.00	4.00%	
	Upgrading Core Network Equipment	35.00	14.00%	
	Cyber Security Implementation	4.00	1.60%	
	Network capacity development	40.00	16.00%	
	Offering costs	6.00	2.40%	
<b>The total proceeds of the subtraction</b>		<b>250.00</b>	<b>100.0%</b>	
Source: The Company				
For more information on the analysis of the use of the Offering proceeds, please refer to Section 6 ("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 six million (6,000,000) 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 6 ("Use of Proceeds") of this Prospectus).			
Net Proceeds	The net Offering proceeds are estimated at two hundred and forty-four million (244,000,000) Saudi Riyals (for more information please refer to Section 6 ("Use of Proceeds") of this Prospectus).			
Proceeds as Previously Obtained from the Previous Rights Issue, Breakdown Analysis, Description and Uses	The total proceeds from the previous subscription amounted to one billion one hundred seventy-five million (1,175,000,000) Saudi Riyals.			
	On 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly of the Company Shareholders was held and resolved to approve 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.			
	These proceeds were used as follows:			
	Subscription Expenses	Declared Amount (in SAR Million)	Actual use (in SAR Million)	Change Percentage
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	58.3	-62.3%	<p>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.</p> <p>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.</p>

	Subscription Expenses	Declared Amount (in SAR Million)	Actual use (in SAR Million)	Change Percentage	Reasons for changing subscription uses
	Payments due to suppliers of goods and services	107.0	85.1	-20.5%	<p>The Company paid its suppliers SAR 85.1 million from the proceeds of the previous offering as follows:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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 Motorola has built and supplied the Company with the WiMax towers for the central and western regions.</li> <li>- 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.</li> <li>- 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.</li> <li>- ICOM, SAR 2,125,812 for advertising services provided to the Company under marketing and advertising contracts.</li> <li>- Saudi Telecom Company (STC), SAR 2,994,984 for the company's use of STC's network.</li> </ul> <p>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.</p>
	<b>Total subscription proceeds</b>	<b>1,175.0</b>	<b>1,175.0</b>	<b>-</b>	
<b>Company's Capital Prior to the Offering</b>	Eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals				
<b>Total Number of Existing Issued Shares Prior to the Offering</b>	Eight million nine hundred and ninety-nine thousand nine hundred (8,999,900) ordinary shares.				
<b>Company's Capital Post-offering</b>	Three hundred and thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals.				
<b>Total number of Issued Shares Post to the Offering</b>	Thirty-three million nine hundred and ninety-nine thousand nine hundred (33,999,900) ordinary shares.				
<b>Nominal Value Per Share</b>	SAR (10) per share				
<b>Total Number of Rights Shares Offered for Subscription</b>	Twenty-five million (25,000,000) ordinary shares				
<b>Percentage of Rights Shares Offered to the Capital</b>	277.78%				

<b>New Shares</b>	Twenty-five million (25,000,000) ordinary shares, will be issued as a result of the increase of the Company's capital
<b>Offering Price</b>	Ten (10) Saudi Riyals per share
<b>Total Offering Value</b>	Two hundred and fifty million (250,000,000) Saudi Riyals.
<b>Number of Underwritten Shares</b>	Twenty-five million (25,000,000) ordinary shares representing 100% of Total Offering.
<b>Total Value of Underwritten Shares</b>	Two hundred and fifty million (250,000,000) Saudi Riyals.
<b>Categories of Targeted Investors</b>	All shareholders of Rights, whether Registered Shareholders or New Shareholders. ("Eligible Persons")
<b>Registered Shareholders</b>	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 25/07/1445H (corresponding to 06/02/2024G).
<b>New Shareholders</b>	Individual and institutional investors, except for Registered Shareholders, who purchased the Rights Issue during the trading period.
<b>The Rights</b>	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.
<b>Number of Rights Shares Issued</b>	Twenty-five million (25,000,000) Rights
<b>Subscription Rights Issue Ratio</b>	(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.
<b>Eligibility Date</b>	Shareholders who own shares at the date of the EGM on 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 25/07/1445H (corresponding to 06/02/2024G).
<b>Trading Period</b>	The Trading Period shall begin three (3) working days from the approval of the capital increase by the Extraordinary General Assembly on 02/08/1445H (corresponding to 12/02/2024G), and continue until the end of day on 09/08/1445H (corresponding to 19/02/2024G). All Rights holders, whether Registered or Unregistered Shareholders, may trade in the Rights. It should be noted that the Trading Period continues until the end of the sixth day of the same period.
<b>Subscription Period</b>	The Subscription Period shall begin three (3) working days from the approval of the capital increase by the Extraordinary General Assembly on 02/08/1445H (corresponding to 12/02/2024G), and continue until the end of day on 15/08/1445H (corresponding to 25/02/2024G). All Rights holders, whether Registered or Unregistered Shareholders, may exercise their rights to subscribe for the New Shares. It should be noted that the Subscription Period continues until the end of the ninth day of the same period.
<b>Subscription Method</b>	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.
<b>Exercising the Rights</b>	<p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> <p>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.</p>
<b>Indicative Value of the Right</b>	<p>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.</p> <p>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.</p>

<b>Rump Offering</b>	In the event that shares remain unsubscribed for at the end of the Offering Period (the “ <b>Rump Shares</b> ”), then said shares shall be offered to a number of institutional investors (“ <b>Institutional Investors</b> ”), which shall submit their offers to purchase the Rump Shares, which offers shall be received starting from ten (10:00) on the morning of 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G) , (the “ <b>Rump Offering Period</b> ”). 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.
<b>Allocation Method and Surplus Refund</b>	<p>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 12 (“<b>Information Related to Shares and the Terms and Conditions of the Offering</b>”) of this Prospectus).</p> <p>The subscription surplus (if any) will be refunded to subscribers without any commissions or deductions by the Lead Manager.</p>
<b>Allocation Date</b>	Shares shall be allocated no later than 24/08/1445H (corresponding to 05/03/2024G).
<b>Subscription Surplus Refund Date</b>	Subscription Surplus (if any) will be refunded without any commissions or deductions by the Lead Manager no later than 11/09/1445H (corresponding to 21/03/2024G).
<b>Compensation Payment (if any)</b>	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 11/09/1445H (corresponding to 21/03/2024G) (please refer to Section 12 (“ <b>Information Related to Shares and the Terms and Conditions of the Offering</b> ”) of this Prospectus); noting that the cash compensation amounts represent the Offer Price net proceed surplus from the sale of Rump and Fractional Shares.
<b>Adjusted Price</b>	The Company's Share price on the Saudi Stock Exchange (Tadawul) has been adjusted to 57.10 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 130.90 Saudi Riyals per share.
<b>New Share Trading</b>	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.
<b>Listing and Trading of Rights</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Entitlement to Dividends</b>	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.
<b>Voting Rights</b>	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 Current 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.
<b>Restrictions on Shares</b>	There are no restrictions on the trading of the Company's shares except for the regulatory restrictions imposed on the shares listed in general.
<b>Right Shares Trading Restrictions</b>	There are no restrictions on the trading of the Rights Shares.
<b>Restrictions on the New Shares, following the Capital Increase</b>	There are no restrictions on shareholders in general and on founding shareholders, following the subscription resulting from the capital increase.

<p>Shares previously listed by the Issuer</p>	<p>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"), of which thirty million (30,000,000) ordinary shares were offered for public subscription for a nominal value of ten (10) Saudi riyals per share, representing (30%) of the Company's capital. When the Company was listed on Tadawul, its capital amounted to one billion (1,000,000,000) Saudi riyals, divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share.</p> <p>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, divided into one hundred million (100,000,000) ordinary shares, to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, by canceling sixty million (60,000,000) of the Company's shares.</p> <p>On 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve increasing the Company's capital from four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, to one billion five hundred and seventy-five million (1,575,000,000) Saudi Riyals, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, 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.</p> <p>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, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, to six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, through the cancellation of ninety-four million five hundred thousand (94,500,000) shares.</p> <p>On 27/05/1439H (corresponding to 13/02/2018G), the Extraordinary General Assembly of the Company Shareholders was held and resolved to decrease the Company's capital from six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, through the cancellation of fifteen million seven hundred fifty thousand (15,750,000) ordinary shares.</p> <p>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, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand and nine hundred (35,052,900) ordinary shares, by cancelling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) ordinary shares.</p> <p>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, divided into thirty-five million fifty-two thousand nine hundred (35,052,900) ordinary shares, to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, by cancelling twelve million two hundred thousand (12,200,000) of the Company's shares.</p> <p>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, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, 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.</p> <p>On 25/07/1445H (corresponding to 06/02/2024G), 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, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, to three hundred thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into thirty-three million nine hundred ninety-nine thousand nine hundred (33,999,900) ordinary shares, through a rights issue. 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. The Company shall announce any change in the ownership of Substantial Shareholders.</p>
<p>Conditions for Subscribing to Rights Shares</p>	<p>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 12 ("Information Related to Shares and the Terms and Conditions of the Offering") of this Prospectus.</p>
<p>The Public</p>	<p>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. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), any person other than the following:</p> <ol style="list-style-type: none"> <li>1. Issuer affiliates.</li> <li>2. Substantial Shareholders of the Issuer.</li> <li>3. Board members and senior executives of the Issuer.</li> <li>4. Board members and senior executives Subsidiary with the Issuer.</li> <li>5. Board members and senior executives of the Issuer's Substantial Shareholders.</li> <li>6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above.</li> <li>7. Any company controlled by any persons referred to in (1, 2, 3, 4, 5 or 6) above.</li> <li>8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.</li> </ol>
<p>Right Trading Price</p>	<p>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.</p>
<p>Risk Factors</p>	<p>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)</p>



**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).

Below is a summary of the most important information that has changed since the CMA approval:

**Company's Capital**

The Company's capital has been amended as of the date of the latest prospectus as follows:

- On 13/07/1438H (corresponding to 10/04/2017G), the EGM approved the reduction of the Company's capital from one billion five hundred and seventy-five million (1,575,000,000) Saudi Riyals, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, to six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, through the cancellation of ninety-four million five hundred thousand (94,500,000) of the Company's shares.
- On 27/05/1439H (corresponding to 13/02/2018G), the EGM approved the reduction of the Company's capital from six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, through the cancellation of fifteen million seven hundred fifty thousand (15,750,000) of the Company's shares.
- On 19/08/1440H (corresponding to 24/04/2019G), the EGM approved the reduction of the Company's capital from four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand and nine hundred (35,052,900) ordinary shares, by cancelling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) of the Company's shares.
- On 03/07/1441H (corresponding to 27/02/2020G), the EGM approved the reduction of the Company's capital from three hundred fifty million five hundred and twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand nine hundred (35,052,900) ordinary shares, to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, 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 EGM approved the reduction of the Company's capital from two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, 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 25/07/1445H (corresponding to 06/02/2024G), the EGM approved the increase of 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 and nine hundred (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 nine hundred (33,999,900) ordinary shares. For more information about the changes in the Company's capital, please see Section 3.2 ("Major Changes in the Company's Share Capital") of this Prospectus.

**Substantial Shareholders**

As at the date of the latest prospectus, the Company had 4 Substantial Shareholders: Atheeb Trading Company Limited, Bahrain Telecommunications Company, Al Nahla Trading and Contracting Company Limited, and Traco Trading & Contracting Group. As of the date of this Prospectus, the Company's Substantial Shareholder is Bahrain Telecommunications Company.

**Board of Directors**

The Board of Directors has been amended since the date of the latest Prospectus as follows:

- The number of members of the Company's Board of Directors was reduced from 11 to 9 members.
- The Company's Board of Directors has been changed several times since the latest prospectus, in accordance with the Company's Bylaws, the rules and regulations to which the Company is subject. As of the date of the Company's latest prospectus, the members of the Company's Board of Directors were: His Royal Highness Prince Abdulaziz bin Ahmed bin Abdulaziz Al Saud, Sheikh Mohammed bin Isa Al Khalifa, Mr. Peter Kaliaropoulos, Mr. Mohamed Wajjih Bin Hasan Shurbatli, Mr. Abdulrahman bin Abdulaziz bin Mutrib, Mr. Khurshid Ahmed, Mr. Saad bin Omer Albaiz, Mr. Sultan bin Khalid Al-Turki, Mr. Husam Eddine Hashem Sadagah, and Mr. Raed bin Abdul Rauf Kayyal, and a vacant position. As of the date of this Prospectus, the Company's Board of Directors consists of the members whose names appear in Table 1.1 "Board Members" of the "Company's Directory" section on page (iii) of this Prospectus.

<p><b>Material changes to the information disclosed in the latest prospectus</b></p>	<p><b>Material Licenses</b></p> <p>Since the latest prospectus, the Company has obtained additional material licenses from the CST as follows:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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. 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.</li> <li>- By virtue of a letter issued by the CST No. 2901/1444/TT on 29/07/1444H (corresponding to 20/02/2023G), CST confirmed that the Company is currently compliant with the obligations of covering at least 30% of the populated areas in the cities subject to the obligation.</li> <li>- CST granted the Company the right to provide internet services effective as of 16/05/1440H (corresponding to 22/01/2019G) by virtue of the registration certificate No. 51.T1.42 dated 20/04/1443H (corresponding to 23/11/2021G).</li> <li>- Pursuant to the registration certificate No. 51.T1.42 dated 20/04/1443H (corresponding to 23/11/2021G), CST approved registering the Company under Class (A) allowing 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.</li> </ul> <p>(For more information regarding licenses obtained as of the date of this Prospectus, please see Section 9.3 ("Licensing and Interconnection") of this Prospectus).</p> <p><b>Company Services and Products</b></p> <p>As of the date of the Company's latest prospectus, the Company had 13 products as follows: Internet and Voice CPE, iGo, Small Office/Home Office (SOHO), GO SOHO Plus, Baria, IP-VPN, Easy Phone, IP Centrex, GO Terhal for individuals, GO Terhal for businesses, IP Transit, International Private Leased Circuit (IPLC) and wholesale fixed voice call termination services in Saudi Arabia. As of the date of this Prospectus, the Company has 9 services/products that are described in Section 3.6 ("Product and Service Offerings") of this Prospectus.</p> <p><b>Other Amendments</b></p> <ul style="list-style-type: none"> <li>- On 29/06/2014G: The property owned by the Company, consisting of a building and two plots of land, were sold for an amount of 160 million Saudi Riyals.</li> <li>- On 14/12/2016G: The Company announced that its accumulated losses have reached 75.95% of its capital.</li> </ul>
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**Note:** The Section "Important Notice" as well as Section 2 – "Risk Factors" of this Prospectus should be read carefully prior to making any decision to invest in the Rights Shares under this Prospectus.

## Key Dates and Subscription Procedures

Table No. (1.4): 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 Depository Center as of the close of the second trading day following the EGM on the capital increase.	25/07/1445H (corresponding to 06/02/2024G)
Trading Period	The Trading Period shall begin on 02/08/1445H (corresponding to 12/02/2024G), and end on 09/08/1445H (corresponding to 19/02/2024G). 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 02/08/1445H (corresponding to 12/02/2024G), and end on 15/08/1445H (corresponding to 25/02/2024G). 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	Subscription application shall no longer be accepted at the end of 15/08/1445H (corresponding to 25/02/2024G).
Rump Offering Period	From 10:00 AM on 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G).
Notification of Final Allocation	24/08/1445H (corresponding to 05/03/2024G).
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering, totally or in part, and those entitled to fractional Shares.	Compensations amounts, if any, will be paid no later than 11/09/1445H (corresponding to 21/03/2024G).
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 ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ).

Note:

All of the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul ([www.saudiexchange.sa](http://www.saudiexchange.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. (1.5): Key Announcement Dates**

Announcement	Announced by	Announcement Date
Announcement of the EGM on Capital Increase	The Company	03/07/1445H (corresponding to 15/01/2024G)
Announcement of results of the EGM on Capital Increase	The Company	26/07/1445H (corresponding to 07/02/2024G)
Announcement of changes to Company's Share Price and deposit of Rights, and the announcement of indicative value of the Rights	Tadawul	26/07/1445H (corresponding to 07/02/2024G)
Announcement in relation to the determination of the Trading Period and subscription period	The Company	27/07/1445H (corresponding to 08/02/2024G)
Announcement of adding the Company's Issue Rights	Edaa	01/08/1445H (corresponding to 11/02/2024G)
Announcement in relation to the commencement of the Trading Period and subscription period	Tadawul	02/08/1445H (corresponding to 12/02/2024G)
Reminder in relation to the commencement of Trading Period and subscription period	The Company	02/08/1445H (corresponding to 12/02/2024G)
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	08/08/1445H (corresponding to 18/02/2024G)
Announcement regarding the end of the subscription period	The Company	15/08/1445H (corresponding to 25/02/2024G)
Announcement regarding: Subscription results Details of the sale of Unsubscribed Shares (if any) and commencement of the Rump Offering	The Company	17/08/1445H (corresponding to 27/02/2024G)
Announcement regarding the results of the Rump Offering and notification of the final allocation	The Company	24/08/1445H (corresponding to 05/03/2024G)
Announcement regarding the deposit of New Shares in investors' portfolios	Edaa	26/08/1445H (corresponding to 07/03/2024G)
Announcement of distribution of compensation amounts (if any) to Eligible Persons	The Company	11/09/1445H (corresponding to 21/03/2024G)

**Note:** All of the above-mentioned dates are indicative. Actual dates will be communicated on the Tadawul's website ([www.saudiexchange.sa](http://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 the following information, in accordance with Article 51 (e) of the OSCOs:

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. The addresses and locations 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: "The Capital Market Authority and the Saudi Stock Exchange take no responsibility for the contents of this disclosure, make no representations 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 disclosure".

## 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 12 (**"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, based on 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 Current Shares. The Rights Issue Ratio is approximately 2.7778 right per each (1) existing share owned by the Registered Shareholders on the Eligibility Date. Accordingly, if a Registered Shareholder owns one thousand (1,000) shares on the Eligibility Date, two thousand seven hundred and seventy-seven (2,777) rights will be allocated to him.

### Will these Rights be tradable under a different name/ symbol than the name/ symbol of the Company's shares?

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.

### 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 rights that will be deposited are: two thousand seven hundred and seventy-seven (2,777) rights, as each share is approximately eligible for 2.7778 rights. Therefore, two thousand two hundred and twenty-two (2,222) rights will be deposited in portfolio (a) and five hundred and fifty-five (555) 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 Securities Depository Center Company (Edaa), before the end of the Offering Period and providing the necessary documents prior to the end of the Subscription Period.

### 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 owner of Rights Shares sell or assign 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 on Capital Increase, 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, i.e. three (3) working days from the approval of the capital increase by the EGM. 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 or maximum commission amount.

#### Additional support:

- In case of inquiries, please contact the Company at the e-mail (investor.relation@go.com.sa). 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 12 ("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

Ethihad Atheeb Telecommunication 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"), of which thirty million (30,000,000) ordinary shares were offered for public subscription for a nominal value of ten (10) Saudi riyals per share, representing (30%) of the Company's capital. When the Company was listed on Tadawul, its capital amounted to one billion (1,000,000,000) Saudi riyals, divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share.

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, divided into one hundred million (100,000,000) ordinary shares, to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, by canceling sixty million (60,000,000) of the Company's shares.

On 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve increasing the Company's capital from four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, to one billion five hundred and seventy-five million (1,575,000,000) Saudi Riyals, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, 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, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, to six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, 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 the Company Shareholders was held and resolved to decrease the Company's capital from six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, 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, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand and nine hundred (35,052,900) ordinary shares, by cancelling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) 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, divided into thirty-five million fifty-two thousand nine hundred (35,052,900) ordinary shares, to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, 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, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, 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 25/07/1445H (corresponding to 06/02/2024G), 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, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, to three hundred thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into thirty-three million nine hundred ninety-nine thousand nine hundred (33,999,900) ordinary shares, through a rights issue.

## Substantial Shareholders

The Substantial Shareholders of the Company, who each owns 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. (1.6): Shareholding of Substantial Shareholders in the Company**

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

Source: Tadawul's website as at 30/10/2023G

## 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 include 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 invite them into our 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 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 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 successful 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.

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.

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.

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. Since telecom operators have the required infrastructure to provide telecom services, they have a competitive advantage over other companies in the cloud computing sector.

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.

Despite fiber optic penetration in the Kingdom of Saudi Arabia, such expansion is lower than the average in the MENA region, indicating that there is an opportunity to increase the telecom operator subscriptions, by using the open access model in the optical network.

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.

Neom and other smart city projects are expected to build the integrated infrastructure required for advanced technologies. Information and communications technology (ICT) 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.

## Summary of Financial Information

The summary of financial information is based on the Company's audited financial statements for the Financial Years ended on 31 March 2021G, 2022G, and 2023G, in addition to the notes thereto.

The Company's financial statements for the last three Financial Years ended on 31 March 2021G, 2022G, and 2023G have been audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants

The Company's financial statements for the last three Financial Years ended on 31 March 2021G, 2022G, and 2023G were prepared in accordance with International Financial Reporting Standards (IFRS) as approved in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants (SOCPA).

**Table No. (1.7): Key Performance Indicators**

Percentage	FY ended 31 March 201G	FY ended 31 March 2022G	FY ended 31 March 2023G
Gross Profit Margin	19.6%	24.3%	29.0%
Operating Profit Margin	(11.5%)	(4.1%)	9.2%
Profit Margin	(13.6%)	(9.9%)	6.7%
Return on Assets	(3.7%)	(4.5%)	4.8%
Return on Equity	(34.2%)	(50.5%)	36.6%
<b>Key operational performance indicators</b>			
Numbers of services provided by companies	6,178	7,314	8,801
Numbers of services provided by individuals	44,737	74,348	131,632

Source: The Company

**Table No. (1.8): Income Statement Summary**

SAR	FY ended 31 March 2021G	FY ended 31 March 2022G	FY ended 31 March 2023G
Sales	282,099,669	378,553,765	630,339,790
Cost of Sales	(226,730,533)	(286,710,000)	(447,651,620)
Gross Profit	55,369,136	91,843,765	182,688,170
Operating profit (loss)	(32,552,370)	(15,492,740)	57,899,790
Net profit (loss) for the period	(38,258,894)	(37,399,886)	42,468,239

Source: Company's audited financial statements for the Financial Years ended on 31 March 2021G, 2022G, and 2023G.

**Table No. (1.9): Balance Sheet Summary**

SAR	FY ended 31 March 2021G	FY ended 31 March 2022G	FY ended 31 March 2023G
Total non-current assets	731,455,063	586,265,525	548,726,850
Total current assets	303,690,232	251,767,133	338,084,747
total assets	1,035,145,295	838,032,658	886,811,597
Total non-current liabilities	473,382,514	329,695,734	255,335,182
Total current liabilities	450,023,421	434,341,108	515,400,904
Total Liabilities	923,405,935	764,036,842	770,736,086
Total Shareholder Equity	111,739,360	73,995,816	116,075,511
Total liabilities and shareholders' equity	1,035,145,295	838,032,658	886,811,597

Source: Company's audited financial statements for the Financial Years ended on 31 March 2021G, 2022G, and 2023G.

**Table No. (1.10): Cash Flow Statement Summary**

SAR	FY ended 31 March 2021G	FY ended 31 March 2022G	FY ended 31 March 2023G
Net cash from/(used) in operations	(16,173,557)	63,072,393	5,245,776
Net cash (used)/generated from investment activities	(7,092,662)	(21,164,997)	(3,543,930)
Net cash (used)/generated from financing	(28,151,425)	(29,763,511)	(31,895,739)
Decrease in cash and cash equivalents	(51,417,644)	12,143,885	(30,193,893)
Cash and cash equivalents at the beginning of the year/period	122,530,311	71,112,667	83,256,552
Cash and cash equivalents at the end of the year/period	71,112,667	83,256,552	53,062,659

Source: Company's audited financial statements for the Financial Years ended on 31 March 2021G, 2022G, and 2023G.

## 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 Dependence on Outsourcing
- Risks related to Dependence on a Number of Key Third Party Distributors
- Risks related to penalties, fines, and Suspension of Business by the competent authorities
- Risks related to Frequency Spectrum License
- Risks related to transactions with Related Parties
- Risks Related to the Operation and Unexpected Interruption of Business
- Risks related to failure of IT systems or breach of security measures
- Risks Related to Capital Intensive Business that Require Continuous Investment in Infrastructure
- Risks related to reliance on Key Personnel
- Risks Related to Employee Misconduct and/or Errors
- Risks related to regulations, permits, licenses and approvals necessary for the Company’s business
- Risks related to leases
- Risks related to the Company’s Communication Tower Lease Contracts
- Risks Related to Claims, Disputes and Litigations
- Risks related to Potential Zakat and Tax Assessments
- Risks related to the Auditor’s Qualified Opinion
- Risks Related to the Company’s Existing Financing Arrangements
- 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 Adequacy of 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 the Depreciation of Property and Equipment
- Risks Related to the Increase in Operating Expenses
- Risks Related to Significant Growth in the Company’s Revenues and their Concentration
- Risks Related to the Increase in Gross Profit Margin
- Risks related to the Open Access Agreement
- Risks Related to Revenue Growth in the B2B Sector
- Risks Related to Revenue Growth in the B2C Sector
- Risks Related to Inadequacy of Insurance Coverage
- Risks Related to the Integrity of the Company’s Internal Control System
- Risks Related to Fluctuations in Foreign Currency Exchange Rate
- Risks Related to Non-compliance with the Accounting Standards Approved by the Saudi Organization for Certified Public Accountants
- Risks Related with Compliance with the Corporate Governance Regulations



- **Risks Related to the Market and Industry**

- Risk Related to Compliance with the Telecommunications Regulations
- Risks Related to the Regulatory Environment
- Risks related to licenses issued by Communications, Space and Technology Commission
- Risks Related to Competition
- Economic and political risks
- Risks related to the Frequency Spectrum Allocation
- 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 Lack of Qualified Local Staff in the Telecommunications Industry
- Risks related to Non-Saudi employees

- **Risks Related to the Offer 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 Shareholders' Lack of 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

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# 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
<b>GO or Company</b>	Etihad Atheeb Telecommunication Company – Saudi Joint Stock Company
<b>Management or Senior Management</b>	Management team of Etihad Atheeb Telecommunication Company.
<b>Board or Board of Directors</b>	Company's Board of Directors, whose names are stated in Page (iii)
<b>Kingdom or KSA</b>	Kingdom of Saudi Arabia.
<b>Government</b>	Government of the Kingdom of Saudi Arabia.
<b>Share</b>	A share of the Company with a fully paid nominal value of ten (10) Saudi Riyals.
<b>Current Shares</b>	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
<b>Rights</b>	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 01/08/1445H (corresponding to 11/02/2024G). 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
<b>New Shares or Rights Shares</b>	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.
<b>Tadawul</b>	Automated system for trading securities.
<b>Financial Statements</b>	The Company's audited financial statements for the Financial Years ended 31 March 2021G, 2022G, 2023G, 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 2021G, 2022G, 2023G, have been audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants – a member of Crowe International.
<b>Financial Advisor</b>	Alinma Investment.
<b>Lead Manager</b>	Alinma Investment.
<b>Underwriter</b>	Alinma Investment.
<b>Investor or Subscriber</b>	Each Eligible Person subscribing or applying for subscription to the Rights according to subscription terms and conditions.
<b>Bylaws</b>	The Company's Bylaws.
<b>Offering</b>	Offering New Shares or Rights Shares
<b>Offer Price</b>	Ten (10) Saudi Riyals per share.
<b>Rules on the Offer of Securities and Continuing Obligations</b>	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 pursuant to Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
<b>Listing Rules</b>	Listing Rules issued by the Saudi Stock Exchange ("Tadawul") and approved by virtue of CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 1-104- 2019 dated 01/02/1441H (corresponding to 30/09/2019G), as amended by CMA Board Resolution No. 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G).
<b>CML</b>	Capital Market Law issued under Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended.

Term	Definition
Net Proceeds or Net Proceed Offering	Net Proceeds of the Offering after deducting offering expenses.
Advisors	Advisors to the Company in relation to the Offering whose names appear on Page (vi).
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: <ul style="list-style-type: none"> <li>- Bahrain Telecommunication Company BSC (Batelco), which holds 1,349,988 shares, representing 15% of the Company's issued shares.</li> </ul>
Extraordinary General Assembly or 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. (8-16-2017) 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. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
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. 1-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), the following: <ol style="list-style-type: none"> <li>1. Affiliates of the Issuer, except for companies wholly owned by the Issuer.</li> <li>2. Substantial Shareholders of the Issuer.</li> <li>3. Board members and senior executives of the Issuer.</li> <li>4. Board members of the Affiliates of the Issuer.</li> <li>5. Board members and senior executives of the Issuer's Substantial Shareholders.</li> <li>6. Any relatives* of persons referred to in (1, 2, 3, 4 or 5) above.</li> <li>7. Any other company or facility controlled by any person referred to in (1, 2, 3, 4, 5 or 6) above.</li> </ol> * "Relatives" shall mean fathers, mothers, husbands, wives and children.
Companies' Law	Saudi Companies' Law promulgated by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G).
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
MoMRAH	Ministry of Municipal, Rural Affairs and Housing
The Public	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. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), any person other than the following: <ol style="list-style-type: none"> <li>1. Issuer affiliates.</li> <li>2. Substantial Shareholders of the Issuer.</li> <li>3. Board members and senior executives of the Issuer.</li> <li>4. Board members and senior executives Subsidiary with the Issuer.</li> <li>5. Board members and senior executives of the Issuer's Substantial Shareholders.</li> <li>6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above.</li> <li>7. Any company controlled by any persons referred to in (1, 2, 3, 4, 5 or 6) above.</li> <li>8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.</li> </ol>
Underwriting Agreement	The agreement concluded between the Company and the Underwriter, Alinma Investment.

Term	Definition
<b>International Financial Reporting Standards (IFRS)</b>	A set of accounting standards and interpretations thereof issued by the International Financial Reporting Standards Board.
<b>Eligible Persons</b>	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
<b>Financial Year (FY)</b>	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.
<b>Localization/ Saudization</b>	Replacement of expatriate workers by Saudi citizens in private sector jobs.
<b>SAR</b>	The official currency of the Kingdom of Saudi Arabia.
<b>Saudi Organization for Certified Public Accountants (SOCPA)</b>	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia
<b>General Organization for Social Insurance</b>	General Organization for Social Insurance in the Kingdom of Saudi Arabia
<b>Registered Shareholders</b>	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 25/07/1445H (corresponding to 06/02/2024G).
<b>Allocation Date</b>	The date on which final allocation will be announced no later than 24/08/1445H (corresponding to 05/03/2024G).
<b>Trading Period</b>	From 02/08/1445H (corresponding to 12/02/2024G) to the end of trading on 09/08/1445H (corresponding to 19/02/2024G).
<b>Subscription Period</b>	From 02/08/1445H (corresponding to 12/02/2024G) to the end of trading on 15/08/1445H (corresponding to 25/02/2024G).
<b>Risk Factors</b>	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.
<b>Unregistered Shareholders</b>	Company shareholders whose names do not appear in the Company's Shareholders Register at the close of trading on the day of the EGM.
<b>Working Day</b>	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.
<b>Labor Law</b>	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.
<b>H</b>	Hijri calendar.
<b>G</b>	Gregorian calendar.
<b>Securities Depository Center Company/Edaa</b>	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).
<b>Vision 2030</b>	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.
<b>VAT</b>	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.
<b>Right Indicative Value</b>	The difference between the market value of the Company's shares and the Offer Price during the Trading Period.
<b>Right Trading Price</b>	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.
<b>Rump Shares</b>	Remaining shares that were not subscribed for during the Offering Period.
<b>Rump Offering</b>	Shares unsubscribed by Eligible Persons shall be offered to Institutional Investors by offering them during the Rump Offering Period.
<b>Rump Offering Period</b>	The period starting from ten in the morning on 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G) .

Term	Definition
Rights Issue Ratio	The result of dividing the number of Company New Shares by the number of Current Shares.
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: <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Persons authorized to deal in securities in the capacity of principal, in compliance with financial solvency requirements.</li> <li>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.</li> <li>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.</li> <li>GCC Investors with Legal Personality, including companies and funds established in the GCC countries.</li> </ol>
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. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
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 05/03/1422H, and is concerned with spreading telecommunications services, raising awareness about telecommunications and information technology, and providing a fair regulatory environment among all parties.

Term	Definition
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 infrastructure (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.

Term or Abbreviation	Definition
P2P	Peer-to-peer computing or networking.
PBX	Private branch exchange, which is a private telephone network used within an enterprise.
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 and prospective investors 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 or anticipated effect on the Company. 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

As at 31 March 2021G, the Company's accumulated losses amounted to SAR 116.8 million, representing about 51.10% of its share capital. On 20/06/1443H (corresponding to 23/01/2022G), and in order to amortize part of the accumulated losses, the Extraordinary General Assembly approved the reduction of the Company's capital from two hundred and twenty-eight million five hundred and twenty-nine thousand Saudi Riyals (SAR 228,529,000) to eighty-nine million nine hundred and ninety-nine thousand Saudi Riyals (SAR 89,999,000), by canceling thirteen million eight hundred and fifty-three thousand (13,853,000) Ordinary Shares of the Company's issued Shares. On 31 March 2022G, the Company's accumulated losses decreased to SAR 16.0 million, representing about 17.78% 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. It should be noted that, as at 31 March 2022G, the Company incurred a loss of SAR 37.4 million, while it made a net profit of SAR 42.5 million as at 31 March 2023G. Accordingly, the accumulated losses were covered and retained profits amounting to SAR 21.8 million were achieved.

There is no assurance that the Company will not incur other losses in the future. In such case, the Company will be subject to a number of relevant Saudi laws and instructions, especially Article 132 of the Companies Law, which requires the Board of Directors to announce, within 60 days from the date of becoming aware thereof, the losses and any necessary recommendations relating thereto to the Company's Shareholders, and, within 180 days from said date, to call for an extraordinary general assembly meeting to consider the continuation of the Company by taking such measures as may be necessary to resolve such losses or dissolve the Company prior to the term specified in the Bylaws.

It should be also 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 starting 25/07/1438H (corresponding to 22/04/2017G), and then amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G). According to these Procedures and Instructions, in case the accumulated losses of a company reach 20% or more of its share capital, then it must immediately announce the same.

Based on the foregoing, in the event the Company is legally dissolved under Article 132 of the Companies Law or pursuant to a resolution issued by the Extraordinary General Assembly, the Company's Shares would be delisted.

It is worth noting that historically the Company's continuous accumulation of losses has prevented it from obtaining any bank facilities that can be currently used as a source of financing for its needs. The Company expects to finance its obligations, capital expenditures, and working capital requirements based on the expected operational business growth after the execution of the Open Access Agreement. In addition, the Company relies on the rights issue proceeds, as the Net Proceeds will be mainly used to pay some of the Company's existing obligations owed to its suppliers, in addition to developing the Company's systems and infrastructure. (For more details, please refer to Section 6 ("Use of Proceeds") of this Prospectus).



If the Company is unable to make profits or continues to incur annual losses in the future, this will affect the Company's financial performance and continuity, and will result in a material and adverse impact on the Company's business, results of operations and future prospects.

## 2.1.2 Risks Related to the Material Uncertainty Related to Going Concern

The financial statements of Financial Years ended on 31 March 2021G and 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 31 March 2021G 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 116.8 million (representing about 51.10% of the Company's share capital) and SAR 16.0 million (representing about 17.78% of the Company's share capital), respectively. The Company's current liabilities exceeded its current assets by SAR 146.33 million as at 31 March 2021G and by SAR 182.57 million as at 31 March 2022G. The Company incurred a loss of SAR 38.3 million as at 31 March 2021G, and a loss of SAR 37.4 million as at 31 March 2022G. These conditions indicate the existence of a material uncertainty, which cast significant doubt about the Company's ability to continue based on the going concern standard. It should be noted that in the Financial Year ended 31 March 2023G, the Company's current liabilities exceeded its current assets by SAR 177.32 million, and the Company made a profit of SAR 42.5 million as at 31 March 2023G. In the event that the Company is unable to secure financing or 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, and future prospects (for more information, please refer to Subsection 5.5 ("Going Concern") 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 3.3.2 ("Company Strategy") of Section 3 ("Overview of the Company and 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, is unable to secure the necessary financing for the implementation thereof or fails to manage its growth strategy for any reason, or if 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.

It is worth noting that the Company will rely heavily on financing the implementation of its strategy through the use of the Offering Proceeds in addition to its own resources. Therefore, the Company's inability to secure such financing will prevent it from implementing its strategy, which will have a negative and material impact on the Company's business, results of operations, and future prospects. For more details about the funding sources used in the implementation of the Company's strategy, please refer to Section 6 ("Use of Proceeds") of this Prospectus.

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 result in a negative and material impact on the Company's business, results of operations 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 9.6.2 ("Contracts Related to Connection and Network") of Section 9 ("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 will 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, results of operations and future prospects.

## 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, results of operations and future prospects.

## 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 9.4 ("**Ongoing obligations imposed by government agencies on the company**") of Section 9 ("**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 50,000 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 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 stating that: "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 of Article 6(1) "the service provider must commit to reporting according to the time periods specified in Appendix No. (1)".
- A SAR 5,000 fine imposed by the CST on 07/07/1444H (corresponding to 29/01/2023G) for the Company's failure to submit and publish a notice of service interruption through the "Bunya" platform (which is designated for that 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 stating that: "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 of Article 6(1) "the service provider must commit to reporting according to the time periods specified in Appendix No. (1)".
- A SAR 50,000 fine imposed by the CST on 15/09/1444H (corresponding to 06/04/2023G) for the Company's failure to comply with CST Resolution No. (424) dated 27/01/1442H that approved the "Cybersecurity Regulatory Framework (CRF) for Service Providers in the Information and Communications Technology and Postal Sector", effective on 16/10/1442H, as the Company's level of commitment to implementing the Essential Cybersecurity Controls issued by the National Cybersecurity Authority had decreased and it failed to achieve the objectives of its plan, which is considered to be a violation of Paragraph 4) of the Essential Cybersecurity Controls (ECC), issued under CST Resolution No. (424/1442) dated 27/01/1442H, providing that: "all Service Providers classified as Critical National Infrastructure in accordance with CST and the NCA, must comply with the following: Essential Cybersecurity Controls issued by the NCA". As per Article 26 (10) of the Communications and Information Technology Law, which provides that failure to comply with CST's resolutions shall be considered to be a violation, the Company's failure to comply with CST Resolution No. (424) dated 27/01/1442H is a violation of such law.
- A SAR 200,000 fine imposed by the CST on 22/04/1445H (corresponding to 06/11/2023G) for the Company's failure to provide CST with a copy of the interconnection agreement or access to physical facilities within 10 days of its signing. The Company signed a commercial agreement with Dawiyat Integrated Telecom and Information Technology Company on 31/08/2023G and the Company did not provide a copy thereof to the CST until 26/09/2023G. This is considered a violation of Article 30 (2) of the Implementing Regulations of the Communications and Information Technology Law and a violation of Article 26 (10) of the Telecommunications Act.
- A SAR 120,000 fine imposed by the CMA on the Company on 18/10/1444H (corresponding to 08/05/2023G), for failing to disclose the award of six contracts dated 22/06/2022G, 23/06/2022G, 30/06/2022G, and 27/10/2022G, the revenues of which were approximately equal to or greater than 5% of the Company's total revenues, according to the Company's financial statements ended 31 March 2022G, in violation of Article 61 (a), Article 62 (10), Article 79 (a), and Article 80 (10) of the OSCOs.

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 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 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 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 9.6.2.5 (“Network Rollout Framework Agreement (3500 MHz)”) of Section 9 (“Legal Information”) of this Prospectus. Pursuant to CST Letter No. 2901/1444/TT issued on 29/07/1444H (corresponding to 20/02/2023G), CST confirmed that the Company is currently compliant with the obligations of covering at least 30% of the populated areas in the cities subject to the obligation.

As of the date of this Prospectus, the Company has not obtained a confirmation letter from the CST that it fulfills 50% coverage obligation; 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 2027G.

In case the Company is unable to comply in the future with the obligations to cover the populated areas within the specified time frame and in accordance with the granted license and its obligations, the Company would be subject to cancellation, suspension or modification of the frequency spectrum license by CST, in which case would lead to the cessation of the Company’s services or its inability to provide services in all populated areas, and thus would result in the loss of customers and the Company incurring losses. This, in turn, would have a material adverse impact on the Company’s business, results of operations 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 31,606,034 as at 31 March 2021G, while the Company had no balances due to Related Parties for the Financial Years ended 31 March 2022G and 2023G. Transactions with related parties are regulated in accordance with Saudi laws and regulations for concluding such transactions. The Company 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 will result in a material adverse impact on the Company’s business, results of operations and future prospects (please refer to Subsection 5.8.2 (“Balance Sheet as at 31 March 2021G, 2022G and 2023G”), in particular Section 5.8.2.7 (“Related Parties”) of Section 5 (“Management’s Discussion and Analysis of Financial Condition and Results of Operations”) and Subsection 9.4 (“Ongoing obligations imposed on the Company by Government Agencies”) of Section 9 (“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, earthquakes 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.

It is worth noting that 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. Pursuant to the regulations protecting the rights of users of communications and information technology services and the conditions for providing services issued by CST, the service provider shall invoice post-paid services at the end of each calendar month. In the event that the service provider does not comply with the provisions of these regulations, CST may take such actions as it deems appropriate in accordance with its regulations. For more details, please refer to Subsection 3.10.6 (“Business Interruption”) of Section 3 (“Overview of the Company and Nature of its Business”) of this Prospectus).

Any future business interruption will result in the Company incurring operational losses in addition to the possibility of CST imposing fines thereon, which will have a material adverse effect on the Company’s business, results of operations and future prospects.

In addition, 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 will affect the Company’s ability to provide its services or will lead to higher expenses. Accordingly, any unforeseen event could cause an interruption in the Company’s business, which will result in a material adverse effect on the Company’s business, results of operations and future prospects.

### 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 will 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, results of operations and future prospects.

### 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 will have a material and adverse effect on the Company's business, results of operations and future prospects.

### 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, results of operation and future prospects.

### 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 will negatively affect the Company's reputation and revenues, which will result in a material and adverse effect on its business, results of operations 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 3.5 ("Licenses") of this Prospectus). The Company currently holds a number of licenses, permits and approvals related to operating its business including 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 at the date of this Prospectus, the Company has obtained the municipal and Civil Defense licenses for its two active branches in the cities of Jeddah and Al-Khobar. However, the Company did not obtain all the municipal licenses necessary to operate its communication towers, as it obtained 655 out of the required 1,085 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, 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 case, 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 which will result in the Company incurring additional costs for relocating its equipment to other locations, in addition to any rental differences and any decrease in the Company's revenues during the transition period due to the temporary business interruption, which will result in a material adverse effect on the Company's business, 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 96 million (as the rent due before April 2019G was SAR 40 million, and the part due after April 2019G until 2023G was SAR 56 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 which will result in the Company incurring additional costs for relocating its tower-related equipment to other locations, in addition to any rental differences and any decrease in the Company's revenues during the transition period due to the temporary business interruption, which subsequently will have a material adverse impact on the Company's business, results of operations and future prospects.

### 2.1.17 Risks Related to Claims, Disputes and Litigations

In the course of its operations, the Company is 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 at the date of this Prospectus, there are 98 claims representing a total amount of SAR 10.36 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. Among these claims is a SAR 1,223,681 dispute with the General Authority of Civil Aviation (GACA). The final court ruling was issued for 47 claims while 51 claims are still pending, and no final court ruling has been issued in their regard as at the date of this Prospectus. (Please refer to subsection 9.7 ("**Disputes and Litigation**") of Section 9 ("**Legal Information**") of this Prospectus).

In addition, the Company must pay SAR 8.5 million to one of its main suppliers in consideration for the international voice services provided to the Company under a service agreement; and as of the date of this Prospectus, negotiations are still ongoing to settle these amounts (Please refer to subsection 9.7 ("**Disputes and Litigation**") of Section 9 ("**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.

In addition, 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 SAR 9,520,995 as on 30/04/2019G. This settlement is due to a number of outstanding and unpaid invoices issued in consideration for ERP system re-implementation services that were provided to the Company under a master supply agreement signed between the Company and said supplier on 13/08/2008G. The Company agreed to pay and actually paid a final amount of SAR 5,300,000 within 15 working days from the date of implementing the agreement.

Additionally, 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 SAR 370 million as on 31/12/2020G. The Company is also required to pay an amount of SAR 64,089,784 to the Ministry of Finance and the Communications, Space and Technology Commission (CST) in accordance with the settlement agreement concluded by the Company on 10/05/2023G (please refer to Subsection 9.7 ("**Disputes and Litigation**") of Section 9 ("**Legal Information**") of this Prospectus).

Moreover, on 29/10/2023G, the Company entered into a settlement agreement with TAWAL in order for the Company to pay an amount of SAR 48 million (excluding tax) to TAWAL, which amount consists of all balances and dues related to the Site Sharing Agreement for a period starting from the beginning of the transaction between the two parties until 31/10/2023G.

The terms and conditions of this agreement include the following:

- Transfer of the entire ownership of the telecommunication towers to the Company, with effect commencing as of the effective date of the settlement agreement, and in consideration for an amount of SAR 30 million;
- Payment of SAR 18 million for all obligations related to the Site Sharing Agreement;
- termination of the previous Site Sharing Agreement starting from the effective date of the settlement agreement;
- In the event that the above-mentioned settlement amount is not paid during the grace period (ending on 31/03/2024G), the Settlement Agreement shall be deemed void, the Company shall thereupon pay the full amount due for the Site Sharing Agreement and amounting to SAR 54 million to TAWAL, and the telecommunication towers shall re-become the property of TAWAL.

For more information about the Site Sharing Agreement, please see Subsection 9.6.4 ("**Site Sharing Agreement**") of Section 9 ("**Legal Information**") of this Prospectus, and for more information about the Settlement Agreement with TAWAL, please see Subsection 9.7 ("**Disputes and Litigation**") of Section 9 ("**Legal Information**") of this Prospectus.

It is worth noting that 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), or the Company's inability to comply with the terms and conditions of the settlement

agreements concluded with other parties, 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 will result in a material adverse impact on the Company's business, results of operations and future prospects.

### 2.1.18 Risks Related to Potential Zakat and Tax Assessments

The Company has submitted zakat and tax returns to ZATCA for all years up to and including the year ending on 31 March 2023G. There is a risk that ZATCA may object to the returns submitted by the Company. Moreover, as at the date of this Prospectus, the final assessments for the Financial Years ending on 31 March 2021G, 31 March 2022G, and 31 March 2023G related to such periods have not been issued by ZATCA, as they are still under study, and therefore, it is possible that claims will arise against the Company requiring it to pay additional zakat or tax 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 Zakat, Tax, and Customs Committees. On 6 February 2023G, the Second Tribunal for Adjudicating Income Tax Violations and Disputes held a hearing in the presence of the Company's representative and ZATCA's representative, where the lawsuit filed by the Company against ZATCA was accepted and a decision ending the dispute was issued. The amount of SAR 6.89 million due by the Company was accordingly canceled from ZATCA's records.

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.

ZATCA subsequently reduced the additional Zakat liability to SAR 5.44 million. The Company submitted another letter of objection to ZATCA. However, ZATCA rejected the letter of objection, and, in turn, the Company filed an appeal against the rejection decision before the General Secretariat of Zakat, Tax, and Customs Committees. In December 2020G, ZATCA issued a zakat assessment for the Financial Years 2015G, 2016G, 2017G, and 2018G with additional amounts amounting to SAR 4.089 million, SAR 4.57 million, SAR 0, and SAR 18 million, respectively.

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. A settlement offer was submitted by the Committee to pay an amount of SAR 20.85 million for the years 2014G up to 2018G. The Company accepted such settlement offer and paid the entire settlement amount in five equal installments, with the last installment made in December 2022G.

In October 2021G, ZATCA issued a zakat assessment for the Financial Year 2019G without requesting the payment of any additional amount (SAR 0), which is consistent with the declaration that was submitted for the same Financial Year.

Moreover, the Company submitted its zakat returns for the FY20G, FY21G, and FY22G, and paid the corresponding amounts of SAR 4.5 million, SAR 2.8 million, and SAR 1 million, respectively. As at the date of the current financial statements, no zakat assessment has been received for FY20G, FY21G and FY22G.

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 27.4 million, SAR 17.4 million, and SAR 2.1 million, respectively, for the Financial Years ending on 31 March 2021G, 2022G and 2023G.

In the event that the Company is unable to fulfill its zakat and tax obligations, this will subject it to judicial disputes and will result in the Company incurring additional costs and delay fines, which will have a material adverse effect on the



Company's business, results of operations and future prospects. In addition, in the event that the zakat and tax provision is not sufficient to meet any additional zakat or tax obligations that may be imposed by ZATCA, this will have a material and adverse impact on the Company's business, results of operations and future prospects.

### 2.1.19 Risks Related to the Auditor's Qualified Opinion

The financial statements for the Financial Year ended 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 8.5 million 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 ended on 31 March 2021G, this will result in a material and adverse effect the Company's business, results of operations and future prospects.

The financial statements for the Financial Year ended on 31 March 2022G included a qualified opinion from the independent auditor which noted 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, which was conditional on the Company's ability to fulfill its duties by, inter alia, covering no less than 10% of the populated cities by no later than 30 June 2022G. At the end of May 2022G, the Company had reached 70% of the required percentage, while, at the end of June 2022G, the Company had reached 100% thereof. Additionally, at the end of June 2022G, the Company had met all CST requirements in accordance with the notification referred to above. The same was confirmed by CST on the condition that the Company fulfills a number of relevant requirements to address the technical observations on the implementation of the first phase. (For more information, please refer to Subsection 2.1.7 ("Risks Related to Frequency Spectrum License") of Section 2 ("Risk Factors") of this Prospectus).

On 26 December 2022G, the Company completed all works related to CST's observations, and on 29/07/1444H (corresponding to 20/02/2023G), the Company received a letter from CST stating that CST has decided to accept the Company's fulfillment of the obligation to deploy the network for the second phase. The financial statements of the Financial Year ended on 31 March 2023G did not include a qualified opinion by the auditor.

In the event that the Company does not comply in the future with any of its obligations under the spectrum license issued by the CST in the future, 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). It should be noted that the financial statements for the Financial Year ended on 31 March 2023G did not include a qualified opinion from the independent auditor.

The Company's inability to address the qualifications contained in the issued financial statements would have a material adverse impact on the Company's business, results of operations, financial position, and future prospects.

### 2.1.20 Risks Related to the Company's Existing Financing Arrangements

The Company entered into credit facility agreements with Banque Saudi Fransi on 02 July 2023G for an amount of SAR 80 million for the purpose of issuing performance or bid bonds. These facilities include SAR 30 million of facilities to issue performance bonds guarantees and/or bid guarantees 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, whereby all accounts and assets under the custody and control of Banque Saudi Fransi are deemed to be collateral for existing facilities and obligations. The agreement also gives Banque Saudi Fransi the right to merge and consolidate all or any of the accounts or assets owned by the Company, without notice or approval, and regardless of the currency in which such accounts or assets are denominated. Moreover, Banque Saudi Fransi may debit any of these accounts and/or sell any of these assets, and have the proceeds thereof applied towards the settlement of any or all amounts owed by the Company to Banque Saudi Fransi. If Banque Saudi Fransi exercised its set-off rights under this financing facility agreement, this would affect the cash flow available to the Company, which in turn would have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

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, does not obtain them on favorable terms, or becomes unable to pay its debts when due, or if Banque Saudi Fransi exercises its extensive rights of set-off, this would negatively affect the Company's ability to conduct its business, or achieve the planned growth rate, which would result in an adverse and material effect on the Company's business, results of operations 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 under No. 1442036856 with the Saudi Authority for Intellectual Property and expiring on 26/11/1452H (corresponding to 20/03/2031G). Moreover, the Company owns the trademark "Go Tel" which is registered with the Saudi Authority for Intellectual Property under No. 1444019877, and expires on 29/05/1454H (corresponding to 05/09/2032G), and the trademark "Go Telecom" which is registered with the Saudi Intellectual Property Authority under No. 1444018545, and expires on 19/05/1454H (corresponding to 26/08/2032G), as well as the trademark "Go Business" which is registered with the Saudi Intellectual Property Authority under No. 1444019903, and expires on 29/05/1454H (corresponding to 05/09/2032G).

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 and future prospects. In addition, the Company's inability to register or renew its trademark certificates, or if any person objects to such registration, this would have a material adverse impact on the Company's business, results of operations, financial position, and future prospects, as the Company's competitive position depends on its ability to continue using these trademarks, and protecting its rights related thereto against any illegal use by third parties.

### 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 result in a material and adverse impact on the Company's business, results of operations and future prospects.

### 2.1.23 Risks Related to Liquidity and Adequacy of Working Capital

The Company may face liquidity risks in the event that it is unable to timely secure the funds necessary to meet its financial obligations arising from operating activities and liabilities. The Company's net working capital decreased from SAR (76.6) million in the financing year ended 31 March 2021G to SAR (192.8) million for the Financial Year ended 31 March 2022G, primarily as a result of the Company's reclassification of an amount of SAR 49.0 million payable to the Saudi Telecom Company (STC) from non-current balances to trade payables, as the payment fell due within a year. This was also accompanied by (i) a decrease in trade receivables amounting to SAR 78.8 million as a result of the decrease in receivables from Dawiyat and ITC due to offsetting their balances with payables, and (ii) an increase in receivables and other current liabilities amounting to SAR 22.6 million, which primarily relates to accrued remunerations and government fees (monthly franchise fees paid to CSTC).

The net working capital increased to SAR (172.2) million for the Financial Year ended on 31 March 2023G. This increase resulted mainly from an increase in the trade receivables amounting to SAR 92.5 million and an increase in other current liabilities amounting to SAR 56.0 million as a result of the increase in the Company's operational performance. Despite the increase in the net working capital, the working capital is still negative, meaning that the current assets are less than the current liabilities.

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 5.9.3 ("Statement of Financial Position") of Section 5 ("Management Discussion and Analysis") of this Prospectus). Therefore, the Company's inability to secure financing will have a material adverse impact on the Company's business, results of operations and future prospects.

The average collection period for sales receivables decreased from 309 days on 31 March 2021G to 109 days on 31 March 2023G, as the average collection period for receivables decreased from 371 days on 31 March 2021G to 214 days on 31 March 2023G. The inventory turnover period also decreased from 201 days on 31 March 2021G to 102 days on 31 March 2023G, resulting in a negative cash conversion cycle of 4 days on 31 March 2023G.

The Company's inability to improve the net working capital levels as a result of its inability to continue paying its existing obligations or its inability to collect the accounts receivables from its customers within short periods will increase the volume of amounts owed to the Company, which will result in an adverse and material impact on the Company's business, results of operations and future prospects.

### 2.1.24 Risks Related to the Collection of Trade Receivables

The Company is experiencing difficulties in collecting due amounts on a timely basis. For the Financial Year ended 31 March 2023G, the total amount of receivables amounted to SAR 308.7 million, while the Company's past due receivables whose maturity date exceeded 180 days amounted to SAR 33 million, representing 11% of total outstanding receivables. The receivables owed to the Company, which exceeded their due date for more than a year, amounted to SAR 124.8 million, representing 40% of the receivables due to the Company as at 31 March 2023G. Although the provisions for doubtful debts amounted to SAR 107.3 million as at 31 March 2023G, there is no guarantee that this amount will be sufficient. It should be noted that the Company uses the expected credit loss model in accordance with IFRS 9.

Any failure to pay these debts due to the bankruptcy or insolvency of the Company's clients, or the Company's failure to evaluate the credit quality of existing or new customers, will result in a material and adverse impact on the Company's business, 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 (designated for revenue recognition and invoicing) when preparing the Company's internal reports, and there are some limitations in the current system for creating customized operational reports.

According to the Company's external auditor for the Financial Year ended 31 March 2022G, there is a risk related to the existence, completeness and accuracy of recorded revenues due to the complexity of the accounting system, the large amount of data, in addition to the aggregation of different services into different products, which are sold at varying prices. According to the opinion of said external auditor, the Company's management should issue decisions whereby it determines the appropriate measurement and also the timing of recognizing the various items of revenue within the product packages.

In the event that the Company is unable to develop the ERP systems, or fails to determine the timing of revenue recognition, this may affect the accuracy of preparing the Company's financial reports, which will adversely and materially affect the Company's business, results of operations and future prospects.

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

The Company historically operates 1,200 towers, 700 of which are owned by the Company, while the other 500 towers are leased from STC pursuant to a sale and repurchase agreement. An assessment conducted by the Company of the fair value of all the Company's assets has indicated that the value of the Wimax technology, which is considered 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 the Wimax technology. This led to a decrease in the value of the network infrastructure (recorded under property and equipment) by a total amount of SAR 93.4 million for the Financial Year 2021G. It is worth noting that there will be no financial impact as a result of the disposal of the Wimax technology, given that, as at the Financial Year ending 31 March 2023G, its book value balance is zero. In addition, the Wimax technology does not generate any revenue.

The Company has 200 owned towers, in addition to 500 towers leased from STC, as at the end of the Financial Year ended 31 March 2023G. During the Financial Year ended 31 March 2023G, 543 towers owned by the Company were disposed of. This resulted in an impact on the balance sheet represented by the write off of the right-of-use assets by an amount of SAR 101.5 million and the write off of the lease liabilities in relation to the leases on which the towers owned by the Company are located by an amount of SAR 101.1 million for the Financial Year ended 31 March 2022G.

The Company's intangible assets balance amounted to SAR 321.5 million as at the end of the Financial Year ended on 31 March 2023G, consisting mainly of the CST's license valued at SAR 294.3 million. In December 2016G, CST's license was extended until March 2049G, and accordingly the Company began amortizing the license worth SAR 294.3 million over a period of 32 Financial Years (ending on 31 March 2049G), i.e. at an amount of SAR 9.2 million per year.

Any decrease in the value of the intangible assets, which are mainly represented by CST License, as a result of the test conducted to determine the impairments in the value of assets, which the Company conducts annually on CST License for the purposes of determining its value, will result in a material and adverse impact on the Company's business, results of operations and future prospects.

## 2.1.27 Risks Related to the Depreciation of Property and Equipment

In the Financial Year ended on 31 March 2023G, the value of property and equipment amounted to SAR 121.1 million, which mainly consisted of: a) the network infrastructure most of which relates to the communication equipment and network planning/design, for a value of SAR 108.6 million representing 90% of the total value of the property and equipment; b) facilities, vehicles, support & IT equipment, valued at SAR 5.6 million and representing 5% of the total value of the property and equipment; c) capital work in progress which is related to the development projects for some internal systems and operations (including the 5G technology), valued at SAR 3.9 million and accounting for 3% of the total value of the property and equipment; and d) leasehold improvements which is related to the electrical work for leased facilities, valued at SAR 3.1 million and representing approximately 2% of the total value of the property and equipment.

The value of the property and equipment increased from SAR 117.6 million for Financial Year ended on 31 March 2021G, to SAR 124.5 million for the Financial Year ended on 31 March 2022G, due to the additions for an amount of SAR 20.8 million, which are primarily related to the network infrastructure (amounting to SAR 15.8 million) and IT equipment (amounting to SAR 2.5 million), offset by an annual depreciation expense of SAR 13.9 million during the same period.

However, the value of the property and equipment decreased from SAR 124.4 million for the Financial Year ended on 31 March 2022G, to SAR 121.1 million for the Financial Year ended on 31 March 2023G as a result of additions for an amount of SAR 12.3 million, which are primarily related to the network infrastructure (amounting to SAR 11.8 million) and the facilities, support & IT equipment (amounting to SAR 0.6 million), offset by an annual depreciation expense of SAR 15.6 million.

In the Financial Year ended 31 March 2021G, the Company conducted a test to determine impairments in the value of its non-current assets, amounting to SAR 731.5 million. As part of the test, the Company identified indicators related to the significant declines in revenues and operating cash flows for some assets primarily related to the WiMax. This led to the recoverable value of cash-generating units for some property and equipment falling below their book value, resulting in a recognized impairment loss of SAR 93.4 million in the profit and loss statement for the Financial Year ended 31 March 2021G, which was subject to the following events:

The WiMax technology goes back to the Company's operational beginnings, where the Company invested in the WiMax technology at the early stages in order to provide its fixed telephone and Internet services. During the period of ten years starting from 2010G to 2020G, the Company incurred significant accumulated losses, mainly due to the inefficiency of the WiMax technology and its inability to compete with the other technologies used for the provision of the Internet services, such as the LTE, 4G, and optical fiber. Therefore, at the end of the year 2019G, the Company stopped the provision of the Internet services via the WiMax technology to users. For more information about the risks related to the asset impairment as a result of the disposal of the WiMax technology, please see Subsection 2.1.26 ("Risks Related to Depreciation in the Value of the Company's Assets") of Section 2 ("Risk Factors") of this Prospectus).

Additionally, the balance of the capital work in progress in relation to the microwave project remained stable at SAR 3.9 million during the Financial Years ending 31 March 2022G, and 31 March 2023G, as no new installations were made during the past year. It is expected that these works will be converted into assets in the Financial Year 2024G.

In the Financial Year ended 31 March 2023G, the depreciation of the property and equipment by 89% indicates the need to replace the depreciated assets, which will result in an additional capital expenditures for the Company in the near future. For more information on the book value evolution and the depreciation rate of the property and equipment, please refer to Subsection 5.8.2.1.1 ("Property and Equipment") of Section 5 ("Financial Information and Management Discussion and Analysis") of this Prospectus.

As mentioned above, the decline in the Company's property and equipment values and their obsolescence will require the Company to make additional investments to replace any depreciated assets, which will have a material adverse impact on the Company's business, results of operations, financial flows, and future prospects.

## 2.1.28 Risks Related to the Increase in Operating Expenses

The general and administrative expenses increased from SAR 43.9 million in the Financial Year ended 31 March 2021G to SAR 81.2 million in the Financial Year ended 31 March 2022G. This increase was primarily due to the increase in the employee costs, amounting to SAR 24.8 million, resulting from the payment of allowances at the amount of SAR 14.6 million in the Financial Year ended 31 March 2022G (notably, these allowances were granted to all employees without allocation to cost centers and were recorded under general and administrative expenses). The increase was also due to an increase in basic employee salaries, totaling SAR 4.3 million, and driven by the rise in the average salaries of full-time employees

from SAR 17,212 in the Financial Year ended 31 March 2021G to SAR 19,781 in the Financial Year ended 31 March 2022G, as part of the Company's employee retention initiatives. Moreover, general and administrative expenses increased due to an increase in professional and consulting fees amounting to SAR 4.8 million, primarily associated with human resource development project and tax and zakat consultancy services; and an increase in other administrative expenses amounting to SAR 4.8 million, mainly related to fees paid for a potential increase in capital through the issuance of right shares in the Saudi market.

However, general and administrative expenses decreased to SAR 73.9 million in the Financial Year ended 31 March 2023G. This decrease was primarily due to the additional expenses incurred during the Financial Year ended 31 March 2022G, related to zakat and tax consulting services, the human resource transformation project, and one-time expenses associated with municipal and professional fees. For more information about general and administrative expenses, please refer to Subsection 5.8.1.3 ("General and Administrative Expenses") of Section 5 ("Financial Information and Management Discussion and Analysis") of this Prospectus.

In addition, sales and marketing expenses increased from SAR 34.6 million in the Financial Year ended 31 March 2021G to SAR 47.9 million in the Financial Year ended 31 March 2022G. This increase was mainly driven by: a rise in distributor commissions by SAR 6.1 million due to increased revenues; and an increase in employee costs by SAR 5.0 million, resulting from the Company's new strategy of hiring qualified employees at higher salaries to boost revenue.

Moreover, sales and marketing expenses further increased to SAR 69.5 million in the Financial Year ended 31 March 2023G, mostly driven by the following: a rise in employee costs of SAR 8.6 million, driven by an increase in the average number of full-time and external employees from 133 for the Financial Year ended 31 March 2022G to 144 for the Financial Year ended 31 March 2023G; as well as due to an SAR 8.8 million increase in distributor commissions following the Company's new contracts with costumers. For more information about the increase in sales and marketing expenses, please refer to Subsection 5.8.1.4 ("Sales and Marketing Expenses") of Section 5 ("Financial Information and Management Discussion and Analysis") of this Prospectus.

Based on the foregoing, continued increases in the Company's operating expenses, and the Company's inability to control such increases, will have a material adverse impact on the Company's business, results of operations and future prospects.

## 2.1.29 Risks Related to the Significant Growth in the Company's Revenues and their Concentration

The Company's revenues are generated through the data services accounting for approximately 79% of, and the mobile voice services accounting for approximately 21% of the Company's total revenues for Financial Years ended 31 March 2021G, 31 March 2022G, and 31 March 2023G. The revenue share from the B2B sector accounted for approximately 54% (excluding wholesale customer sales) during the same period.

During the Financial Year ended 31 March 2021G, the revenues by sector amounted to: SAR 177.6 million from the B2B sector (approximately 63% of total revenues), SAR 74.6 million from the B2C sector (approximately 26% of total revenues), and SAR 29.8 million from the wholesale customer sector (approximately 11% of total revenues). In terms of revenue by provided services, revenues in the Financial Year ended 31 March 2021G, consisted of SAR 78.9 million for dedicated internet access services (approximately 28% of total revenues), SAR 57.2 million for LTE services (approximately 20% of total revenues), SAR 45.4 million for "Go Secure" services (approximately 16% of total revenues), SAR 9.2 million for wholesale voice communication services (approximately 3% of total revenues), and SAR 91.3 million from other services (approximately 32% of total revenues).

During the Financial Year ended 31 March 2022G, revenues by sector amounted to: SAR 198.2 million from the B2B sector (approximately 52% of total revenues), SAR 104.8 million from the B2C sector (approximately 28% of total revenues), and SAR 75.5 million from the wholesale customer sector (approximately 20% of total revenues). In terms of revenue by services provided, revenues in the Financial Year ended 31 March 2022G, consisted of SAR 102.3 million for dedicated internet access services (approximately 27% of total revenues), SAR 77.4 million for LTE services (approximately 20% of total revenues), SAR 42.0 million for "Go Secure" services (approximately 11% of total revenues), SAR 49.9 million for wholesale voice communication services (approximately 13% of total revenues), and SAR 107.0 million from other services (approximately 29% of total revenues).

During Financial Year ended 31 March 2023G, revenues by sector amounted to: SAR 287.4 million from the B2B sector (approximately 46% of total revenues), SAR 182.0 million from B2C sector revenues (approximately 29% of total revenues), and SAR 161.0 million from wholesale customer revenues (approximately 26% of total revenues). In terms of revenue by services provided, revenues in the Financial Year ended 31 March 2023G, consisted of SAR 175.2 million for dedicated internet access services (approximately 28% of total revenues), SAR 115.4 million for LTE services (approximately 18% of total revenues), SAR 41.4 million for "Go Secure" services (approximately 7% of total revenues), SAR 107.3 million for wholesale voice communication services (approximately 17% of total revenues), and SAR 191.0 million from other services (approximately 30% of total revenues).

For more information on the revenues by sector and service provided for the Financial Years ending 31 March 2021G, 2022G, and 2023G, please refer to Subsection 5.8.1.1 ("Revenues by Services and Sectors") of Section 5 ("Financial Information and Management Discussion and Analysis") of this Prospectus.

The Company's revenues increased significantly from SAR 282.1 million in the Financial Year ended 31 March 2021G, to SAR 378.6 million in the Financial Year ended 31 March 2022G, representing a 34.2% growth in revenues. This increase can be attributed to the following factors:

- Implementation by the Company of a new strategy regarding the offering of enhanced services, by introducing new services and features for both the B2B and B2C sectors, establishing new relationships with local and international partners, and improving distribution channels. Additionally, a human resource development project focused on employee training and hiring qualified individuals was put in place.
- Increase in the revenues related to the B2C sector sales amounting to SAR 30.1 million, representing an increase of 40.4%. This increase is a result of an increase in the average number of services provided to the fiber optic and LTE customers. The average number of services provided to the fiber optic and LTE customers reached to 74.1 thousand services, which represented a growth of 68.5%. Due to the introduction of new solutions and products, this increase led to a higher revenues from the LTE and fiber optic services, amounting to SAR 20.1 million and SAR 10.5 million, respectively.
- Growth in B2B sector sales revenues by SAR 20.6 million, marking an 11.6% increase. This increase is primarily due to the recovery of business activities and the economic environment after the COVID-19 crisis, coupled with enhanced service offerings, including innovative solutions. This resulted in a SAR 23.4 million increase in dedicated internet access services, representing an increase of 29.6%, attributed to a rise in both the number of services provided (by 18.2%) and the average service price (by 9.7%).
- Increase in the wholesale interconnection revenues by SAR 40.6 million, driven by a significant increase in voice call traffic on the Company's networks following the return to normal business after the COVID-19 pandemic, in addition to the improved relationships with international communication partners which resulted in an increased inbound traffic.

Additionally, the Company's revenues increased by 66.5% from SAR 378.6 million for the Financial Year ended 31 March 2022G to SAR 630.3 million for the Financial Year ended 31 March 2023G. This increase was attributed to:

- Increase in revenues from B2B sector, primarily driven by increased revenues from dedicated internet access services, amounting to SAR 73.0 million. This was due to higher service fees resulting from the introduction of more service features, along with a 36.5% increase in the number of services provided during the same period. This was also coupled with an increase of SAR 17.0 million in other services, together with the growth in dedicated internet access and "Go Secure" services as some services are sold as complementary services.
- A substantial increase in wholesale revenues by SAR 85.4 million, primarily resulting from the growth in wholesale interconnection service revenues by SAR 57.5 million. The increase in interconnection revenues was due to improved relationships with partners and the increase in dark fiber revenues by SAR 29.3 million sold to Dawiyat Integrated Communications and Information Technology Company.
- Increase in revenues from B2C sector by SAR 77.2 million, mainly driven by growth in FTTH services by SAR 39.2 million and Broadband Internet services by SAR 38.0 million. This increase was also due to the rise in the number of services related to FTTH and Broadband Internet services provided to individual customers, with growth rates of 42.3% and 94.7%, respectively, which occurred due to enhanced service offerings and competitive pricing for FTTH services.
- Therefore, the increase in revenues between the Financial Year ended 31 March 2022G and the Financial Year ended 31 March 2023G is the result of an increase in revenues from B2B sector amounting to SAR 89.1 million as a result of the increase in revenues from dedicated Internet Access due to the increase in the average price of the service in addition to the increase in the number of services, as well as the rise in fiber services and LTE customers, and the increase in the number of services as a result of renewed service offerings and competitive pricing for fiber services.

It is worth noting that the Company has entered into contracts with several businesses for a total value of SAR 284.1 million (as at 31 March 2023G). SAR 59.0 million's worth of these contracts were due and completed during the Financial Year ended 31 March 2023G, while the total value of uncompleted works under these contracts amounted to SAR 225 million, to be completed over the upcoming six (6) years.

These uncompleted works mainly consist of:

- A project for Medina Municipality (the contract has been already implemented) regarding dedicated Internet Access services, "Go Basic" packages, and other services;
- A project for the University of Hail regarding the provision of value-added services (VAS), dedicated Internet Access, managed services, and other services;
- A project for Tabuk Emirate regarding the provision of managed services, connection to the virtual private network "Layer 3-VPN," and managed routing services;
- A project for Jeraisy Electronic Services regarding the provision of IP transmission services, KVA energy services, and other services;
- A project for Integrated Telecom Company regarding the provision of full-depth cabinet shelves; and
- A project for Afaq Q Tech General Trading LLC regarding the provision of Internet connection and services.

The table below provides details of uncompleted works for the Financial Year ended 31 March 2023G:

Uncompleted Works for the Financial Year Ended 31 March 2023G (SAR'000)							
#	Customer	Customer Category	Duration (in years)	Contract Value	Value of Uncompleted Works	Value of Completed Works	% of Completion
1	University of Hail	Governmental	3	153,070	125,143	27,927	18.2%
2	Emirate of Tabuk	Governmental	3	26,911	26,263	648	2.4%
3	Jeraisy Electronic Services	Indirect	5	11,700	11,207	493	4.2%
4	Integrated Telecom Company	Indirect	3	10,260	3,914	6,346	61.9%
5	Afaq Q Tech General Trading LLC	Direct	3	9,608	5,597	4,011	41.7%
6	Other	-	-	72,521	52,940	19,580	27.0%
<b>Total</b>			<b>-</b>	<b>284,071</b>	<b>225,066</b>	<b>59,005</b>	<b>20.8%</b>
<b>As a % of the total</b>							
1	University of Hail	-	-	53.9%	55.6%	47.3%	-
2	Emirate of Tabuk	-	-	9.5%	11.7%	1.1%	-
3	Jeraisy Electronic Services	-	-	4.1%	5.0%	0.8%	-
4	Integrated Telecom Company	-	-	3.6%	1.7%	10.8%	-
5	Afaq Q Tech General Trading LLC	-	-	3.4%	2.5%	6.8%	-
6	Other	-	-	25.5%	23.5%	33.2%	-

Source: Company's Information

N.B.: The total value of uncompleted works mentioned above does not match the accumulated amount shown in the audited financial statements, as this amount represents confirmed contracts, while the financial statements only show invoiced amounts in the billing system.

The Company's inability to fulfill or failure to complete services and works associated with these contracts will result in the Company losing these contracts or any other future contracts, which will have a material and adverse impact on the Company's business. Additionally, the Company's inability to maintain the significant levels of revenues' growth over the past years or to achieve positive growth rates, or the loss of some customers in highly concentrated sectors will have an adverse and material impact on the Company's business, results of operations and future prospects.

### 2.1.30 Risks Related to the Increase in Gross Profit Margin

The gross profit margin increased from 19.6% for the Financial Year ended 31 March 2021G to 24.3% for the Financial Year ended 31 March 2022G. The main reason for this increase is the decrease in the depreciation and amortization of the expenses by an amount of SAR 32.7 million due to a reduction in the amortization of the right-of-use assets. This reduction is mainly attributed to the termination by the Company of 543 contracts of unused towers during the Financial Year ended 31 March 2022G and the decrease in the amortization of intangible assets. This was partially offset by an increase in the voice communication fees for an amount of SAR 36.7 million, in parallel with the increase in voice communication revenues for an amount of SAR 40.6 million, due to an increase in the minutes consumed by other service providers. The Company did not have any significant capital investments after the write-off of the outdated network assets in the Financial Year ended 31 March 2021G.

The decrease in the asset depreciation and amortization expenses contributed to an increase of 16.5% in the gross profit margin, which was offset by an increase of 9.1% in the voice communication fees due to the increased minutes consumed, an increase of 3.6% in the capacity rental fees, and an increase of 1.5% in the storage installations and usage fees.

During the Financial Year ended 31 March 2023G, the gross profit margin further increased to 29.0%, due to the following:

- A decrease in the depreciation and amortization expenses amounting to SAR 6.1 million, primarily resulting from the decrease in the amortization of right-of-use assets due to the exclusion of certain warehouses.
- A decrease of the capacity rental fees portion in the revenues due to the Company's cost improvement strategies, yet offset by an increase in the voice communication fees for an amount of SAR 60.5 million, in parallel with an increase in the voice communication revenues for an amount of SAR 57.5 million.

It is worth noting that the portion of the capacity rental fees, voice communication fees, and depreciation and amortization of assets in the total revenues fluctuated due to the following:

- Capacity rental fees: The capacity rental fees percentage of the total revenues increased from 25.9% during the Financial Year ended 31 March 2021G to 29.5% during the Financial Year ended 31 March 2022G, and

then decreased to 26.5% during the Financial Year ended 31 March 2023G. The volatility in the capacity rental fees as a percentage of revenue is attributed to the market conditions in relation to the wire costs and lease durations. This item is subject to demand and capacity estimation to support the Company's operations and customers.

- Voice communication fees: The voice communication fees percentage of the total revenues increased from 2.2% during the Financial Year ended 31 March 2021G to 11.3% during the Financial Year ended 31 March 2022G, and then further increased to 16.4% during the Financial Year ended 31 March 2023G. The fluctuation in the percentage of voice communication fees as a share of revenue is attributed to the traffic flow between the Company and other operators, including thousands of routes with fees that vary on a daily basis based on market conditions. In addition, traffic flow depends on customer usage, which varies according to capacity.
- Depreciation and amortization of assets: The depreciation and amortization of assets percentage of the total revenues decreased from 30.4% during the Financial Year ended 31 March 2021G to 13.8% during the Financial Year ended 31 March 2022G, and then to 7.2% during the Financial Year ended 31 March 2023G. The reason for this decrease in the percentage of depreciation and amortization of assets as a share of revenue is attributed to: (i) the decrease in the value of WiMax (obsolete technology) within property and equipment during the Financial Year ended 31 March 2021G; (ii) the exclusion of 543 towers from right-of-use assets and the cancellation of lease agreements related to these towers during the Financial Year ended 31 March 2022G; and (iii) the extension of the Company's license by the Communications, Space and Technology Commission for 32 years, valid until March 2049G.

For more information, please refer to Subsection 5.8.1.2 ("Cost of Revenues") of Section 5 ("Financial Information and Management Discussion and Analysis") of this Prospectus.

The Company's inability to increase its revenues or its inability to adequately manage the sales costs by maintaining its expense levels in relation to the capacity rental fees, voice communication fees, asset depreciation and amortization, and other sales cost items, will result in lower gross profit margin levels, which in turn will have a material adverse impact on the Company's business, results of operations and future prospects.

### 2.1.31 Risks Related to the Open Access Agreement

In 2017G, the Company entered into an agreement with the Saudi Telecom Company (STC) to purchase 40,000 home fiber optic ports, including an initial acquisition of 30,000 home fiber optic ports and then an additional acquisition of 10,000 home fiber optic ports in the same year at a fixed price. In February 2020G, the Company signed an Open Access Agreement with all operators, which came into effect in January 2021G. Under this agreement, all six operators (Saudi Telecom Company, Etihad Telecom Company, Mobile Telecommunication Company Saudi Arabia (Zain), Dawiyat Integrated Communications and Information Technology Company, Salam Telecom Company, and Etihad Atheeb Telecommunication Company) agreed to provide broadband communication services for home fiber optics through any service provider. Consequently, the Company returned 40,000 indefeasible right-of-use assets to STC through a non-cash agreement by restructuring the outstanding payables, resulting in non-recurring net profits of SAR 101.1 million for the Financial Year ended 31 March 2021G.

The Company settled all balances and dues among the parties by offsetting part of the outstanding receivable balance to STC with an amount of SAR 384 million out of a total amount of SAR 754 million. In February 2021G, the Company signed an agreement with STC to settle the remaining balance of SAR 370 million. The payments were rescheduled as follows: a first payment of an amount of SAR 125 million shall be made upon signature of the agreement and the remaining amount of SAR 245 million shall be paid in five equal annual installments of SAR 49.0 million each starting from 1 July 2022G. The Company settled the first payment and the table below sets out the details of the agreed upon settlement of all balances and dues between the Company and STC.

Installments	Amount (SAR)	Due Date	Status
1st installment	49 million	1 July 2022G	Paid
2nd installment	49 million	1 July 2023G	Paid
3rd installment	49 million	1 July 2024G	Not due yet
4th installment	49 million	1 July 2025G	Not due yet
5th installment	49 million	1 January 2026G	Not due yet
<b>Total</b>	<b>245 million</b>		

It is worth noting that due to the Company's signature of the Open Access Agreement with all operators and due to the changes made to the Wholesale Agreement with STC, adjustments were made to the Company's records as at FY21G. These adjustments can be summarized as follows:

- A decrease in intangible assets by SAR 293 million due to the return of 40,000 indefeasible right-of-use assets;



- A decrease by SAR 394 million in accounts receivable from STC; and
- Profits resulting from the restructuring of recorded debt of SAR 101.1 million for the Financial Year ended 31 March 2021G.

The execution of the Open Access Agreement enabled the Company to enhance its operational performance during the three-month period of 2021G, following the effective date of said agreement. This was made possible due to the access to a broader telecommunications infrastructure at lower costs. Previously, the costs were calculated on a per-port-per-usage basis and the Company paid for 40,000 ports regardless of the usage levels. In the event that these agreements are canceled for any reason, such as suspending dealing with service providers, or in the event CST terminates these agreements, the Company will not be able to fulfill its contracts and complete its services, which will lead to the loss of customers and thus the Company's inability to achieve revenues, which will have an adverse impact on the Company's profitability and may subject it to losses. This will subsequently have a material adverse impact on the Company's business, results of operations and future prospects.

### 2.1.32 Risks Related to Revenue Growth in the B2B Sector

During the Financial Year ended 31 March 2021G, the Company's revenues generated from the B2B sector were comprised of internet access services amounting to SAR 78.9 million, 'GO secure' services amounting to SAR 45.4 million, 'GO Tel' services amounting to SAR 9.3 million, and other revenues amounting to SAR 44.0 million.

The Company's revenues from the B2B sector increased post-COVID-19 from SAR 177.6 million in the Financial Year 2021G to SAR 198.2 million in Financial Year .2022G. This increase was primarily due to the growth in the internet access service revenues by SAR 23.4 million, which was driven by a service increase of 18% and a 10% increase in the average revenues per service for the Financial Years ending 31 March 2021G, and 31 March 2022G, respectively. However, 'GO secure' revenues decreased by SAR 3.4 million due to a 17% decrease in the number of services. As for the average revenues per service, it increased by 11% for the Financial Years ending 31 March 2021G, and 31 March 2022G.

During the Financial Year ended 31 March 2022G, the Company's revenues generated from the B2B sector comprised of SAR 102.3 million for internet access services, SAR 42.0 million for 'GO secure' services, SAR 9.5 million for 'GO Tel' services, and SAR 44.4 million for other revenues.

B2B sector revenues further increased to SAR 287.4 million during the Financial Year ended 31 March 2023G, marking a 45% increase, primarily due to a SAR 73.0 million increase in internet access service revenues.

The Company's B2B sector revenues during the Financial Year ended 31 March 2023G consisted of SAR 175.2 million for internet access services, SAR 41.4 million for 'GO secure' services, SAR 9.2 million for 'GO Tel' services, and SAR 61.5 million for other revenues.

This growth in revenues is attributed to the development of products and services offered by the Company, along with the focus on key customers, including current government clients, as part of the Company's new competitive strategy. This was coupled with an increase in other services by SAR 17 million, which resulted in an increase in revenues from internet access services and 'GO secure', as some services are sold as complementary services. The average number of contracts began to decline at the start of the Financial Year ended on 31 March 2021G (in April 2020G) due to the impact of the COVID-19 pandemic on several companies. The average number of contracts sharply decreased in September and October 2020G, then gradually grew again in the following months, averaging 5,000 contracts during the Financial Year ended 31 March 2021G.

It is worth noting that the average revenue generated from the B2B sector accounted for 54% of the Company's total revenues for the Financial Years ended on 31 March 2021G, 31 March 2022G, and 31 March 2023G, as the number of contracts related to services provided to companies increased to 5,300 contracts in FY22G after the COVID-19 pandemic, and further increased to 6,500 contracts in FY23G as a result of the Company's transformation strategy, which attracted new companies. It should be also noted that the number of contracts does not reflect the number of services provided under each contract.

Furthermore, the number of contracts concluded with the B2B sector increased from 5,418 services in April 2020G to 8,706 services by 31 March 2023G, resulting in an increase in the average contract revenue from SAR 2,918 to SAR 3,444 during the same period.

The Company's future inability to diversify its revenue sources, reduce the risks of concentration of revenues generated from the B2B sector, renew contracts related to B2B sector, or secure new contracts for the provision of such services, will result in a decline in the Company's revenues from such sector, which will negatively affect the Company's profits and ability to cover its operating expenses and continue its business. This will have a material adverse impact on the Company's business, results of operations and future prospects.

### 2.1.33 Risks Related to Revenue Growth in the B2C Sector

The Company's average revenue from services provided to the B2C sector accounted for 28% of the Company's total revenues for the Financial Years ending on 31 March 2021G, 31 March 2022G, and 31 March 2023G.

During the Financial Year ended 31 March 2021G, the Company significantly increased its services following the new regulations issued by the Communications, Space & Technology Commission in December 2020G regarding the open access network, which gave access to a larger number of subscribers.

During the Financial Year ended 31 March 2021G, the Company's revenues from services provided to the B2C sector included revenues from LTE technology amounting to SAR 57.3 million, revenues from home optical fiber services amounting to SAR 16.8 million, and other revenues amounting to SAR 0.6 million.

B2C sector revenues increased by 40.4% from SAR 74.6 million during the Financial Year ended on 31 March 2021G, to SAR 104.8 million during the Financial Year ended on 31 March 2022G, as the Company adopted competitive prices, and improved its services and packages to customers. This increase occurred simultaneously with a rise in the number of services provided to individuals to 74.3 thousand services during the Financial Year ended 31 March 2022G, along with the development of services provided to customers and the introduction of new packages at competitive prices. This resulted in an increase in revenues from LTE technology by SAR 20.1 million and an increase in revenues from home optical fiber services by SAR 10.5 million.

In addition, during the Financial Year ended 31 March 2022G, the Company's revenues generated from services provided to the B2C sector included revenues from LTE technology amounting to SAR 77.4 million, revenues from home optical fiber services amounting to SAR 27.3 million, and other revenues amounting to SAR 0.1 million.

B2C sector revenues grew by 73.7% to reach SAR 182.0 million during the Financial Year ended 31 March 2023G. This increase was primarily due to an increase in revenues from home optical fiber services by SAR 39.2 million and an increase in revenues from LTE technology by SAR 38.0 million, which was driven by an increase in the number of services provided to customers by 10.4 thousand and 47.0 thousand, respectively. The increase in home optical fiber revenues occurred simultaneously with an increase in the minimum speed (100 Mbps), leading to a 71.2% increase in average revenue per service.

During the Financial Year ended 31 March 2023G, the Company's revenues generated from services provided to the B2C sector included revenues from LTE technology amounting to SAR 115.4 million, revenues from home optical fiber services amounting to SAR 66.4 million, and other revenues amounting to SAR 0.1 million.

Furthermore, the number of services provided for B2C sector increased from 43,487 services in April 2020G to 131,632 services in March 2023G, resulting in an increase in the average service revenue from SAR 148 to SAR 167 during the same period.

The Company's inability to maintain revenues generated from B2C sector or its inability to attract new customers or maintain existing customers will result in a decrease in the Company's profits, which, in turn, will have a material adverse impact on the Company's business, results of operations and future prospects.

### 2.1.34 Risks Related to Inadequacy of Insurance Coverage

The Company maintains insurance policies for vehicles and properties, business interruption, money, breach of security, general liability and health insurance for employees. There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claim with regard to a certain liability or loss according to the insurance policies in effect because of the exclusions or conditions of insurance coverage, or if the Company has not met certain insurance criteria in respect of a particular claim. This could cause the Company to be liable for paying for accident-related losses.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's current insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would have a material adverse effect on the Company's business, results of operations, and future prospects.

### 2.1.35 Risks Related to the Integrity of the Company's Internal Control System

The Audit Committee's report for the Financial Year ended 31 March 2023G included many notes and observations related to the Company's control systems, policies, procedures, and operational processes, such as:

- Shortage of key human resources in key control functions within the Company, either in the second line of defense (i.e. governance, risk, and compliance) or the third line of defense (i.e. internal audit).
- The need for additional time to develop policies and procedures governing the Company's operations and activities.

- High-risk levels at various levels within the Company, including financial management, cybersecurity, IT, assets, and others across the Company's branches.

Continued ineffectiveness of the Company's control systems, procedures, and internal policies and the Company's inability to address the same will have an adverse impact on the Company's business, financial position, results of operations, and future prospects.

### 2.1.36 Risks Related to Fluctuations in Foreign Currency Exchange Rate

The Company's operational results will be affected by fluctuations in currency exchange rates and the Company's ability to manage currency risks effectively. The Company has entered into agreements that require it to settle dues to these parties in U.S. dollars. As at the date of this Prospectus, the Saudi Riyal is pegged to the U.S. dollar at an exchange rate of 3.75 Saudi Riyals to 1 U.S. dollar, following the Kingdom's policy in this regard. In the event of a change in the policy of pegging the Saudi Riyal to the U.S. dollar in the future, the Company will incur increased costs for its operations denominated in Saudi Riyals. Since the Company has not entered into any hedging agreements to mitigate its exposure to currency risks, changes in foreign currency exchange rates will have a material adverse impact on the Company's business, financial position, results of operations, or future prospects.

### 2.1.37 Risks Related to Non-compliance with the Accounting Standards Approved by the Saudi Organization for Certified Public Accountants (SOCPA)

The Company did not fully comply with the International Financial Reporting Standards and International Accounting Standards during the two years ended on 31 March 2020G, 31 March 2022G, and the period ended on 31 December 2020G. This rendered the financial statements inaccurate in terms of adherence to disclosures and explanations of standards in its financial statements for 2020G and 2022G. Moreover, the financial statements did not provide the reader with all the necessary information and disclosures through the required clarifications that enable understanding and analysis of the Company's financial position. As a result, it became difficult to compare previous financial data with the financial information compliant with International Financial Reporting Standards and International Accounting Standards.

On 23 February 2021G, the Company received a letter from the CMA regarding the Company's Auditor's reservation in the report for the period ended on 31 December 2020G, regarding the Company conducting an assessment to verify the impairment of non-monetary assets valued at SAR 841 million, where the Company determined that the recoverable amount of non-monetary assets exceeded their book value.

Therefore, once the Company provided the CMA with the necessary documents and clarifications, the CMA sent a warning letter to the Company on 20 May 2021G, stating its non-compliance with the following:

1. Paragraphs (30b), (30d), and (55) of International Accounting Standard No. 36 "**Impairment of Assets**," where the Company overstated its expectations of future revenues in its budget and failed to set expectations of non-achievement, as well as ignored the risks surrounding its operations and failed to consider them when conducting the impairment test for the interim financial period ending on 31 December 2020G.
2. Paragraphs (3b) and (10) of International Accounting Standard No. 10 "**Events After the Reporting Period**," and paragraph (3-3-1) of International Financial Reporting Standard No. 9 "**Financial Instruments**", whereby the Company canceled the financial commitment and adjusted the impact of the settlement agreement signed with the main supplier in February 2021G.
3. Paragraph (3-3-3) of International Financial Reporting Standard No. 9 "**Financial Instruments**", whereby the Company failed to calculate the financial impact resulting from the settlement agreement using the fair value of the new financial obligation.

The CMA also contacted the Company on 31 August 2022G, regarding the Company's non-compliance with some of the requirements of the adopted International Accounting Standards when preparing its financial statements for the Financial Year ended 31 March 2020G, based on a previous warning letter from the CMA received by the Company on 9 November 2021G, where it was determined that the Company failed to address and correct some of the observations mentioned in the letter in the financial statements for the year ended 31 March 2022G. These observations are as follows:

1. Paragraphs (99), (102), and (103) of International Accounting Standard No. 1 "**Presentation of Financial Statements**," with which the Company failed to comply. The depreciation and amortization expenses were presented based on their nature, while other expenses were presented based on their function.
2. Paragraph (25) of International Financial Reporting Standard 7 "**Financial Instruments: Disclosures**," where the Company failed to disclose the fair values of each category of financial liabilities in a manner that allows comparison with their book values. Additionally, there was a lack of disclosure regarding the valuation techniques and inputs used for these fair value measurements as required by International Financial Reporting Standard 13 "**Fair Value Measurement**."
3. Paragraphs (35a to 35n) of International Financial Reporting Standard 7 "**Financial Instruments: Disclosures**," where the Company failed to adhere to the requirements of these paragraphs when calculating credit risk for trade receivables.
4. Paragraphs (39c) and (B11d) of International Financial Reporting Standard 7 "**Financial Instruments: Disclosures**," where the Company failed to provide a clear description of how it manages liquidity risks, in addition to the use of discounted values for financial liabilities in "Maturity Analysis."
5. Paragraphs (110 to 112), (116 to 122) and (124 to 128) of International Financial Reporting Standard 15 "**Revenue from Contracts with Customers**," where the Company failed to provide sufficient information to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as required by those paragraphs.
6. Paragraph 61 of International Accounting Standard 17 "**Leases**," paragraph 9 of International Financial Reporting Standard 13 "**Fair Value Measurement**," and paragraph (18b) of International Financial Reporting Standard 16 "**Leases**," where the Company failed to adhere to the correct treatment for deferred profit from the sale of assets and their re-lease. The fair value of the sold asset was not calculated according to the Standard's requirements, and the Company failed to comply with the appropriate measurement of the right-of-use.
7. Paragraphs (3.4.5), (25.5.5b), (2.3.3), (3.3.3), and (6.3.3b) of International Financial Reporting Standard 9 "**Financial Instruments**," where the Company failed to reschedule the debt and calculate the gain/loss arising from the debt rescheduling according to the specified requirements of the Standard.
8. Paragraphs (44a to 44h) of International Accounting Standard 7 "**Statement of Cash Flows**," where the Company failed to provide disclosure enabling readers of the financial statements to evaluate the cash and non-cash changes in liabilities arising from financing activities.
9. Paragraph (5.15) of International Financial Reporting Standard 9 "**Financial Instruments**," where the Company failed to create an allowance for credit losses for a financial asset (receivable from Saudi Telecom Company).
10. Paragraphs (15) and (30) of International Accounting Standard 1 "**Presentation of Financial Statements**" and paragraph (7/7) of the Conceptual Framework for Financial Reporting, where the Company failed to comply with the mentioned paragraphs as the immediate settlement discount was recorded as revenue instead of being deducted from the revenue cost.

It should also be noted that the CMA warning letter received on 9 November 2021G, as mentioned above, included several paragraphs that the Company failed to adhere to when preparing its financial statements for the period ended 31 March 2020G. These paragraphs are as follows:

1. Paragraphs (113 to 115), (123), and (129) of International Financial Reporting Standard 15 "**Revenue from Contracts with Customers**."
2. Paragraphs (21b), (23), and (26) of International Financial Reporting Standard 8 "**Operating Segments**," where the Company failed to disclose financial commitments for each segment, in addition to information about profit and loss for each segment.
3. Paragraphs (25) and (26) of International Accounting Standard 1 "**Presentation of Financial Statements**," where the Company failed to adhere to appropriate assessments of its ability to continue as a going concern, as stipulated by the Standard.
4. Paragraphs (125) to (129) of International Accounting Standard 1 "**Presentation of Financial Statements**," where the Company failed to disclose the method that assists readers of the financial statements in understanding the management's assumptions about the future and other sources of significant estimation uncertainty that may result in a material adjustment to the book value of assets and liabilities during the subsequent Financial Year.

The Company responded to the CMA's comments on 6 September 2022G, confirming its commitment to addressing the CMA's comments through:

- Revising the presentation of expenses based on their function, where depreciation and amortization expense was reclassified according to its function to be included under the associated expense (Profit or Loss statement, Explanation No. 5, Explanation No. 6.3, Explanation No. 20, Explanation No. 22). Furthermore, the numbers for the comparative year were also reclassified according to Explanation No. 31.
- Disclosing the required information regarding credit risks for the trade receivables provision, liquidity risk management, revenue from contracts with customers, and evaluating changes in cash and non-cash obligations arising from financing activities.
- Reclassifying short-term obligations to long-term after agreeing with the supplier on a repayment schedule, thereby deducting future payments based on the agreed repayment schedule.
- Several CMA comments on the financial statements for the year ended 31 March 2020G were not applicable to the financial statements for the year ended 31 March 2022G; such as profits from the sale and leaseback of assets, amounts payable to Saudi Telecom Company, and instant settlement discounts.

In addition to the foregoing, the CMA sent a separate letter concerning the non-preparation of the financial statements for the year ended 31 March 2022G, in accordance with the accounting and auditing standards approved by the Saudi Organization for Certified Public Accountants, which non-compliance is attributed to the failure to apply the following paragraphs:

1. Paragraph (25) of International Financial Reporting Standard 7 ("**Financial Instruments: Disclosures**"), due to the lack of disclosure of fair values for each category of financial liabilities in a manner that allows for comparison with their book values, and the omission of information on the methods of valuation and inputs used for fair value measurements.
2. Paragraphs 35b(a), 35b(b), 35y(b), 35y(d), 35y(e), 35k, 35p of International Financial Reporting Standard 7 ("**Financial Instruments: Disclosures**").
3. Paragraph (39(j)) of International Financial Reporting Standard 7 ("**Financial Instruments: Disclosures**"), for failure to disclose how the Company manages liquidity risks.
4. Paragraphs 116(b)(c)-117-118-119-120-121-122-124-125-126 of International Financial Reporting Standard 15 ("**Revenue from Contracts with Customers**").

The Company acknowledged its non-compliance and took corrective actions. As of the Financial Year ended on 31 March 2023G, the Company adjusted its accounting practices to align with International Financial Reporting Standards, International Accounting Standards, and the standards approved by the Saudi Organization for Certified Public Accountants. Consequently, the Company appointed an external accounting expert, who provided guidance on correcting these issues and took necessary steps to ensure compliance with accounting standards. This resulted in the reclassification of financial statement items, especially trade payables, contract assets and liabilities, as disclosed in the "Financial Statements Disclosures" dated 31 March 2023G (Explanation 34; Comparative figures), along with necessary disclosures and explanations in the financial statements.

The Company's non-compliance with International Accounting Standards, International Financial Reporting Standards, and the standards approved by the Saudi Organization for Certified Public Accountants may necessitate the reclassification of certain financial statement items by the Auditor to clarify the impact of the standards that the Company did not adhere to. If reclassified, this will affect the reader's ability to understand and analyze the Company's financial position. Moreover, the repetition of such practices and non-compliance with preparing financial statements in accordance with international accounting standards and financial reporting standards, as well as the approved accounting and auditing standards of the Saudi Organization for Certified Public Accountants, expose the Company to violations and fines, adversely and materially affecting the Company's business, financial results, and prospects.

### 2.1.38 Risks Related with Compliance with the Corporate Governance Regulations

On 06/02/1439H (corresponding to 26/10/2017G), the Company's Ordinary General Assembly approved the adoption of the corporate governance manual. The corporate governance manual includes rules and procedures formulated based on the Corporate Governance Regulations issued by the CMA. The Company's success in correctly implementing governance rules and procedures depends on the awareness, understanding, and proper execution of these rules and procedures by the Board of Directors, its committees, and the Company's executives. This is particularly relevant to the composition of the Board and its committees, independence requirements, and rules related to conflicts of interest and transactions with related parties.

Additionally, the Company's Ordinary General Assembly approved the charter of the Audit Committee on 06/02/1439H (corresponding to 26/10/2017G). The Assembly also approved the charter of the Nomination and Remuneration Committee on the same date. In case the members of these committees fail in their duties and do not ensure the protection of the Company's interests and its Shareholders, this will impact the compliance with corporate governance requirements and continuous disclosure obligations. Such failure may adversely and materially affect the Company's business, financial position, results of operations, and prospects.

On 25/06/1444H (corresponding to 18/01/2023G), the CMA issued Decision No. 8-5-2023 amending the Corporate Governance Regulations based on the new Companies Law issued by Royal Decree No. M/3 on 25/06/1444H (corresponding to 18/01/2023G). The Company did not update its Corporate Governance Manual, the Charter of the Audit Committee, and the Charter of the Nomination and Remuneration Committee to comply with the amended provisions of the Corporate Governance Regulations. The Company did not adhere to the following provisions of the Corporate Governance Regulations:

- The Charters of the Audit Committee and the Nomination and Remuneration Committee state that meetings of the Committees are valid if attended by a majority of their members, and the quorum is achieved with the presence of two-thirds of their members, which does not align with Article 50 of the Corporate Governance Regulations, which only stipulates that the presence of a majority of Committee members is sufficient for the validity of meetings.
- The Charters of the Audit Committee and the Nomination and Remuneration Committee state that Committee decision are issued by a majority of the votes present, and in case of a tie, the Committee Chairman shall have the casting vote, which does not align with Article 50 of the Corporate Governance Regulations, which specifies that in case of a tie, the meeting chairman and not the Committee Chairman, shall have the casting vote.
- The Charter of the Audit Committee states that the Committee shall prepare a report on its opinion regarding the adequacy of the Company's internal controls and other actions within its scope. The report should be deposited by the Board of Directors at the Company's head office at least ten days before the General Assembly meeting, which does not align with Article 88 of the Corporate Governance Regulations, which requires the Board of Directors to deposit sufficient copies of the Audit Committee's report at the Company's head office and publish it on the Company's and Tadawul's websites when announcing the General Assembly meeting.
- The Charters of the Audit Committee and the Nomination and Remuneration Committee state that the charters thereof cannot be changed or amended except upon the recommendation of the respective committee and with the approval of the Board of Directors after presenting it to the General Assembly, which does not align with Article 51, Article 57(b), and Article 61(b) of the Corporate Governance Regulations, which stipulate that the General Assembly has the authority to issue the charters of the Audit Committee and the Nomination and Remuneration Committee and, consequently, to modify them.
- The Company's Corporate Governance Manual, Charter of the Audit Committee and Charter of the Nomination and Remuneration Committee do not comply with the new amendments made to Article 9 (a) (related to the distribution of dividends), Article 11 (related to the competencies of the extraordinary general assembly), Article 12 (related to the competencies of the ordinary general assembly), Article 13 (c) (related to the shareholders' assembly), Article 14 (a) (related to the agenda of the general assembly), Article 15 (related to the management of the shareholders' assembly), Article 17 (related to the appointment of the board members board), Article 21-8 (a) and 21-15 (related to the main functions of the board), article 23 (related to the separation of positions), Article 25-9 (c) and Article 30 (related to the board meetings), Article 35 (related to the secretary of the board), Article 37 (related to the training), Article 41 (related to the conflicts of interest policy), Article 42 (related to avoiding conflicts of interest), Article 44 (related to competing with the company), Article 46 (related to accepting gifts), Article 48 (a) (related to the committees membership), Article 51 (related to audit committee formation), Article 52 (related to the competencies, powers and responsibilities of the audit committee), Article 73-1 (related to composing an internal audit department), Article 75-2 (related to the internal audit report), Article 83 (related to the professional conduct policy), Article 87 (related to the board's report) and Article 88 (related to the audit committee's report) of the Corporate Governance Regulations.

The Board of Directors has not formed a Risk Management Committee as stipulated by the corporate governance manual. Additionally, the Board has not established a Corporate Governance Committee, which it is allowed to form according to the corporate governance manual.

The Company's continued non-compliance with the provisions of the Corporate Governance Regulations and the lack of clear governance policies in line with the Corporate Governance Regulations issued by the CMA, will have a material adverse effect on the Company's business, as well as lead to potential violations and fines that the Company may incur due to non-compliance with the Corporate Governance Regulations, adversely affecting its financial position, results of operations, and prospects.

## 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 9.3 ("Licensing and Interconnection") of Section 9 ("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 the Regulatory Environment

The nature of the regulatory environment in which the Company operates is subject to a number of continuous developments and changes aimed at liberalizing of the Telecommunications Sector and enhance competition therein. In this context, the lack of development of regulatory environment may limit the Company's ability to implement its business strategies and flexibility in responding to the changing market conditions, and thus achieving its goals and business plans. There is no guarantee that the laws in force in the Kingdom will not change or be interpreted in a way that could adversely affect the Company's business. These risks include, but are not limited to, the following regulatory challenges, which will lead to risks that could adversely affect the Company's business, financial position, results of operations, or future prospects:

- The CST issued Decision No. 484/1443 dated 19/09/1443H on updating the regulations and licenses for telecommunications services, which requires an increase in operational expenses in order to achieve the mechanism contained in the documents approved by the CST.
- The CST issued Decision No. 490/1444 dated 03/01/1444H approving the "Regulations of Cybersecurity Operations in Communications, Information Technology and Postal Sectors" regarding ICT and postal sector, which requires an increase in operational expenses in order to achieve the mechanism contained in the documents approved by the CST.
- The CST issued Decision No. 493/1444 dated 21/03/1444H approving the "Regulations for Curbing SPAM Messages and Calls", which requires an increase in operational expenses in order to achieve the mechanism contained in the documents approved by the CST.
- The CST issued Decision No. 496/1444 dated 12/08/1444H regarding the approval and publication of the "Guidelines for the Implementation of the Frequency Licensing Fees Regulations", which may require an increase in operational expenses in order to achieve the mechanism contained in the documents approved by the CST.
- Competition rules have not been effectively applied against the abuse of control in the telecommunications sector, especially in the retail market for Internet and prepaid cards for international calls, and thus potentially negatively impacting the expected market share of the Company, which will affect the Company's revenues and profitability.
- Despite the commitment given by the companies controlling the Saudi National Fiber Network (SNFN) to government and regulatory authorities that they will enable new operators to participate in the use of this infrastructure, the Company has not yet been able to participate therein, and the delay of regulatory authorities in implementing this commitment affects its ability to reduce operational costs.
- CST regulations stipulate that providing the possibility of Carrier Selection will be implemented within 24 months of the first competitor in fixed telecommunications obtaining the license, meaning that Carrier Selection will be available in April 2011, but the regulatory authority has not begun to activate its role yet, and the controlling operator still refuses to provide this service despite the Company's repeated requests to do so. Therefore, the delay in providing Carrier Selection will adversely affect the Company's revenues and profitability.

The occurrence of changes in the regulatory and legislative environment of the sector, or the imposition of penalties or fines on the Company due to its non-compliance with the said regulations, will result in an increase of costs and damage to the Company's reputation, which will adversely and materially affect the Company's business, financial position, results of operations, or prospects.

## 2.2.3 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 its 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 the Telecommunications Regulations**") of Section 2 "**Risk Factors**" and to subsection 2.1.7 ("**Risks Related to Frequency Spectrum License**") of this Prospectus)).

## 2.2.4 Risks Related to Competition

The Company faces intense competition from providers of fixed and mobile communication services, satellite communications services, and managed internet data services. Competition has intensified with the entry of companies that have obtained licenses from CST into the market and the commencement of their businesses., and the ability of these companies to offer new and innovative services in a shorter time than the Company, may adversely impact its market share.

Additionally, increased competition in the telecommunications sector will adversely impact the Company's ability to maintain its expected market share and attract new customers or retain existing ones, which will require the Company to increase marketing expenses and review the pricing structures of the services provided thereby to its customers, which will have an adverse impact on the Company's business, financial position, and prospects due to the rise in marketing expenses and the reduction of service prices offered to customers.

## 2.2.5 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.

Any deterioration in economic conditions could generate more pressure on the income of customers in Saudi Arabia, which will also adversely 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 adversely 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 adversely 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 adversely and severely affect the Company's business, prospects, financial position and results of operations.

## 2.2.6 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.

## 2.2.7 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 (WLL) 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 will lose the competitive advantage of some of the Company's services and thus lose some customers or 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.

It should be noted that historically, the Company has incurred significant cumulative losses due to the obsolescence and inability of the used technology to compete with new technologies in meeting consumer needs, which has led to the loss of a large number of its customers. The Company initially invested in the WiMax technology during its early operational years to provide its fixed telephone services and internet services. As a result, the Company incurred significant cumulative losses over a period of ten years starting from 2010G to 2020G. One of the main reasons for these losses was the inefficiency and obsolescence of the WiMax technology, preventing the Company from competing with the other technologies used in the provision of internet services, such as the long-term evolution (LTE) fourth-generation technology and fiber optics.

In light thereof, at the end of 2019G, the Company discontinued providing internet services via the WiMax technology to users. For more information on the risks related to the decrease in asset value due to the disposal of WiMax technology, please refer to section 2.1.26 ("Risks Related to Depreciation in the Value of the Company's Assets") in Section 2 ("Risk Factors") of this Prospectus.

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.

## 2.2.8 Risks Related to the Labor Law and the Inability to Comply with Saudization and Ministry of Human Resources and Social Development Requirements

The 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.

In addition, the Ministry of Human Resources and Social Development has required all private sector establishments to register the contracts of their non-Saudi employees through the Qiwa platform. If the Company fails to comply with this regulatory requirement, it may be subject to a fine up to 10,000 Saudi Riyals for each violating employee, which would result in the Company incurring additional costs, and would materially and adversely affect the Company's business, results of its operations, financial position, and future prospects.

## 2.2.9 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.

## 2.2.10 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.

It should be noted that some of the Company's employees are foreign employees who do not carry out the jobs registered in their residency permit. The Company has a number of employees who work for the Company under service contracts concluded with companies that work in providing services and human resources. All of these companies may not be licensed to provide human resources services in accordance with the relevant laws and regulations. Moreover, some of the Company's employees working under service contracts may not hold valid employee certificates. According to the Saudi Labor Law, foreign workers are not allowed to work for any company in the Kingdom unless they are under its sponsorship or through Ajeer program. The Company employs a number of non-Saudi workers sponsored by companies operating in the supply of manpower from third parties. Fees for transferring workers from one company to another range between 2,000 and 6,000 Saudi Riyals (depending on the number of times the worker has transferred his sponsorship in the past). The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension from the Ministry of Human Resources and Social Development recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer notices, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for establishments seconding foreign employees under their own sponsorship to another establishment without an Ajeer notice include, for a first-time violating establishment, a fine of SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations by the establishment or the branch.

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 the Offer 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 02/08/1445H (corresponding to 12/02/2024G) and end on 15/08/1445H (corresponding to 25/02/2024G). 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 12 ("**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 3 ("Overview of the Company and Nature of its Business") and Section 5 ("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 02/08/1445H (corresponding to 12/02/2024G) and end on 15/08/1445H (corresponding to 25/02/2024G). 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.

It should be noted that trading of the Company's shares was previously suspended by Tadawul on 17/10/1439H (corresponding to 01/07/2018G) due to the Company's failure to disclose its annual financial statements ending on 31/03/2018G. The suspension continued until Tadawul announced on 20/06/1442H (corresponding to 11/02/2021G) the lifting of the suspension of trading in the Company's shares starting from 02/07/1442H (corresponding to 14/02/2021G).

The reoccurrence of such events, causing delays in the Company's disclosure of its financial results, or failure to publish them within the specified regulatory deadlines mentioned above, may lead to the suspension or delisting of the Company's shares, which would materially and adversely affect the Company's shareholders, its business, results of operations, financial position and prospects.

## 3. OVERVIEW OF THE COMPANY AND NATURE OF ITS BUSINESS

### 3.1 Overview

Etihaad Atheeb Telecommunication 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 (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 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.

### 3.2 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 with a nominal value of ten (10) Saudi riyals per share on the Saudi Stock Exchange (“Tadawul”), of which thirty million (30,000,000) ordinary shares will be offered for public subscription for a nominal value of ten (10) Saudi riyals per share, representing (30%) of the Company's capital. When the Company was listed on Tadawul, its capital amounted to one billion (1,000,000,000) Saudi riyals, divided into one hundred million (100,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share.

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, divided into one hundred million (100,000,000) ordinary shares, to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, by canceling sixty million (60,000,000) of the Company's shares.

On 20/02/1433H (corresponding to 14/01/2012G), the Extraordinary General Assembly of Company Shareholders was held and resolved to approve increasing the Company's capital from four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares, to one billion five hundred and seventy-five million (1,575,000,000) Saudi Riyals, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, 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, divided into one hundred fifty-seven million five hundred thousand (157,500,000) ordinary shares, to six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, 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 the Company Shareholders was held and resolved to decrease the Company's capital from six hundred thirty million (630,000,000) Saudi Riyals, divided into sixty-three million (63,000,000) ordinary shares, to four hundred seventy-two million five hundred thousand (472,500,000) Saudi Riyals, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, 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, divided into forty-seven million two hundred and fifty thousand (47,250,000) ordinary shares, to three hundred fifty million five hundred twenty-nine thousand (350,529,000) Saudi Riyals, divided into thirty-five million fifty-two thousand and nine hundred (35,052,900) ordinary shares, by cancelling twelve million one hundred and ninety-seven thousand one hundred (12,197,100) 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, divided into thirty-five million fifty-two thousand nine hundred (35,052,900) ordinary shares, to two hundred twenty-eight million five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, 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, divided into twenty-two million eight hundred fifty-two thousand nine hundred (22,852,900) ordinary shares, to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, 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 25/07/1445H (corresponding to 06/02/2024G), 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, divided into eight million nine hundred ninety-nine thousand nine hundred (8,999,900) ordinary shares, to three hundred thirty-nine million nine hundred and ninety-nine thousand (339,999,000) Saudi Riyals, divided into thirty-three million nine hundred ninety-nine thousand nine hundred (33,999,900) ordinary shares, through a rights issue.

### 3.2.1 Substantial Shareholders

The Substantial Shareholders of the Company, who each owns 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. (3.1): Shareholding of Substantial Shareholders**

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

Source: Tadawul's website as at 30/10/2023G

## 3.2.2 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.

## 3.3 Company Mission, Strategy and Values

### 3.3.1 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.

### 3.3.2 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: <ul style="list-style-type: none"> <li>- different speeds to end users;</li> <li>- different quality-of-service options; and</li> <li>- different billing options (e.g. pre-paid, post-paid).</li> </ul>	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.
3	Software-defined Wide Area Network (SD-WAN)	B2B (SME)	This includes the provision of 2 types of connectivity services: <ul style="list-style-type: none"> <li>- Virtual P2P – a virtual P2P connectivity service over a standard internet connection (e.g. FTTH, FWA) through SD-WAN</li> <li>- Security – a virtual private network that guarantees the privacy and authenticity of the information shared across the offices of the customer.</li> </ul>	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 toll-free 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.



No.	Service / Product	Target Segment(s)	Description of Product / Service	Delivery
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.

### 3.3.3 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 keen on creating a welcoming atmosphere for its customers that ensures accessibility and communication. 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 our universe of superior service.

## 3.4 Company Strengths and Competitive Advantages

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

As at 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 channel 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 local operators.

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 successful 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.

## 3.5 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.

## 3.6 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.

### 3.6.1 Services Offered to Businesses (B2B)

#### 3.6.1.1 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.

**5G Technology Service:** The Company provides 5G Broadband Internet service. 5G fixed wireless has ultra-fast access to the Internet that provides competitive performance for FTTH, which thus provides optimal speeds for sending and receiving data over the network, allowing the customer to enjoy a new experience in the Internet field with low latency and high speeds, whether for instant surfing, downloading files, playing online games, or watching live broadcasts at a constant speed.

#### 3.6.1.2 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.

### 3.6.2 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.

**5G Broadband and 5G FWA:** Ultra-fast Internet connection that provides competitive performance with FTTH, which thus provides optimal speeds for sending and receiving data over the network, allowing the customer to enjoy a new Internet experience with low latency and high speeds, whether for instant surfing, downloading files, playing online games, or watching live broadcasts at a constant speed.

### 3.6.3 Services Offered for Wholesale

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

## 3.7 Network and Infrastructure

### 3.7.1 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.

### 3.7.2 Access Network

The Company offers its customers last-mile access in all the cities in which it operates through IP-MPLS technology embedded 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 9-6-1 ("Contracts and Transactions with Related Parties") of Section 9 ("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 9-6-1 ("Contracts and Transactions with Related Parties") of Section 9 ("Legal Information") of this Prospectus).

### 3.7.3 Transmission Network

The Company's transmission network consists of 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.

### 3.7.4 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.

### 3.7.5 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.

### 3.7.6 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.

## 3.8 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 9.6.2.5 ("Network Rollout Framework Agreement (3500 MHz)") of Section 9 ("Legal Information") of this Prospectus. By virtue of a letter issued by the CST No. 2901/1444/TT on 29/07/1444H (corresponding to 20/02/2023G), CST confirmed that the Company is currently compliant with the obligations of covering at least 30% of the populated areas in the cities subject to the obligation.

## 3.9 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.

## 3.10 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.

### 3.10.1 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.

### 3.10.2 Telephone Sales

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

### 3.10.3 "GO" Website and Mobile Application

In order to provide a better experience to its customers, the Company has introduced a website and the Company's "Self Service App" mobile application, so that customers can manage their services digitally, request new services, pay bills, and submit customer care requests through digital channels.

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.

### 3.10.4 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.

### 3.10.5 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.

### 3.10.6 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.



**4.****EMPLOYEES****4.1 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).

**4.2 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.

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### 5.1 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 2021G, 2022G and 2023G ("2021G", "2022G" and "2023G" respectively) based on the audited financial statements, and the accompanying notes.

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 endorsed in the Kingdom of the Saudi Arabia" for the years ended 31 March 2021G, 2022G and 2023G. The Company's financial statements for the years ended 31 March 2021G, 2022G and 2023G, were audited by Al Azem, Al Sudairy, Al Shaikh & Partners For Professional Consulting (the "Auditors").

Neither the auditors Al Azem, Al Sudairy, Al Shaikh & Partners For Professional Consulting, 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.

The audited financial statements for the fiscal years ended 31 March 2021G, 2022G included a qualified opinion for the Auditors which was disclosed in this section. While the audited financial statements for the fiscal year ending on 31 March 2023G, included an unqualified opinion.

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, and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section 2 ("Risk Factors") of this Prospectus.

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.

### 5.2 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 2021G, 2022G and 2023G 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 two years ending 31 March 2021G and 2022G, and other than what has been disclosed in this section, Sub-Section 5.2 ("Board of Directors' declaration for financial statements") and Sub-Section 2.1.1 ("Risks related to Accumulated Losses") of this Prospectus, there have not been any material negative changes in the financial and commercial position of the Company during the past three years immediately preceding the application for the rights issue set out in this 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 does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of its financial position, except what has been disclosed in Sub-Section 5.2 ("Board of Directors' declaration for financial statements") of this Prospectus.
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, senior executives, and those in charge of issuance or offering of these securities, or the experts who received any of these payments or benefits within the three years immediately preceding the application for the rights issue that are the subject of this Prospectus.
5. The Company does not have any loans or other liabilities, including any overdrafts from bank accounts, and does not have any secured liabilities or liabilities under acceptance or acceptance credit or any lease

purchase liabilities, including those whether covered by a personal guarantee or other kind of guarantee or covered by a mortgage. The directors also declare that the Company has not issued existing or approved but unissued debt instruments, term loans or secured or unsecured mortgages, except as disclosed in this section, Sub-Section 5.2 (“**Board of Directors’ declaration for financial statements**”) and Sub-Section 9.6 (“**Summary of Material Contracts**”) 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, Sub-Section 5.2 (“**Board of Directors’ declaration for financial statements**”) and Sub-Section 9.6 (“**Summary of Material Contracts**”) of this Prospectus.
7. There are no significant potential commitments, or guarantees, or fixed assets outside the normal course of business to be purchased or leased by the Company, except as described in this Section, Sub-Section 5.2 (“**Board of Directors’ declaration for financial statements**”) and Section 6 (“**Use of Proceeds**”) of this Prospectus.
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**”) and Sub-Section 5.7 (“**The main factors affecting the Company’s performance and operations**”) of this Prospectus, 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 capital changed during the three years immediately preceding the date of submitting the application for registration and offering the securities subject to this Prospectus. As of 19/8/1442H (corresponding to 01/04/2021G), the Company’s authorized and paid-up capital amounted to two hundred and twenty-eight million, five hundred and twenty-nine thousand (228,529,000) Saudi Riyals, divided into twenty-two thousand and eight hundred and fifty-three (22,853) million shares worth ten (10) Saudi Riyals per share. On 20/06/1443H (corresponding to 23/01/2022G), the Company reduced its 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 through the cancellation of thirteen million eight hundred and fifty-three thousand (13,853,000) ordinary shares of the Company’s issued shares with a nominal value of ten (10) Saudi riyals per share. As of 09/09/1444H (corresponding to 31/03/2023G), the Company’s authorized and paid-up capital amounted to eighty-nine million nine hundred and ninety-nine thousand (89,999,000) Saudi Riyals, divided into eighty-nine million nine hundred and ninety-nine thousand, with a value of ten (10) Saudi riyals per share. With the exception of the amendments mentioned above, the Company did not witness any amendments to the capital during the three years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus.
11. The Company’s share capital is not under option.

### 5.3 General information about the Company

Etiihad 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), CSTC 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 (1) (which represents deploying the network over 10% of the Kingdom) as per the obligation set forth by the CSTC with regards to the frequency 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 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).

On 26 December 2022G, the Company completed the necessary treatments regarding the CSTC's observations regarding the first phase of the network deployment obligations, in addition to completing its obligations towards 100% deployment of the network for the second phase regarding the license to use 3.5 GHz band frequencies, covering 30% of the cities under obligation by completing the process of installing and operating the 5G service towers. The Company submitted all related documentation to the CSTC which prove the Company's fulfillment of its obligation in accordance with the requirements of the CSTC. On 20 Rajab 1444H (corresponding to 20 February 2023G), the Company received a letter from the CSTC informing the Company that it has accepted its fulfillment of phase (2) of the network deployment.

The Company seeks to work out a plan to meet the requirements of the third phase of the network deployment commitments to cover at least 50% of the populated areas in the cities subject to the commitment before the end of the year 2027G, according to the requirements for licensing the frequency spectrum to provide fixed communications services with infrastructure for frequencies of the 3.5 GHz band granted by the CSTC.

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 1 April 2021G, the authorized, issued, and paid-up share capital of the Company is SAR 228.529 million divided into 22.853 million shares of SAR 10 each.

On 10 October 2021G, the Board of Directors issued a recommendation to the General Assembly to reduce the Company's Capital from SAR 228,529,000 to SAR 89,999,000 by reducing the Company's capital by an amount of SAR 138,530,000 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 SAR 138,530,000 (from SAR 228,529,000 to SAR 89,999,000) by cancelling 13,853,000 shares to extinguish the accumulated losses as at 30 September 2021G, amounting to SAR 138,557,873 at a rate of 99.97%.

As at 31 March 2023G, the authorized, issued and paid-up share capital of the Company is SAR 89.999 million, divided into 8,999,900 shares of SAR 10 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 SAR 350 million, divided into 35 million ordinary shares, at a value of SAR 10 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 SAR 350,000,000 to SAR 250,000,000. The Company submitted the file to the competent authorities, and the approval of the share capital raising file was issued by the competent authorities on February 8, 2023G. On February 15, 2023G, the Company called for an extraordinary general assembly meeting on March 8, 2023G to vote on the Board of Directors recommendation to increase the Company's share capital through rights issue of SAR 250,000,000 so that the capital after the increase becomes SAR 339,999,000. The vote was held, and the result of the vote was the disapproval of the Board of Directors recommendation to increase the Company's share capital by issuing rights issue with a value of 250,000,000 Saudi Riyals, so that the share capital after the increase become 339,999,000 Saudi Riyals.

On March 29, 2023G, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by issuing rights issue at a value of SAR 250 million divided into 25 million ordinary shares at a value of SAR 10 per share, its main objective after obtaining the required approvals from the competent authorities is to increase share capital to pay the Company's obligations and develop and modernize its business systems and networks.

## 5.4 Qualified opinion

The Auditors issued a qualified opinion regarding the financial statements for the years ended 31 March 2021G and 31 March 2022G.

With regard to the qualified opinion for the fiscal year ending on 31 March 2022G, the Company received a letter from the Communications, Space and Technology Commission on 26 May 2022G 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. As such, the Auditor was unable to obtain sufficient and appropriate audit evidence as to whether there was an impairment of the frequency spectrum license as at 31 March 2022G.

With regard to the qualified opinion for the fiscal year ending on 31 March 2021G, it was based on the auditor's inability to obtain sufficient audit evidence regarding a difference of SAR 8.5 million between the book value of the related party's balance on 31 March 2021G and the confirmation letters. Also, the Auditor was unable to perform alternative audit procedures in order to verify the carrying amount of the related party balance. Consequently, the auditor was unable to determine whether this balance needed to be adjusted.

## 5.5 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 SAR 16.0 million represents (17.8%) of its share capital. Also, the Company's current liabilities exceeded its current assets by SAR 182.6 million (31 March 2021G: SAR 146.3 million) and the Company incurred a total comprehensive loss of SAR 37.7 million for the year ended 31 March 2022G.

The statement of financial position as at 31 March 2023G shows that the Company's current liabilities exceeded its current assets by SAR 177.3 million (31 March 2022G: SAR 182.6 million).

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 SAR 101 million on net balances payable to a major vendor. As at the effective date, the new balance payable to the major vendor was SAR 370 million and its payment was rescheduled as a down payment of SAR125 million upon signing the agreement with the remaining SAR 245 million (as shown below) to be paid in five equal installments resulting in an additional gain of SAR 36 million from rescheduling.

Instalment No.	Amount (SAR)	Date of payment	Status
First	49 million	1 July 2022G	Paid
Second	49 million	1 July 2023G	Paid
Third	49 million	1 July 2024G	Not Paid
Fourth	49 million	1 July 2025G	Not Paid
Fifth	49 million	1 January 2026G	Not Paid
<b>Total</b>	<b>SAR245 million</b>	-	

- On January 25, 2022G, the Company received an approval from Ministry of Finance on the instalment related to CSTC government charges of SAR 22.23 million over 36 months of 617 thousand Saudi Riyals monthly instalment starting from February 20, 2022G and amount of 8.65 million Saudi Riyals has been paid as of 31 March 2023G
- On March 21, 2023G, Company received an approval from Ministry of Finance on the instalment related to CSTC government charges of SAR 23.98 million over 36 months of 666 thousand Saudi Riyals monthly instalment starting from April 5, 2023G
- On May 10, 2023G, the Company received an approval of the Ministry of Finance to install the amount related to government fees due for the period extending from the beginning of dealing with the CSTC until the end of 2018G, at a value of SAR 63.88 million over a period of 7 years. The yearly instalment is SAR 9.13 million starting from April 1, 2025G
- The Company's business is improving through the conclusion of new sales agreements, which led to revenue growth and net profits for the year ending on 31 March 2023G. In return, the Company concluded contracts with suppliers for periods that are consistent with the cash received into the Company, thus generating cash that enables the Company to manage liquidity and fulfil its obligations when due.
- The management has also developed plans in some other aspects to improve the Company's performance, including mainly enhancing the Company's existing network infrastructure, deploying new technologies, exploring alternative uses of the Company's bandwidth, obtaining new licenses to provide new services to the customers, and targeting new customer niches from the B2B and B2C sectors, and cost optimization plans. The management has taken some initiatives emanating from this study.

As described above, management has a reasonable expectation that the Company will have sufficient resources to meet its obligations as they fall due. Accordingly, these financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its liabilities for a period at least 12 months from the date of preparing these financial statements.

## 5.6 Basis of Preparation

### 5.6.1 Statement of Compliance

The financial statements, for the fiscal years ended 31 March 2021G, 2022G and 2023G, have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

### 5.6.2 Basis of measurement

The financial statements, for the fiscal years ended 31 March 2021G, 2022G and 2023G, have been prepared on the historical cost basis except for employees' defined benefit obligation that has been valued at present value of future liabilities using the projected unit credit method.

### 5.6.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

### 5.6.4 Summary of significant accounting policies

#### 5.6.4.1 Property and equipment

##### Recognition and Measurement

Items of property, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where applicable.

##### Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

##### 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 each reporting date and adjusted if appropriate.

Management does not expect any changes to the estimated useful lives and along the depreciation estimates.

## De-recognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in statement of profit or loss and other comprehensive income.

### 5.6.4.2 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 derecognition. 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

### 5.6.4.3 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:

#### The Company as a lessee

The Company applies a single method for the recognition and measurement of all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities for lease payments and right-of-use assets representing the right to use the underlying assets.

## Right-of-use assets

Leases are recognized as right-of-use assets, in addition to their corresponding liabilities, on the date that the leased assets are available for use by the Company. Lease payments are apportioned between the lease liability and the finance cost. Finance cost is recognized in the statement of profit or loss and other comprehensive income over the lease term. Right-of-use assets are depreciated on a straight-line basis over the lease term and the estimated useful lives of the assets, whichever is shorter, as follows:

Description	Years
Telecom tower locations	10
Telecom tower	45
Building and warehouses	5

### Right-of-use assets are initially measured at cost, which consists of the following:

- The amount of the initial measurement of lease liabilities;
- Lease payments made on or before the lease start date less lease incentives received;
- Any initial direct cost; and
- The cost of restoring the site to its original condition, as the case may be.

In the event that the ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of the purchase option, then depreciation is calculated over the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

## Lease liabilities

At the inception of the lease, the Company includes lease liabilities measured at the present value of the lease payments over the lease term. Lease payments include fixed payments (including fixed payments in substance) less any lease incentives receivable, variable lease payments that are index or rate dependent, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option that the Company is reasonably certain to exercise and payments of penalties for terminating the lease, if the lease term shows the Company exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs. The lease payments are discounted using the Company's implied rate of interest, or the Company's incremental borrowing rate.

## Short-term leases and leases of low-value assets

Short-term leases represent leases with a lease term of 12 months or less. Low value assets represent those items that do not reach the Company's capitalization limit and are considered immaterial to the Company's statement of financial position as a whole. Payments relating to short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

### 5.6.4.4 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.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset is allocated. These budgets and forecast calculations are generally covering a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.



Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life (including goodwill) or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Different intangible assets may be tested for impairment at different times. However, if such an intangible asset was initially recognized during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period.

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

### 5.6.4.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1. Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, or fair value through other comprehensive income (OCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through income statement

##### Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include cash and cash equivalents, trade, other receivables and contract assets.

### Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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 instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to the statement of income. Currently the Company does not have investment in financial asset at fair value through OCI.

### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently the Company have financial asset designated at fair value through OCI.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## 2. Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payable, lease liabilities and other liabilities.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

#### Trade and other payables

This category is relevant to the Company. After initial recognition, borrowings, trade and other payables are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss and other comprehensive income.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

#### De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for trade receivables and contract assets. The ECL reflects the changes in credit risk since initial recognition of the instrument.

The Company applies the simplified approach to calculate impairment on accounts receivable and contract assets and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a credit loss rate based on the Group'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.

As a practical expedient allowed in IFRS 9, the Company reconstructed the expected credit loss model for trade receivables and contract assets by recalculating the allowance for impairment using the provision matrix and thus using the credit loss rate approach rather than the probability of default.

### Credit impaired financial assets

At each reporting date, the Company assesses whether there is any impairment in financial assets measured at amortized cost. Financial assets are considered credit-impaired when one of the following events occurs that can be monitored and has a material effect on the estimated future cash flows:

- Significant financial difficulties of the client, or
- Exceeding the allowed payment due date by 720 days, or
- It becomes probable that the customer will enter bankruptcy or other financial restructuring.

The Company considers trade receivables and contract assets to have defaulted when they become credit impaired or when they have exceeded the allowed payment due date by 720 days.

#### 5.6.4.6 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.

#### 5.6.4.7 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.

#### 5.6.4.8 Provisions

##### General

A provision is recognized if, as a result of a 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.

##### 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 pre tax 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.

#### 5.6.4.9 Employees' defined benefit obligation

The Company operates employees' end of service benefits scheme.

End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service. The Company's net obligation in respect of defined unfunded benefit plans ("the obligations") is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Company's present value of the obligation, with actuarial valuations to be carried out every third year and updated annually for the following two years for material changes, if any. Defined benefits liability comprises of the following:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense/ income; and
- Re-measurement gains/ (losses).

The Company recognizes and presents the first two components of the defined benefit costs in the statement of income. Gains / (losses) due to re-measurement of employee benefits liabilities are recognized in other comprehensive income immediately. Curtailment gains/ (losses) are accounted for as past service cost in the profit or loss in the period of plan amendment.

The Company is also required to contribute towards a state-owned benefit plan where the Company's obligation under the plan is to make specified monthly contribution based on specified percentage of payroll cost as stipulated under the regulation. These contributions are recognized as an expense when employees have rendered the service entitling them to the contributions. Any unpaid amounts are classified as accruals.

A liability is also recognized for benefits accruing to the employees in respect of wages and salaries, annual leaves and other related benefits in the period the related services are rendered at the undiscounted amount of the benefits expected to be paid and are classified as accruals.

#### 5.6.4.10 Earnings per share

Basic earnings per share is calculated by dividing:

- the income attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- by the weighted average number of ordinary shares outstanding during the financial year, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

#### 5.6.4.11 Zakat and taxes

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

##### Zakat

The Company calculates and records the zakat provision based on the zakat base in its financial statements in accordance with Zakat rules and principles in the Kingdom of Saudi Arabia. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the ZATCA.

##### Income tax

The income tax provision for foreign companies is calculated in the financial statements in accordance with the tax systems in the countries in which they operate. Adjustments resulting from the final tax assessment are processed during the fiscal year in which the final assessment is issued.

The current tax is the expected tax, whether credit or debit, on the taxable profit or loss for the period using the tax brackets determined at the reporting date, in addition to any adjustments to the tax due related to previous years.

##### Deferred tax

Deferred tax is recognized for temporary differences between the book values of assets and liabilities for the purposes of preparing the financial statements and the amounts used for tax purposes. Deferred tax is measured according to the tax brackets that are expected to be applied to the temporary differences when they reverse, based on the regulations established at the reporting date.

Deferred tax assets are 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 used. Deferred tax assets are reviewed at each valuation date and reduced to the extent that the related tax benefits can no longer be utilized. The Company did not recognize any deferred tax assets or liabilities as the time differences are not material.

## Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## Withholding tax

Withholding tax related to dividends, royalties, interest and service fees are recorded as liabilities.

### 5.6.4.12 Revenue recognition

The Company mainly generates revenues from providing fixed telecommunication services, which include voice, internet, data and interconnection services. The Company also generates revenues from enterprise solutions services represented mainly in cloud services, managed advisory services and data center services.

The Company recognizes revenues using a 5-step model as specified in IFRS 15. The Company recognizes revenue from contracts with customers when it transfers control over services to a customer and based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of other parties. When there is a high degree of uncertainty about the possibility of collection from certain customers, the Company does not recognize revenue only upon collection of these revenues.

The timing of revenue recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of services to the customer. All revenue from services that is recognized over time is done using the input method to measure progress toward full acceptance of the services, because the customer simultaneously receives and consumes the benefits provided by the Company.

#### Revenue from data, internet, and voice services:

The Company offers services in fixed term contracts and short-term or long-term arrangements. When services include multiple performance obligations, the Company allocates transaction price to each distinct performance obligation based on respective standalone selling price. The standalone selling price is the observable price for which the good or service is sold by the Company in similar circumstances to similar customers. Revenue is recognized when the performance obligation is satisfied or services are rendered, i.e. after actual use by the end customer. Revenue is recognized for data and the internet when control is transferred over the contract period, and for voice, revenue is recognized when control is transferred upon consumption by the customer and based on the quantity consumed.

#### Revenue from device sales, installation, and activation services:

The Company provides device sales, installation and activation services to the 82C sector indistinctly along with providing fixed communications services. Bundled contracts for equipment sales, installation services, and fixed communications services consist of a single performance obligation and therefore revenue is recognized over the contract period.

The Company provides installation and activation services to the 82B sector for fixed telecommunications services one time and in a distinct manner at the start of the service. Thus, revenue is recognized when control is transferred to the customer upon completion of the installation work.

#### Interconnection revenue:

Interconnection revenue is recognized on the basis of the gross value of invoices raised on other operators for termination charges based on the airtime usage for the billing period as per the agreed rate.

#### Enterprise solutions services revenue:

Revenue from enterprise solutions services is recognized when control transfers to the customer over the period of the contracts.

#### Determination of Transaction Price:

When contract include contractual clause covering commercial discount or free offers, the Company defers these discounts or free offers over the contract term.

In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

**Variable consideration:**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the products to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**Significant financing component**

If a customer can pay for purchased equipment or services over a period of time, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

**Non-cash consideration**

The fair value of non-cash consideration received from the customer on the transaction date is included in the transaction price.

**Consideration payable to the customer**

Consideration payable to the customer includes cash amount that the Company pays or expect to pay to the customers and is accounted for as reduction of transaction price.

**Contract balances****Contract assets**

Contract assets are the rights to consideration in exchange for products or services transferred by the Company to the customer. If the Company performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**Contract costs**

Contract costs relate to incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset when:

- The costs relate directly to the contract (or to a specified anticipated contract)
- The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered.

Contract costs recognized by the Company are amortized on a systematic basis that is consistent with the Company's transfer of related goods or services to the customer.

**Contract liabilities**

Contract liabilities are recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related products or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e. transfers control of the related products or services to the customer).

**5.6.4.13 Cost and Expenses****Cost of revenue**

Represents cost of revenue incurred during the year and includes costs of services, government fees, interconnection costs and other direct and indirect expenses relating to recognized revenue. Where governmental fees represent government contribution fees in trade earnings, license fees, frequency waves' fees and costs charged to the Company against the rights to use telecommunications and data services in the Kingdom of Saudi Arabia as stipulated in the license agreements. These fees are recorded in the related periods during which these fees are incurred and included under cost of revenue in the statement of profit or loss. Interconnection costs represent connection charges to national and international telecommunication networks. Interconnection costs are recorded in the period when relevant calls are made and are included in the cost of revenue caption in the statement of profit or loss.

## Selling, Marketing and General Administrative Expenses

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

### 5.6.4.14 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.

### 5.6.4.15 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.

### 5.6.4.16 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues 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.

### 5.6.4.17 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.

### 5.6.4.18 New Standards, Interpretations and Amendments Adopted by the Company

The Company has adopted the following new standards and amendments for the first time starting from April 1, 2022G.

#### 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.

#### 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.



## Improvements to the International Financial Reporting Standards for the years 2018G to 2020G.

The annual improvements include modifications to four criteria:

- International Financial Reporting Standard No. 1 “Applying International Financial Reporting Standards for the First Time”.
- International Financial Reporting Standard No. 9 “Financial Instruments”.
- International Financial Reporting Standard No. 16 “Leases”.
- IAS 41 “Agriculture”.

The application of the above new standards, amendment to standards and interpretations does not have any material impact on these financial statements during the year.

### 12. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after April 1, 2023G 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 (Effective date – April 1, 2023G)

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 IAS 1, Practice Statement 2 and IAS 8 (Effective date – April 1, 2023G)

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

### Amendments 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.

### Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Financial Commitments (Effective date – April 1, 2024G)

The amendments are summarized in that the right to defer settlement exists at the reporting date and have substance, in addition to clarifying the classification criteria for liabilities that have financial covenants along with new disclosures, in addition to the possibility of convertible debt may become current.

### Amendments to IFRS 16 Leases – Lease Liabilities in Sale and Leaseback Transactions (Effective date – April 1, 2024G)

The amendments are summarized in plugging the gap in the standard related to the measurement of right-of-use assets and lease liabilities when variable lease payments arise, in addition to some amendments related to the initial and subsequent recognition related to variable lease payments for sale and leaseback transactions

## 5.6.5 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 revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the statement of profit or 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.

The Company's management believes that its estimates in the financial statements are reasonable. Based on the following details:

#### 5.6.5.1 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.

#### 5.6.5.2 Zakat

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

#### 5.6.5.3 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.

#### 5.6.5.4 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, mortality rates and. 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.

#### 5.6.5.5 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.

#### 5.6.5.6 Impairment losses on trade receivables and contract assets

The Company uses a provision matrix based on credit loss rates to calculate expected credit loss on accounts receivable and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical credit loss data and past due receivables. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the Company updates its historical loss rates and reflects that in future estimates, taking into account also changes in forecast of economic conditions.

The assessment of the correlation between historical observed loss rates, forecast economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in forecast of circumstances and economic conditions.

#### 5.6.5.7 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.

#### 5.6.5.8 Leases

Some leases have extension options exercisable by the Company up to one year before the end of the noncancellable contract period. Where practical, the Company looks to include extension options in new leases to supply operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. 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.

#### 5.6.5.9 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 (I) inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

#### 5.6.5.10 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.

#### 5.6.5.11 Contingencies

The Company is currently involved in a number of 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 final outcome of the proceedings.

#### 5.6.5.12 Revenue

##### 1. 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.

##### 2. Presentation in gross vs. presentation in net

When the Company sells products or services as principal, revenue and related costs are recognized on a gross basis under operating revenue and costs, and when the Company sells products or services as an agent, related revenue and costs are recognized on a net basis within revenue and this represents the earned profit margin.

Whether a company is acting as principal or agent in a transaction depends on whether control of the products or services has been transferred to the customers, and it has the ability to direct the use of the devices or obtain benefits from the devices or services. The following are the main criteria for determining whether a company is acting as a principal:

- It is the Company's primary responsibility to provide products or services to the Customer or to fulfil an order, for example by being responsible for accepting products or services requested or purchased by the Customer,
- The Company has stock risks before or after a customer order, during shipment, or upon return, and
- The Company is free to set prices, either directly or indirectly, for example, by providing additional goods or services.

## 5.7 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 years ended 31 March 2022G and 31 March 2023G.

In all cases, Management will continue to monitor the situation closely and will reflect any required changes in future fiscal reporting periods and years.

## 5.8 Results of Operations

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 2021G, 2022G and 2023G ("2021G", "2022G" and "2023G" 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 by the Saudi Organization for Certified Public Accountants, each of which is included in the financial statements section and the auditors' report.

### 5.8.1 Income statements for the Financial Years ended on 31 March 2021G, 2022G and 2023G

Table No. (5.1): Income statements for the Financial Years ended on 31 March 2021G, 2022G and 2023G

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	282,100	378,554	630,340	34.2%	66.5%	49.5%
Cost of revenue	(226,730)	(286,710)	(447,652)	26.5%	56.1%	40.5%
<b>Gross profit</b>	<b>55,369</b>	<b>91,844</b>	<b>182,688</b>	<b>65.9%</b>	<b>98.9%</b>	<b>81.6%</b>
General and administrative expenses	(43,914)	(81,216)	(73,913)	84.9%	(9.0%)	29.7%
Selling and marketing expenses	(34,599)	(47,889)	(69,521)	38.4%	45.2%	41.7%
Impairment gain (loss) on trade receivables and contracts assets	(18,208)	(7,586)	4,172	(58.3%)	(155.0%)	N/A
Impairment of fixed assets	(93,369)	-	-	(100.0%)	N/A	(100.0%)
Other income, net	102,168	29,354	14,473	(71.3%)	(50.7%)	(62.4%)
<b>Operating profit (loss)</b>	<b>(32,552)</b>	<b>(15,493)</b>	<b>57,900</b>	<b>(52.4%)</b>	<b>(473.7%)</b>	<b>N/A</b>
Finance (cost) income, net	18,993	(19,122)	(15,432)	(200.7%)	(19.3%)	N/A
<b>Profit (loss) before zakat and income tax</b>	<b>(13,559)</b>	<b>(34,615)</b>	<b>42,468</b>	<b>155.3%</b>	<b>(222.7%)</b>	<b>N/A</b>
Zakat and income tax	(24,700)	(2,785)	-	(88.7%)	(100.0%)	(100.0%)
<b>Net profit (loss) for the year</b>	<b>(38,259)</b>	<b>(37,400)</b>	<b>42,468</b>	<b>(2.2%)</b>	<b>(213.6%)</b>	<b>N/A</b>
Remeasurement of defined benefit obligation	(743)	(344)	(389)	(53.8%)	13.1%	27.7%
<b>Total comprehensive profit (loss) for the year</b>	<b>(39,002)</b>	<b>(37,744)</b>	<b>42,079</b>	<b>(3.2%)</b>	<b>(211.5%)</b>	<b>N/A</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G and 2023G

**Table No. (5.2): Key performance indicators for the fiscal years ended on 31 March 2021G, 2022G and 2023G**

KPIs	2021G (Audited)	2022G (Audited)	2023G (Audited)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
As a % of revenue				ppt		
Gross profit	19.6%	24.3%	29.0%	4.6	4.7	9.4
General and administrative expenses	(15.6%)	(21.5%)	(11.7%)	(5.9)	9.7	3.8
Selling and marketing expenses	(12.3%)	(12.7%)	(11.0%)	(0.4)	1.6	1.2
Impairment gain (loss) on trade receivables and contract assets	(6.5%)	(2.0%)	0.7%	4.5	2.7	7.1
Impairment of fixed assets	(33.1%)	0.0%	0.0%	33.1	-	33.1
Other income, net	36.2%	7.8%	2.3%	(28.5)	(5.5)	(33.9)
Operating profit (loss)	(11.5%)	(4.1%)	9.2%	(7.4)	13.3	20.7
Finance (cost) income, net	6.7%	(5.1%)	(2.5%)	(11.8)	2.6	(9.2)
Profit (loss) before zakat and income tax	(4.8%)	(9.1%)	6.7%	(4.3)	15.9	11.5
Zakat and income tax	(8.8%)	(0.7%)	0.0%	8.0	0.7	8.8
Net profit (loss) for the year	(13.6%)	(9.9%)	6.7%	3.7	16.6	20.3

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G and 2023G

## Revenue

The Company's revenue was mainly generated from (i) usage and activation revenue (which represented 83.6% of total revenue generated during the historical period for the fiscal years from 2021G to 2023G), and (ii) voice revenue (which represented 16.4% of total revenue generated during the historical period for the fiscal years from 2021G to 2023G). Revenue was also generated from (i) business-to-business customers ("B2B") (which represented around 53.6% of the total revenue recorded during the historical period between the fiscal years 2021G and 2023G), and (ii) business-to-consumer customers ("B2C") (which represented around 27.7% of the total revenue generated during the historical period for the fiscal years from 2021G to 2023G), and (iii) wholesale revenue (which represented around 18.7% of the total revenue generated during the historical period for the fiscal years from 2021G to 2023G).

The Company's revenue increased by 34.2% from SAR 282.1 million in 2021G to SAR 378.6 million in 2022G, 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's network by approximately 5 times, following the improved relationship with local and international partners.

The company's revenue further increased by 66.5% from SAR 378.6 million in 2022G to SAR 630.4 million in 2023G, mainly driven by:

1. An increase in B2C revenues generated through LTE and FTTH services, primarily driven by a significant increase in the average number of services provided to B2C customers, equivalent to 28 thousand services, offset by a decrease in the average revenue for the service as a result of the competitive pricing strategies approved by the Company (for LTE services) as well as the introduction of the 5G service into force, which led to an increase in the average revenue for the service (for FTTH services).
2. An increase in B2B revenues resulting from data and voice services driven by an increase in the number of services provided to companies by 29.9% because of the company adopting a new strategy based on offering packages for internet services for companies, specifically in dedicated internet services "DIA"
3. A significant increase in wholesale revenue driven by (i) a significant increase in average revenue per minute in addition to an (ii) increase in revenue generated from Dawiyat, the Company's main customer in this revenue stream.

## Cost of revenue

Cost of revenue mainly consisted of capacity lease charges (representing approximately 27.3% of total cost recorded during the historical period for the fiscal years from 2021G to 2023G), depreciation and amortization (representing 17.1% of total cost recorded during the historical period for the fiscal years from 2021G to 2023G), voice interconnection charges (representing approximately 10% of total cost recorded during the historical period for the fiscal years from 2021G to 2023G).

Cost of revenue increased from SAR 226.7 million in 2021G to SAR 286.7 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 80.4% in 2021G to 75.7% in 2022G due to the decrease in depreciation and amortization as a percentage of revenue.

Cost of revenue then increased significantly by 56.1% from SAR 286.7 million in 2022G to SAR 447.7 million in 2023G, primarily driven by the increase in voice connection fees, the increase in capacity rental fees, the increase in personnel costs, the increase in the cost of installation and user from inventory, and the increase in government fees in line with the increase in revenues and the number of services provided to customers during the same period. Noting that the total cost of revenues as a percentage of total revenues declined from 75.7% in 2022G to 71.0% in 2023G due to a decrease in capacity rental fees, depreciation and amortization fees, and government fees as a percentage of revenues.

## Gross profit

The Company's gross profit increased from SAR 55.4 million in 2021G to SAR 91.8 million in 2022G, mainly driven by an improvement in gross margin from 19.6% to 24.3% over the same period, mainly driven by an increase in revenue after the Company adopted a turnaround strategy by introducing new production lines within B2B services and an increase in wholesale revenue, in addition to the significant decrease in depreciation and amortization charges during the period.

Gross profit then increased by 98.9% from SAR 91.8 million in 2022G to SAR 182.7 million in 2023G due to an increase in revenue, coupled with a better absorption of fixed costs and due to the decrease in depreciation and amortization costs over the same period.

## General and administrative expenses

General and administrative expenses consisted mainly of employees' costs (accounting for approximately 42.1% of total general and administrative expenses during the historical period 2021G-2023G). Other expenses include network support and maintenance expenses (representing approximately 9% of total general and administrative expenses during 2021G-2023G), depreciation and amortization (representing approximately 23.6% of total general and administrative expenses during 2021G-2023G), and other expenses (representing approximately 13.4% of total general and administrative expenses during the period 2021G-2023G).

General and administrative expenses increased by 84.9% from SAR 43.9 million in 2021G to SAR 81.2 million in 2022G, mainly due to (i) the increase in employees' costs due to payment of bonuses as part of the Company's new strategy, (ii) the increase in other general and administrative expenses incurred, mainly in relation to advisory work on the capital reduction and the rights issue, (iii) 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.

General and Administrative expenses decreased by 9% from SAR 81.2 million in 2022G to SAR 73.9 million in 2023G primarily driven by a (i) the decrease in other G&A expenses, especially those related to advisory work to increase potential capital through rights issue in the Saudi exchange market and fees related to the Emirate of Riyadh along with, a (ii) decrease in professional and advisory fees resulting from the Zakat assessment and the HR transformation project. This decrease was partly offset by an increase in utility expenses by SAR 1.2 million.

## Selling and marketing expenses

Selling and marketing expenses mainly comprised employees cost (which constituted approximately 56.0% of total selling and marketing expenses during the period 2021G-2023G), and sales commissions (which constituted approximately 36.0% of total selling and marketing expenses during the period between fiscal years 2021G-2023G). Together, these expenses constitute approximately 91% of the total selling and marketing expenses during the period between fiscal years 2021G-2023G.

Selling and marketing expenses increased from SAR 34.6 million in 2021G to SAR 47.9 million in 2022G due to (i) an increase in employees' costs to SAR 26.3 million following an increase in the number of employees and an increase in the average salaries due to competitive salaries offered to new employees, (ii) the increase in the dealers' commission to SAR 17.4 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.

Selling and marketing expenses further increased by 45.2% from SAR 47.9 million in 2022G to SAR 69.5 million in 2023G, mainly driven by (i) an increase in personnel costs to SAR 34.8 million as a result of an increase in the number of employees and an increase in average salaries. (ii) an increase in sales commission to SAR 26.2 million due to acquiring new customers, in addition to an increase in promotion and marketing expenses to SAR 5.7 million. It is worth noting that the total selling and marketing expenses as a percentage of revenues recorded 11.0% during the mentioned period.

### Impairment gain (loss) on trade receivables and contract assets

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 decreased from SAR 18.2 million in 2021G to SAR 7.6 million during 2022G due to the improvement in the percentage of commercial receivables collection, in addition to contracting with debt collection companies during the fiscal year 2022G.

Impairment on trade receivables increased from a loss of SAR 7.6 million during 2022G to a gain of SAR 4.2 million in 2023G as a result of changing some assumptions in the policy for calculating the credit provision.

### 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 SAR 93.4 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 of 31 March 2022G and 31 March 2023G, and the recoverable amount was determined to be higher than the carrying value. Accordingly, no impairment loss was recognized.

### Other income, net

Other income amounted to SAR 102.2 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 SAR 29.4 million which consisted mainly of settlements regarding the rental of tower sites.

Other income decreased during the fiscal year 2023G by 50.7% to SAR 14.5 million due to the settlement of rents for tower sites with a value of SAR 9.5 million and a settlement with suppliers of a value of SAR 4.5 million during the fiscal year 2023G.

### Finance (cost) income, net

During 2021G, finance income amounted to SAR 19.0 million, mainly due to (i) signature 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 SAR 35.9 million. Finance income was partly offset by (i) the interest cost on lease liabilities amounting to SAR 12.5 million, and (ii) canceling the discount on the long-term liability of SAR 2.8 million.

Finance income decreased from an income of SAR 19.0 million to a cost of SAR 19.1 million in 2022G, due to additional financing cost on lease liabilities and notes payable.

Finance cost decreased from SAR 19.1 million in 2022G to SAR 15.4 million in 2023G primarily driven by a decrease in the interest on lease liabilities.

## Zakat and income tax

During 2021G, the Company recorded zakat and income tax expenses of SAR 24.7 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 SAR 24.7 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 SAR 2.8 million.

The Company submitted zakat and tax returns to ZATCA for the years up to 31 March 2022G. The Company is also carrying out procedures for submitting the zakat and tax returns to the Authority for the year ending on 31 March 2023G.

## Net profit (loss) for the year

During the fiscal year 2021G, the Company's loss amounted to SAR 38.3 million, despite the decrease in revenues, due to the decrease in depreciation and amortization of property and equipment and intangible assets, in addition to finance income resulting from the settlement with the Saudi Telecom Company, "STC".

During the fiscal year 2022G, the Company's loss decreased by 2.2% despite the increase in revenues by 34.2%, as the Company recorded a loss of SAR 37.4 million in this period, mainly due to a decrease in finance income from income of SAR 19.0 million in 2021G to finance costs amounting to SAR 19.1 million in 2022G. This was partly offset by a decrease in depreciation and amortization of property and equipment, right-of-use assets and intangible assets.

The Company's net loss increased by 213.6% from a loss of SAR 37.4 million in 2022G to a profit of SAR 42.5 million in 2023G due to (i) decrease in depreciation and amortization of property and equipment, right-of-use assets and intangible assets, (ii) decrease in general and administrative expenses, and (iii) an increase in impairment gains in trade receivables from a loss of 7.6 million Saudi riyals during the fiscal year 2022G to a gain of SAR 4.2 million in 2023G.

### 5.8.1.1 Revenue by services

Table No. (5.3): Revenue by services for the Financial Years ended on 31 March 2021G, 2022G, and 2023G

SAR in 000s	2021G (Management information)	2022G (Management information)	2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Usage and activation revenue	249,184	300,458	523,025	20.6%	74.1%	44.9%
Voice revenue	32,916	78,096	107,315	137.3%	37.4%	80.6%
<b>Total</b>	<b>282,100</b>	<b>378,554</b>	<b>630,340</b>	<b>34.2%</b>	<b>66.5%</b>	<b>49.5%</b>

Source: Management information.

## Usage and activation revenue

Usage and activation revenue increased by 20.6% from SAR 249.2 million in 2021G to SAR 300.5 million in 2022G mainly due to the Company's adoption of a new strategy to increase revenue.

Usage and activation revenue increased by 74.1% from SAR 300.5 million in 2022G to SAR 523.0 million in 2023G as a result of the increase in data revenues and due to the new contracts signed with companies.

## Voice revenue

Voice revenue increased by 137.3% from SAR 32.9 million in 2021G to SAR 78.1 million in 2022G 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.

Voice revenue increased by 37.4% from SAR 78.1 million in 2022G to SAR 107.3 million in 2023G, mainly as a result of the increase in the average price per minute of wholesale interconnection.



**Table No. (5.4): Revenue by customer type for the Financial Years ended on 31 March 2021G, 2022G, and 2023G**

SAR in 000s	2021G (Management information)	2022G (Management information)	2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
B2B revenue	177,624	198,225	287,371	11.6%	45.0%	27.2%
B2C revenue	74,638	104,785	181,981	40.4%	73.7%	56.1%
Wholesale revenue	29,838	75,544	160,987	153.2%	113.1%	132.3%
<b>Total</b>	<b>282,100</b>	<b>378,554</b>	<b>630,340</b>	<b>34.2%</b>	<b>66.5%</b>	<b>49.5%</b>
<b>Number of services</b>						
B2B (number of services)	6,178	7,314	8,801	18.4%	20.3%	42.4%
B2C (number of services)	44,737	74,348	131,632	66.2%	77.0%	194.2%

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 increased from SAR 177.6 million in 2021G to SAR 198.2 million in 2022G mainly due to (i) the Company's turnaround strategy, following the revamp and expansion of its products and service offerings, mainly from dedicated internet access, (ii) the increase in the number of services provided to B2B customers by 18.4% from 6.2 thousand services in 2021G to 7.3 thousand services in 2022G, however the average revenue per B2B service decreased from SAR 28.1 thousand in 2021G to SAR 27.1 thousand in 2022G, as a result of the increased competition in the market.

B2B revenues also increased by 45.0%, from SAR 198.2 million in 2022G to SAR 287.4 million in 2023G due to (i) the increase in contracts concluded and package offers for internet services for companies, specifically in dedicated internet services (ii) an increase in the number of services provided to companies increased from 7.3 thousand services in the fiscal year 2022G to 8.8 thousand services in the fiscal year 2023G at a rate of 20.3%, coupled with an increase in the rate of revenue for corporate services from SAR 27.1 thousand in 2022G to SAR 32.7 thousand in 2023G.

- Business-to-consumer sector (“B2C”): Revenue from B2C sector consisted of (i) 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 (ii) “Fiber to The Home services (“FTTH”)), through which the Company provides internet services to customers at home.

B2C revenue increased by 40.4% from SAR 74.6 million in 2021G to SAR 104.8 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 SAR 1.7 thousand in 2021G to SAR 1.4 thousand in 2022G on the back of more competition in the market.

B2C revenue increased by 73.7% from SAR 104.8 million 2022G to SAR 182.0 million in 2023G due to the adoption of competitive pricing and the improvement of service and packages provided to customers. This increase coincided with an increase in the number of services provided to individuals from 74.3 thousand services in 2022G to 131.6 thousand services in 2023G, in addition to the development of services provided to customers and the provision of new packages at competitive prices, as well as the introduction of new services such as 5g packages for wireless products.

- 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 Connectivity services” launched by the Company during 2018G.

Wholesale revenue increased by 153.2% from SAR 29.8 million in 2021G to SAR 75.5 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 revenues continued to increase significantly by 113.1% from SAR 75.5 million in 2022G to SAR 161.0 million in 2023G due to a significant increase in wholesale interconnection revenues as a result of the increase in the rate of revenue per call minute from 0.18 riyals per minute during 2022G to 0.57 riyals per minute during 2023G as a result of the increase in telecommunication prices..

### 5.8.1.2 Cost of revenue

**Table No. (5.5): Cost of revenue for the Financial Years ended on 31 March 2021G, 2022G, and 2023G**

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Capacity lease charges	73,077	111,612	166,754	52.7%	49.4%	51.1%
Depreciation and amortization	85,657	52,307	45,612	(38.9%)	(12.8%)	(27.0%)
Employees' costs	14,605	19,094	25,990	30.7%	36.1%	33.4%
Inventory consumption and installation	11,735	21,591	44,366	84.0%	105.5%	94.4%
Network maintenance and support	7,883	3,550	6,364	(55.0%)	79.2%	(10.1%)
Voice interconnection charges	6,218	42,933	103,402	590.5%	140.8%	307.8%
Government fees	22,864	30,550	40,785	33.6%	33.5%	33.6%
Cloud storage and servers	-	-	8,012	N/A	N/A	N/A
Site rentals and utilities	1,639	2,765	3,114	68.8%	12.6%	37.9%
Other	3,054	2,307	3,254	(24.5%)	41.0%	3.2%
<b>Total</b>	<b>226,731</b>	<b>286,710</b>	<b>447,652</b>	<b>26.5%</b>	<b>56.1%</b>	<b>40.5%</b>
<b>As a % of revenue</b>						
Capacity lease charges	25.9%	29.5%	26.5%	3.6	(3.0)	0.5
Depreciation and amortization	30.4%	13.8%	7.2%	(16.5)	(6.6)	(23.1)
Employees' costs	5.2%	5.0%	4.1%	(0.1)	(0.9)	(1.1)
Inventory consumption and installation	4.2%	5.7%	7.0%	1.5	1.3	2.9
Network maintenance and support	2.8%	0.9%	1.0%	(1.9)	0.1	(1.8)
Voice interconnection charges	2.2%	11.3%	16.4%	9.1	5.1	14.2
Government fees	8.1%	8.1%	6.5%	(0.0)	(1.6)	(1.6)
Cloud storage and servers	0.0%	0.0%	1.3%	-	1.3	1.3
Site rentals and utilities	0.6%	0.7%	0.5%	0.1	(0.2)	(0.1)
Other	1.1%	0.6%	0.5%	(0.5)	(0.1)	(0.6)
<b>Average number of employees</b>						
Average number of full-time employees	33	37	37	11.1%	(0.9%)	5.3%
Average monthly salary per employee (SAR)	9,197	9,473	13,515	3.0%	42.7%	21.2%
Average number of outsourced employees	86	105	112	22.2%	7.1%	14.4%
Average monthly salary per outsourced employee (SAR)	10,205	10,560	13,132	3.5%	24.3%	13.4%

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G and 2023G

### 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 increased by 52.7% from SAR 73.1 million in 2021G to SAR 111.6 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.

Capacity lease charges increased by 49.4% from SAR 111.6 million in 2022G to SAR 166.8 million in 2023G, mainly driven by the increase in FTTH and LTE revenue during the same period. It should be noted that the total capacity rental fees decreased as a percentage of revenues to 26.5% during 2023G.

## Depreciation and amortization

Depreciation and amortization amounted to SAR 85.7 million during 2021G (representing 37.8% of the total cost of revenue, and 30.4% of the total revenue during the period).

Depreciation and amortization decreased from SAR 85.7 million in 2021G to SAR 52.3 million in 2022G (18.2% of total cost of revenue and 13.8% of total revenue during this period) 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.

Depreciation and amortization then decreased by 12.8% from SAR 52.3 million in 2022G to SAR 45.6 million in 2023G, mainly due to exclusions related to warehouses during the fiscal year 2023G.

## Employees' costs

Employees' costs recorded under cost of revenue amounted to SAR 14.6 million. This is mainly due to (i) the decrease in the number of full-time employees to 33 employees, with an average monthly salary of SAR 9.2 thousand, partially offset by (ii) the increase in the number of outsourced employees to 86 employees, with an average monthly salary of SAR 10.2 thousand.

Employees' costs increased from SAR 14.6 million in 2021G to SAR 19.1 million in 2022G driven by (i) 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 (ii) the increase in the average monthly salaries of the Company's full-time employees from SAR 9.2 thousand in 2021G to SAR 9.5 thousand during 2022G, and the average monthly salary per outsourced employee from SAR 10.2 thousand during 2021G to SAR 10.6 thousand during 2022G.

Employees' costs increased by 36.1% from SAR 19.1 million in 2022G to SAR 26.0 million in 2023G due to (i) the increase in the number of outsourced employees from 105 employees in 2022G to 112 employees in 2023G, (ii) the increase in the average monthly salaries for the Company's employees from SAR 9.5 thousand in 2022G to SAR 13.5 thousand during 2023G, and the average monthly salaries for outsourced employees from SAR 10.6 thousand to SAR 13.1 thousand over the same period.

It is worth noting that Management capitalized in house- technical employees' costs amounting to SAR 1.4 million in 2023G (SAR 1.4 million in 2022G and SAR 1.2 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 by 84.0% from SAR 11.7 million in 2021G to SAR 21.6 million in 2022G in line with the overall increase in the Company's operations and revenue.

Inventory consumption and installation further increased by 105.5% from SAR 21.6 million in 2022G to SAR 44.4 million in 2023G due to the increase in the Company's revenue coupled with an increase in LTE and FTTH routers revenue.

It is worth noting that inventory consumption and installation increased progressively over the last historical three years as a percentage of revenue from 4.2% to 5.7% and 7.0% in the fiscal years 2021G, 2022G, and 2023G, 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 by 55.0% from SAR 7.9 million in 2021G to SAR 3.6 million in 2022G due to (i) the Company incurring data centre migration costs in 2021G (ii) the decrease in maintenance expenses as a result of carrying out maintenance work in-house.

Network maintenance and support expense increased by 79.2% from SAR 3.6 million in 2022G to SAR 6.4 million in 2023G driven by the increase in data centre maintenance charges in relation to the additional costs incurred to prepare the network for CSTC requirements, along with an increase in network and maintenance charges, site operations, and maintenance costs in general.

### Voice interconnection charges

Voice interconnection charges represent the charges from voice over Internet Protocol ("IP") minutes used with other operators in line with the interconnection revenue. 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 increased by 590.5% from SAR 6.2 million in 2021G to SAR 42.9 million in 2022G in line with the increase in voice interconnection revenue due to an increase in voice international traffic routed through the Company's network by approximately 5 times.

Voice interconnection charges increased by 140.8% from SAR 42.9 million in 2022G to SAR 103.4 million in 2023G due to the increase in wholesale interconnection revenue driven by the increase in the average revenue per call minute from 0.18 riyals per minute during 2022G to 0.57 riyals per minute during 2023G.

### 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 by 33.6% from SAR 22.9 million in 2021G to SAR 30.6 million in 2022G in line with the increase in revenue over the same period. Government fees remained stable at 8.1% of total revenue in 2021G and 2022G.

Government fees further increased from SAR 30.6 million in 2022G to SAR 40.8 million in 2023G, in line with the increase in revenue over the same period.

### Cloud storage and servers

Cloud storage and servers represent the cost of hosting and storing data. The cost of cloud storage and servers amounted to SAR 8.0 million in 2023G due to the signing of a new contract with a government agency.

### Site rentals and utilities

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

Site rentals and utilities' expenses increased by 68.8% from SAR 1.6 million in 2021G to SAR 2.8 million during 2022G mainly driven by additional electricity costs incurred related to sites and data centers in line with the increase in the Company's operations.

Site rental and utilities further increased by 12.6% from SAR 2.8 million in 2022G to SAR 3.1 million in 2023G following the increase in electricity charges and utility expenses in line with increase in the Company's operations.

### Other

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

Other expenses decreased by 0.6% from SAR 3.1 million in 2021G to SAR 2.3 million in 2022G representing 0.6% of total revenue during the same period (1.1% of total revenue during 2021G).

Other expenses increased by 41.0% from SAR 2.3 million in 2022G to SAR 3.3 million in 2023G. This is mainly due to (i) the increase in technical accessories costs by 0.7 million during the same period and (ii) increase in operation & IT consultancies by 0.1 million over the same period.

### 5.8.1.3 General and administrative expenses

Table No. (5.6): General and administrative expenses for the Financial Years ended on 31 March 2021G, 2022G, and 2023G

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Employees' costs	12,986	37,793	37,132	191.0%	(1.7%)	69.1%
Network maintenance and support	4,365	6,552	6,628	50.1%	1.2%	23.2%
Medical, visa, and iqama charges	2,629	2,735	2,804	4.0%	2.5%	3.3%
Professional and consultancy charges	1,691	6,507	4,052	284.8%	(37.7%)	54.8%
Utilities charges	1,079	129	1,301	(88.0%)	906.5%	9.8%
Computer accessories and software	184	183	223	(0.9%)	22.1%	10.0%
Other	6,960	12,624	6,475	81.4%	(48.7%)	(3.5%)
Depreciation and amortization	14,019	14,694	15,297	4.8%	4.1%	4.5%
<b>Total</b>	<b>43,914</b>	<b>81,216</b>	<b>73,913</b>	<b>84.9%</b>	<b>(9.0%)</b>	<b>29.7%</b>
<b>As a % of revenue</b>						
Employees' costs	4.6%	10.0%	5.9%	5.4	(4.1)	1.3
Network maintenance and support	1.5%	1.7%	1.1%	0.2	(0.7)	(0.5)
Medical, visa, and iqama charges	0.9%	0.7%	0.4%	(0.2)	(0.3)	(0.5)
Professional and consultancy charges	0.6%	1.7%	0.6%	1.1	(1.1)	(0.0)
Utilities charges	0.4%	0.0%	0.2%	(0.3)	0.2	(0.2)
Computer accessories and software	0.1%	0.0%	0.0%	(0.0)	(0.0)	(0.0)
Other	2.5%	3.3%	1.0%	0.9	(2.3)	(1.4)
Depreciation and amortization	5.0%	3.9%	2.4%	(1.1)	(1.5)	(2.5)

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G and 2023G

#### Employees' costs

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

Employees' costs increased significantly by 191.0% from SAR 13.0 million in 2021G to SAR 37.8 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 (i) allowances and bonuses granted to employees during this period amounting to SAR 14.6 million in 2022G, (ii) the increase in the monthly basic salary by SAR 4.3 million due to the increase in the average monthly salary per full-time employee from SAR 17.2 thousand in 2021G to SAR 19.8 thousand in 2022G, as the Company restructured the workforce and hired employees with qualified skills.

The number of full-time employees increased by 24.6% from 60 full-time employees with an average monthly salary of SAR 17.2 thousand in 2021G to 74 full-time employees with an average monthly salary of SAR 19.8 thousand in 2022G. Whereas the number of outsourced employees increased from 7 employees during 2021G to 9 employees during 2022G, with a decrease in the average monthly salary by 32.5% from SAR 25.6 thousand in 2021G to SAR 17.3 thousand in 2022G.

Administrative and support staff costs then decreased by 1.7% from SAR 37.8 million in 2022G to SAR 37.1 million in 2023G due to the increase in the basic salary rate by SAR 2.3 million as a result of the increase in the monthly rate of full-time employees' salaries from 19.8 thousand in 2022G to SAR 20.1 thousand in 2023G, offset by a decrease of SAR 4.3 million in other provisions due to the decrease in bonus during the same year.

The number of full-time management employees increased by 11.7% from 74 full-time employees with an average monthly salary of SAR 19.8 thousand during 2022G to 83 full-time employees with an average monthly salary of SAR 20.1 thousand during 2023G. As for the number of outsourced employees, the number increased from 9 employees during 2022G to 11 employees during 2023G, with an increase of 11.8% in the average monthly salary from SAR 17.3 thousand during 2022G to SAR 19.3 thousand during 2023G.

## Network maintenance and support

Network maintenance and support increased by 50.1% from SAR 4.4 million in 2021G to SAR 6.6 million during 2022G, due to the increase in IT outsourcing and development costs incurred, as new agreements were concluded during this period.

Network maintenance and support costs remained relatively stable at SAR 6.6 million in 2023G.

## 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 increased by 4.0% from SAR 2.6 million during 2021G to SAR 2.7 million in 2022G due to (i) the increase of the number of employees, and (ii) the easing of travel restrictions post Covid-19 pandemic.

Medical, visa and iqama charges relatively stable at SAR 2.8 million in 2023G.

## Professional and consultancy charges

Professional and consultancy charges consist of audit fees, technical consultancy, legal and recruitment fees.

Professional and consultancy fees increased by 284.8% from SAR 1.7 million in 2021G to SAR 6.5 million in 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.

Professional and consultancy fees then decreased by 37.7% from SAR 6.5 million in 2022G to SAR 4.1 million in 2023G due to incurring exceptional costs in 2022G.

## Utilities charges

Utilities charges mainly related to electricity charges incurred for the Company's head office.

Utilities charges decreased by 88.0% from SAR 1.1 million during 2021G to SAR 129 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.

Utilities charges then increased significantly by 908.5% from SAR 129 thousand to SAR 1.3 million in 2023G due to increase in electricity expenses relating to the cancellation of the leased towers.

## Computer accessories and softwares

Computer accessories and software amounted to SAR 184 thousand during 2021G and 2022G. Computer accessories and software increased from SAR 184 thousand in 2022G to SAR 223 thousand during 2023G due to increase in related costs.

## Other

Other general and administrative expenses consisted mainly of Board of Directors fees and advisory fees.

Other general and administrative expenses increased from SAR 7.0 million in 2021G to SAR 12.6 million in 2022G due to (i) advisory fees incurred in connection with the potential capital increase through a rights issue on the Saudi Stock Exchange ("Tadawul") with a total amount of SAR 4.0 million, (ii) municipality fees paid to the Riyadh Municipality amounting to SAR 1.2 million over the same period.

Others decreased from SAR 12.6 million in 2022G to SAR 6.5 million in 2023G due to incurring exceptional costs in 2022G.

## Depreciation and amortization

Depreciation and amortization for 2021G has been reclassified from a separate item within operating expenses to (i) depreciation and amortization recorded under cost of revenue and

(2) depreciation and amortization recorded under general and administrative expenses.

Depreciation and amortization expense amounting to SAR 14.0 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).

Depreciation and amortization increased from SAR 14.0 million in 2021G to SAR 14.7 million in 2022G (which represented 18% of total general and administrative expenses and 3.9% of total revenue during this period) due to (i) the increase in depreciation charges for warehouses (ii) the increase in depreciation related to facilities, support, and technical equipment and (iii) the increase in depreciation related to leasehold improvements (as a result of additions during 2022G with a total amount of SAR 1.4 million).

Depreciation and amortization increased by 4.1% from SAR 14.7 million in 2022G to SAR 15.3 million in 2023G mainly due to (i) an increase in consumption related to network infrastructure (ii) an increase in consumption related to facilities, support and technical equipment (iii) an increase in warehouse consumption (as a result of additions amounting to SAR 8.1 million over the same period).

#### 5.8.1.4 Selling and marketing expenses

**Table No. (5.7): Selling and marketing expenses for the Financial Years ended on 31 March 2021G, 2022G, and 2023G**

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Employees' costs	21,264	26,281	34,849	23.6%	32.6%	28.0%
Dealers' commission	11,247	17,371	26,176	54.5%	50.7%	52.6%
Advertising expenses	-	2,105	5,692	N/A	170.4%	N/A
Customer care	1,996	1,872	2,540	(6.2%)	35.7%	12.8%
Other	92	260	263	182.6%	1.5%	(69.1%)
<b>Total</b>	<b>34,599</b>	<b>47,889</b>	<b>69,521</b>	<b>38.4%</b>	<b>45.2%</b>	<b>41.8%</b>
<b>As a % revenue</b>						
Employees' costs	7.5%	6.9%	5.5%	(0.6)	(1.4)	(2.0)
Dealers' commission	4.0%	4.6%	4.2%	0.6	(0.4)	0.2
Advertising expenses	0.0%	0.6%	0.9%	0.6	0.3	0.9
Customer care	0.7%	0.5%	0.4%	(0.2)	(0.1)	(0.3)
Other	0.1%	0.6%	0.0%	0.0	(0.0)	0.0

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G and 2023G

#### Employees' cost

Employees' cost increased from SAR 21.3 million in 2021G to SAR 26.2 million in 2022G mainly driven by (i) the increase in commissions to employees for the acquisition of new customers, coupled with (ii) the increase in the average monthly salary for full-time employees from SAR 11 thousand in 2021G to SAR 13.5 thousand in 2022G due to the Company's new strategy, restructuring its HR structure and recruiting new qualified employees with higher salaries. This was partly offset by a decrease in the average monthly salary per outsourced employee from SAR 18 thousand in 2021G to SAR 13.5 thousand during 2022G due to the Company's new agreements with 3 outsourcing companies to hire employees at lower rates.

Employees' cost increased by 32.6% from SAR 26.3 million in 2022G to SAR 34.8 million in 2023G due to (i) the increase in the average monthly salaries for full-time employees from SAR 13.5 thousand in 2022G to SAR 14.1 thousand in 2023G, (ii) an increase in the number of full-time employees from 87 to 101 during the same period and (iii) an increase in the average monthly salaries of outsourced employees from SAR 13.5 thousand in 2022G to SAR 16.9 thousand in 2023G.

#### 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 increased by 54.5% from SAR 11.2 million in 2021G to SAR 17.4 million in 2022G in line with the increase in the number of new services rendered to customers along with the increase in revenue.

Dealers' commission increased by 50.7% from SAR 17.4 million in 2022G to SAR 26.2 million in 2023G due to the increase in the number of new contracts with customers.

## Advertising expenses

After the Company's adoption of alternative marketing channels, advertising expenses witnessed increases over 2022G and 2023G.

Advertising expenses increased from nil in 2021G to SAR 2.1 million in 2022G and then further to SAR 5.7 million in 2023G due to the establishment of a marketing unit within the company and the focus on attracting new customers.

## Customer care

Customer care relates to the costs associated with the customer services helpline which is outsourced by the Company.

Customer care expenses decreased by 6,2% from SAR 2.0 million in 2021G to SAR 1.9 million in 2022G due to cost-cutting measures taken by the Company.

Customer care increased by 35.7% from SAR 1.8 million in 2022G to SAR 2.5 million in 2023G due to Management's efforts to improve customer care services in line with the increase in the Company's revenue.

## 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 increased from SAR 92 thousand in 2021G to SAR 260 thousand in 2022G and remained stable in 2023G in line with the increase in the Company's operations.

### 5.8.1.5 Other income

**Table No. (5.8): Other income for the Financial Years ended on 31 March 2021G, 2022G and 2023G**

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Settlements with site lease liabilities, net	101,132	29,633	9,537	(70.7%)	(67.8%)	(69.3%)
Settlements with vendors and operators, net	-	696	4,528	N/A	550.6%	N/A
Gain / (loss) from disposal of lease contracts	-	(353)	409	N/A	(215.9%)	N/A
Support fund	-	4,386	-	N/A	(100.0%)	N/A
Government fines	-	(5,008)	-	N/A	(100.0%)	N/A
Others	1,036	-	-	(100.0%)	N/A	(100.0%)
<b>Total</b>	<b>102,168</b>	<b>29,354</b>	<b>14,473</b>	<b>(71.3%)</b>	<b>(50.7%)</b>	<b>(62.4%)</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G and 2023G

Other income amounted to SAR 102.2 million in 2021G and consisted mainly of income resulting from a settlement agreed with the Saudi Telecommunication Company in order to settle long outstanding payable balances.

Other income decreased from SAR 102.2 million in 2021G to SAR 29.4 million in 2022G consisting mainly of settlement with site lease liabilities amounting to SAR 29.6 million in exchange for early payment in addition to support fund from main vendor amounting to SAR 4.3 million and government fines of SAR 5.0 million over the same period.

Other income decreased from SAR 29.4 million in 2022G to SAR 14.5 million in 2023G consisting mainly of SAR 9.5 million from the settlement of rents for tower sites and SAR 4.5 million related to a settlement with other vendors.



## 5.8.2 Historical Balance Sheets

Table No. (5.9): Balance sheet as at 31 March 2021G, 2022G, and 2023G

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	117,624	124,449	121,103
Right of use assets	248,808	117,279	106,173
Intangible assets	365,024	344,538	321,451
<b>Total non-current assets</b>	<b>731,455</b>	<b>586,266</b>	<b>548,727</b>
<b>Current assets</b>			
Inventories	9,557	8,151	16,608
Trade receivables	187,750	108,905	201,354
Other current assets	35,271	42,679	53,948
Contract assets	-	8,776	13,112
Cash and cash equivalents	71,113	83,257	53,063
<b>Total current assets</b>	<b>303,690</b>	<b>251,767</b>	<b>338,085</b>
<b>Total assets</b>	<b>1,035,145</b>	<b>838,033</b>	<b>886,812</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	228,529	89,999	89,999
Statutory reserves	-	-	4,247
(Accumulated losses) / Retained earnings	(116,790)	(16,003)	21,830
<b>Total equity</b>	<b>111,739</b>	<b>73,996</b>	<b>116,076</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term accounts payable	211,583	185,013	151,906
Non-current portion of lease liabilities	250,254	132,503	91,897
Employees' defined benefit obligation	8,332	8,844	8,069
Decommissioning provision	3,213	3,336	3,463
<b>Total non-current liabilities</b>	<b>473,383</b>	<b>329,696</b>	<b>255,335</b>
<b>Current liabilities</b>			
Accounts payable	160,224	187,603	220,802
Other current liabilities	112,087	134,716	190,738
Current portion of lease liabilities	113,417	55,644	56,102
Contract liabilities	36,895	39,980	45,653
Provision for zakat and tax	27,399	17,399	2,105
<b>Total current liabilities</b>	<b>450,023</b>	<b>434,341</b>	<b>515,401</b>
<b>Total liabilities</b>	<b>923,406</b>	<b>764,037</b>	<b>770,736</b>
<b>Total equity and liabilities</b>	<b>1,035,145</b>	<b>838,033</b>	<b>886,812</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

## Non-current assets

Non-current assets consist of (i) 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), (ii) right of use assets representing leased communication tower sites and warehouses, and (iii) property and equipment representing network infrastructure, capital work in progress and leasehold improvements.

Non-current assets decreased from SAR 731.5 million as of 31 March 2021G to SAR 586.3 million as of 31 March 2022G due to the cancellation of some agreements for the rights of use assets (telecom tower contracts).

Non-current assets decreased from SAR 586.3 million of 31 March 2022G to SAR 548.7 million as of 31 March 2023G as a result of a decrease in the right of use assets and intangible assets on the back of depreciation charges.

## Current assets

Current assets comprise of inventories, trade receivables, cash, other current assets, and contracts liabilities.

Current assets decreased from SAR 303.7 million as of 31 March 2021G to SAR 251.8 million as of 31 March 2022G due to the decrease in trade receivables.

Current assets increased from SAR 251.8 million as of 31 March 2022G to SAR 338.1 million as of 31 March 2023G due to the (i) increase in trade receivables by SAR 92.5 million and (ii) an increase in other assets by SAR 11.3 million, and (iii) an increase in inventory by SAR 8.5 million as the Company secured LTE and FTTH routers to its customers, as opposed to securing them from STC previously as part of the previous contract. This was partially offset by the decrease in cash and cash equivalents by SAR 30.2 million.

## Equity

Total equity decreased from SAR 111.7 million as of 31 March 2021G to SAR 74.0 million as of

31 March 2022G due to (i) the Company's board of directors' decision to reduce capital by SAR 138.53 million to absorb the accumulated losses, and (ii) losses recorded as of 31 March 2022G amounting to SAR 16.0 million.

Equity increased from SAR 74.0 million as of 31 March 2022G to SAR 116.1 million as of 31 March 2023G due to the increase in retained earnings in the period from an accumulated loss of -SAR 16.0 million as of 31 March 2022G to SAR 21.9 million as of 31 March 2023G.

## Non-current liabilities

Non-current liabilities decreased from SAR 473.4 million as of 31 March 2021G to SAR 329.7 million as of 31 March 2022G due to the decrease in (i) long-term payables by SAR 26.6 million, and (ii) lease commitments by SAR 117.8 million following the cancellation of some agreements related to unused leased towers.

Non-current liabilities decreased from SAR 329.7 million as of 31 March 2022G to SAR 255.3 million as of 31 March 2023G as a result of the decrease in (i) lease liabilities by SAR 40.6 million as a result of amortization charges, and (ii) long-term payables by SAR 33.1 million over the same period.

## Current liabilities

Current liabilities decreased from SAR 450.0 million as of 31 March 2021G to SAR 434.3 million as of 31 March 2022G due to the decrease in (i) lease liabilities by SAR 57.8 million, and (ii) provision for zakat and tax by SAR 10.0 million, partially offset by an increase in accounts payable and other liabilities by SAR 27.4 million over the same period.

Current liabilities increased from SAR 434.3 million as of 31 March 2022G to SAR 515.4 million of 31 March 2023G due to the increase in (i) other current liabilities by SAR 56.0 million and (ii) accounts payable by SAR 33.2 million over the same period.

## 5.8.2.1 Non-current assets

**Table No. (5.10): Noncurrent assets as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Property and equipment	117,624	124,449	121,103
Right of use assets	248,808	117,279	106,173
Intangible assets	365,024	344,538	321,451
<b>Total non-current assets</b>	<b>731,455</b>	<b>586,266</b>	<b>548,727</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G

### 5.8.2.1.1 Property and equipment

**Table No. (5.11): Net book value of property and equipment as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Leasehold improvements	1,354	3,441	3,076
Network infrastructure	107,802	111,435	108,590
Facilities, vehicles, support & IT equipment	3,838	5,705	5,571
Capital work in progress	4,630	3,867	3,867
<b>Total</b>	<b>117,624</b>	<b>124,449</b>	<b>121,103</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G

**Table No. (5.12): Accumulated depreciation as at 31 March 2021G, 2022G and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2022G (Audited)
Leasehold improvements	3,693	4,068	4,544
Network infrastructure	963,132	976,066	990,583
Facilities, vehicles, support & IT equipment	29,858	30,477	31,106
Capital work in progress	-	-	-
<b>Total</b>	<b>996,683</b>	<b>1,010,611</b>	<b>1,026,233</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G

### Leasehold improvements

Leasehold improvements relate to repairs and improvements made to the Company's buildings, in addition to some electrical work.

Leasehold improvements increased from SAR 1.4 million as of 31 March 2021G to SAR 3.4 million as of 31 March 2022G due to additions during the same period.

Leasehold improvements decreased from SAR 3.4 million as of 31 March 2022G to SAR 3.1 million as of 31 March 2023G due to depreciation charges.

### Network infrastructure

Network infrastructure mainly consist of network communication devices, which constituted 90.0% of the net book value of property and equipment as of 31 March 2023G.

Network infrastructure increased from SAR 107.8 million as of 31 March 2021G to SAR 111.4 million as of 31 March 2022G due to infrastructure additions amounting to SAR 15.8 million for the investment in 5G technology, offset by depreciation charges of SAR 12.9 million during the period.

Network infrastructure decreased from SAR 111.4 million as of 31 March 2022G to SAR 108.6 million as of 31 March 2023G due to depreciation charges of SAR 14.5 million, offset by infrastructure additions of SAR 11.8 million over the same period.

It is worth noting that network infrastructure was 90% depreciated as of 31 March 2023G.

### Facilities, vehicles, support & IT equipment

The net book value for facilities, vehicles, support & IT equipment increased from SAR 3.8 million as of 31 March 2021G to SAR 5.7 million as of 31 March 2022G due to additions of SAR 2.5 million, offset by depreciation charges of SAR 0.6 million during the year.

The net book value for facilities, vehicles, support & IT equipment slightly decreased from SAR 5.7 million as of 31 March 2022G to SAR 5.6 million as of 31 March 2023G due to depreciation charges of SAR 0.6 million offset by additions of SAR 0.5 million.

### Capital work in progress

Capital work in progress mainly include the cost of projects being implemented.

Capital work in progress amounted to SAR 4.6 million as of 31 March 2021G and decreased to SAR 3.9 million as of 31 March 2022G and 2023G due to a transfer of SAR 0.8 million from capital work in progress to network infrastructure.

#### 5.8.2.1.2 Right of use assets

**Table No. (5.13): Right of use assets as at 31 March 2021G, 2022G and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Tower sites	236,706	107,684	89,320
Telecommunication towers	497	322	7,194
Building & warehouses	11,605	9,273	9,659
<b>Total</b>	<b>248,808</b>	<b>117,279</b>	<b>106,173</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

### 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 decreased from SAR 236.7 million as of 31 March 2021G to SAR 107.7 million as of 31 March 2022G as the Company cancelled the agreement of some tower contracts (543 contracts) with a total amount of SAR 101.5 million over the same period.

Tower sites decreased from SAR 107.7 million as of 31 March 2022G to SAR 89.3 million as of 31 March 2023G, due to amortization charges amounting to SAR 19.0 million 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 amounted to SAR 322 thousand as of 31 March 2022G

Telecommunication towers represented the value associated with 500 towers that were sold and leased back from the Saudi Telecommunication Company and amounted to SAR 7.2 million as of 31 March 2023G.

## Building & warehouses

Building & warehouses amounted to SAR 9.3million as of 31 March 2022G and relates to warehouses and other rented buildings

Building & warehouses amounted to SAR 9.7 million as of 31 March 2023G and relates to warehouses and other rented buildings.

### 5.8.2.1.3 Intangible assets

**Table No. (5.14): Intangible assets as at 31 March 2021G, 2022G and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
License	316,960	305,640	294,320
Network capacity	47,991	38,898	27,131
Software	73	-	-
<b>Total</b>	<b>365,024</b>	<b>344,538</b>	<b>321,451</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

## License

The Communications, Space & Technology Commission has extended the Company's license for a period of 15 years. Accordingly, as of 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).

The net book value of licenses decreased from SAR317.0 million as of 31 March 2021G to SAR 305.6 million as of 31 March 2022G as a result of amortization charges amounting to SAR 11.3 million and further decreased from SAR 305.6 million as of 31 March 2022G to SAR 294.3 million as of 31 March 2023G as a result of amortization charges amounting to SAR 11.3 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.

Network capacity decreased to from SAR48.0 million as of 31 March 2021G to SAR 38.9 million as of 31 March 2022G as a result of the amortization charge amounting to SAR 11.6 million.

Network capacity decreased from SAR 38.9 million as of 31 March 2022G to SAR 27.1 million as of 31 March 2023G as a result of the amortization charge amounting to SAR 11.8 million.

## Software

Net book value for software decreased from SAR 73 thousand as of 31 March 2021G to nil as of 31 March 2022G and 2023G as a result of the amortization charge during the period.

### 5.8.2.2 Current assets

**Table No. (5.15): Current assets as at 31 March 2021G, 2022G and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Inventories	9,557	8,151	16,608
Trade receivables	187,750	108,905	201,354
Other current assets	35,271	42,679	53,948
Contract assets	-	8,776	13,112
Cash and cash equivalents	71,113	83,257	53,063
<b>Total current assets</b>	<b>303,690</b>	<b>251,767</b>	<b>338,085</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

### 5.8.2.2.1 Inventories

Table No. (5.16): Inventories as at 31 March 2021G, 2022G, and 2023G

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Customer premises equipment and USB dongles	21,182	14,221	27,433
Spare parts	2,154	7,709	2,816
Prepaid cards	171	171	309
Total inventories	<b>23,507</b>	<b>22,101</b>	<b>30,559</b>
Provision for obsolete and slow-moving inventories	(13,951)	(13,951)	(13,951)
<b>Total</b>	<b>9,557</b>	<b>8,151</b>	<b>16,608</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G and management review.

#### Customer premises equipment and USB dongles

The Company uses special equipment to provide its services to all its clients.

The value of the customer premises equipment and USB dongles decreased from SAR 21.2 million as of 31 March 2021G to SAR 14.2 million as of 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 from SAR 14.2 million as of 31 March 2022G to SAR 27.4 million as of 31 March 2023G 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 SAR 2.2 million as of 31 March 2021G to SAR 7.7 million as of 31 March 2022G due to additions made during the year.

Spare parts decreased from SAR 7.7 million as of 31 March 2022G to SAR 2.8 million as of 31 March 2023G due to the use of spare parts.

#### Prepaid cards

The balance of prepaid cards remained stable at SAR 171 thousand as of 31 March 2021G and 31 March 2022G and then increased to SAR 309 thousand as of 31 March 2023G.

#### Provision for obsolete and slow-moving inventories

Provision for obsolete and slow-moving inventories amounted to SAR 14.0 million as of 31 March 2021G, 31 March 2022G and 31 March 2023G, and mainly related to equipment specifically used at customer premises, which did not witness any movement during the period..

### 5.8.2.2.2 Trade receivables

Table No. (5.17): Trade receivables as at 31 March 2021G, 2022G, and 2023G

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Trade receivables	291,682	219,987	308,656
Provision for impairment loss on trade receivables	(103,932)	(111,083)	(107,301)
<b>Total</b>	<b>187,750</b>	<b>108,905</b>	<b>201,354</b>
Day's sales outstanding	309	169	109

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

**Table No. (5.18): Movement in provision for impairment loss on trade receivables as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Balance at the beginning of the year / period	85,724	103,932	111,083
Charge for the year / period	18,208	7,151	(3,782)
Balance at end of the year / period	<b>103,932</b>	<b>111,083</b>	<b>107,301</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

**Table No. (5.19): Aging analysis of net trade receivables as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	Governmental	Non-governmental	Total
<b>31 March 2023G (Audited)</b>			
Not past due	10,891	43,997	54,888
Past due:			
1-180 days	42,868	52,735	95,603
Over 180 days	21,140	29,722	50,863
<b>Total net trade receivables</b>	<b>74,899</b>	<b>126,455</b>	<b>201,354</b>
<b>31 March 2022G (Audited)</b>			
Not past due	2,598	26,365	28,962
Past due:			
1-180 days	12,191	47,502	59,693
Over 180 days	1,677	18,572	20,250
<b>Total net trade receivables</b>	<b>16,466</b>	<b>92,439</b>	<b>108,905</b>
<b>31 March 2021G (Audited)</b>			
Not past due	1,058	98,317	89,706
Past due:			
1-180 days	5,531	44,713	50,244
Over 180 days	5,170	42,630	47,800
<b>Total net trade receivables</b>	<b>11,509</b>	<b>176,241</b>	<b>187,750</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

Trade receivables relate to services billed to customers and businesses.

Trade receivables decreased from SAR 291.7 million as of 31 March 2021G to SAR 220.0 million as of 31 March 2022G due to collections from customers during the period.

Trade receivables increased from SAR 220.0 million as of 31 March 2022G to SAR 308.7 million as of 31 March 2023G due to the increase in sales from government projects and some new customers during the period.

It is worth noting that trade receivables include an amount of SAR 47.9 million as of 31 March 2021G, SAR 841 thousand as of 31 March 2022G and SAR 671 thousand as of 31 March 2023G 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 SAR 18.2 million as of 31 March 2021G, SAR 7.2 million as of 31 March 2022G, and subsequently a reduction by SAR 3.8 million as of 31 March 2023G. Accordingly, the ending balance of provision for impairment loss on trade receivables amounted to SAR 103.9 million, SAR 111.1 million, and SAR 107.3 million as of 31 March 2021G, 31 March 2022G, and 31 March 2023G, respectively.

Net trade receivables consist of governmental and non-governmental receivables, where government receivables constitute 37.2% of the total net trade receivables as of 31 March 2023G (15.0% as of 31 March 2022G).

Trade receivables that are not past due represent 27% of the total net receivables as of

31 March 2023G (42% as of 31 March 2022G), while receivables that have been outstanding between 1 and 180 days represent 47% of the total net receivables as of 31 March 2023G (51% as of 31 March 2022G), and receivables outstanding for more than 180 days represent 26% of the total net receivables as of 31 March 2023G (17% as of 31 March 2022G).

### 5.8.2.2.3 Other current assets

**Table No. (5.20): Other current assets as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Advances to suppliers	10,825	20,522	29,413
Margins held by banks against letters of guarantee issued	15,459	20,695	22,921
Prepayments	7,267	647	1,169
Advances to employees	624	732	444
Other receivables	1,096	83	-
<b>Total</b>	<b>35,271</b>	<b>42,679</b>	<b>53,948</b>

Source: The audited financial statements for the Financial Years ended 31 March 2020G, 2022G, and 2023G.

#### Advances to suppliers

Advances to suppliers increased from SAR 10.8 million as of 31 March 2021G to SAR 20.6 million as of 31 March 2022G due to an increase in advances to STC, mainly in connection equipment specifically used at customer premises.

Advances to suppliers increased from SAR 20.6 million as of 31 March 2022G to SAR 29.4 million as of 31 March 2023G for the same reasons mentioned above.

#### Margins held by banks against letters of guarantee issued

Margins held by banks against letters of guarantee increased from SAR 15.5 million as of 31 March 2021G to SAR 20.7 million as of 31 March 2022G and then further increased to SAR 22.9 million as of 31 March 2023G due to the increase in corporate sales and the increase in the Company's business in general, including two new letters of guarantee related to the development of educational technologies (SAR 1.2 million) for the supply and installation of security cameras in government schools and the Ministry of Health (SAR 1.0 million) related to updating the digital data section of the ministry's websites during 2023G.

#### 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.

Prepayment balances significantly decreased from SAR 7.3 million as of 31 March 2021G to SAR 647 thousand as of 31 March 2022G driven by Management's reclassifying the balances under advances to suppliers.

Prepayments increased from SAR 647 thousand as of 31 March 2022G to SAR 1.2 million as of 31 March 2023G as a result of renewing the medical contract in October of each year and paying it in advance.

#### Advances to employees

Advances to employees increased from SAR 624 thousand as at 31 March 2021G to SAR 731 thousand as of 31 March 2022G and then decreased to SAR 444 thousand as of 31 March 2023G as some new employees exceptionally received housing allowances in advance.



## Other receivables

Other receivables decreased from SAR 1.1 million as of 31 March 2021G to SAR 83 thousand as of 31 March 2022G, and decreased to nil as of 31 March 2023G in line with the increase advances from dealers.

### 5.8.2.2.4 Contract assets

**Table No. (5.21): Contract assets as of 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Unbilled Revenue	-	9,211	13,157
Less: allowance for credit losses	-	(435)	(44)
Balance at the end of the period/year	-	<b>8,776</b>	<b>13,112</b>

Source: The audited financial statements for the Financial Years ended 31 March 2020G, 2022G, and 2023G.

**Table No. (5.22): Contract assets as of 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Balance at the beginning of the period/year	-	-	435
Charge for the period/year	-	435	(391)
Balance at the end of the period/year	-	<b>435</b>	<b>44</b>

Source: The audited financial statements for the Financial Years ended 31 March 2020G, 2022G, and 2023G.

Contract assets represent the values of services provided that have not been invoiced until the date of preparing the financial statements.

The amount was previously classified as trade receivables, but it was disclosed as a separate item as of 31 March 2023G.

The amount increased from SAR 9.2 million as of 31 March 2022G to SAR 13.2 million at 31 March 2023G on a gross basis in line with the increase in sales to corporate clients during the period.

The Company does not hold balances for more than one year old and expected credit losses are calculated similarly to trade receivables. The provision for impairment of contract assets decreased from SAR 435 thousand as of 31 March 2022G to SAR 44 thousand as of 31 March 2023G.

### 5.8.2.2.5 Cash and cash equivalents

**Table No. (5.23): Cash and cash equivalents as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Cash and cash equivalents	<b>71,113</b>	<b>83,257</b>	<b>53,063</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

Cash and cash equivalents increased from SAR 71.1 million as of 31 March 2021G to SAR 83.3 million as of 31 March 2022G due to improvement in working capital changes to a positive balance.

Cash and cash equivalents decreased from SAR 83.3 million as of 31 March 2022G to SAR 53.1 million as of 31 March 2023G due to the decrease in operating cash flows.

### 5.8.2.3 Equity

**Table No. (5.24): Equity as at 31 March, 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Share capital	228,529	89,999	89,999
Statutory reserve	-	-	4,247
(Accumulated losses) / Retained earnings	(116,790)	(16,003)	21,830
<b>Total equity</b>	<b>111,739</b>	<b>73,996</b>	<b>116,076</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

#### 5.8.2.3.1 Share capital

As at 31 March 2021G, the Company's authorized, issued, and paid-up capital amounted to SAR 228.5 million consisting of 22.85 million shares at a value of SAR 10 per share.

As of 10 October 2021G, the Board of Directors issued a decision to reduce the Company's capital from SAR 228.5 million to SAR 90.0 million by reducing the Company's capital by an amount of SAR 138.5 million through canceling 13,853 million shares. The General Assembly approved this decision on 23 January 2022G.

As of 31 March 2022G and 31 March 2023G, the Company's authorized, issued, and paid-up capital amounted to SAR 90.0 million.

#### 5.8.2.3.2 Statutory reserve

According to the company's articles of association, the company must transfer 10% of the year's net income to the statutory reserve until this reserve reaches 30% of the capital. The company may decide to stop this transfer when the reserve reaches 30% of the capital. This reserve is not available for distribution.

The statutory reserve amounted to SAR 4.2 million as of 31 March 2023G.

#### 5.8.2.3.3 Accumulated losses / Retained earnings

Accumulated losses decreased from SAR 116.8 million as of 31 March 2021G to SAR 16.0 million as of 31 March 2022G following the Company's board of directors' decision to reduce capital by SAR 138.5 million to absorb the accumulated losses.

Accumulated losses increased to retained earnings of SAR 21.8 million as of 31 March 2023G due to net profit for the year amounting to SAR 42.5 million.

### 5.8.2.4 Non-current liabilities

**Table No. (5.25): Noncurrent liabilities as at 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Long term accounts payable	211,583	185,013	151,906
Non-current portion of lease liabilities	250,254	132,503	91,897
Employees' defined benefit obligation	8,332	8,844	8,069
Decommissioning provision	3,213	3,336	3,463
<b>Total</b>	<b>473,382</b>	<b>329,696</b>	<b>255,335</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

#### 5.8.2.4.1 Long term accounts payable

Long-term accounts payable mainly include payables to Saudi Telecommunication Company in addition to the long-outstanding payments to the Communications, Space and Technology Commission.

Long-term accounts payable decreased from SAR 211.6 million as of 31 March 2021G to SAR 185.0 million as of 31 March 2022G and then to SAR 151.9 million as of 31 March 2023G due to the settlement of annual payments.

#### 5.8.2.4.2 Non-current portion of lease liabilities

Lease liabilities mainly related to lease contracts for sites linked to the towers leased by the Company, which were registered in accordance with IFRS 16, and amounted to SAR 250.3 million as of 31 March 2021G due to delayed lease payments because of cash constraints.

Lease liabilities decreased from SAR 250.3 million as of 31 March 2021G to SAR 132.5 million as of 31 March 2022G following the cancellation of the agreement of the unused leased towers.

Lease liabilities decrease from SAR 132.5 million as of 31 March 2022G to SAR 91.9 million as of 31 March 2023G due to the payments made amounting to SAR 31.9 million, offset by additions of SAR 16.0 million during the same period.

#### 5.8.2.4.3 Employees' defined benefit obligations

Table No. (5.26): Employees' defined benefit obligations as at 31 March 2021G, 2022G, and 2023G

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Balance at beginning of the year / period	8,310	8,332	8,844
Amount recognized in profit or loss account	1,332	1,447	1,665
Re-measurement loss/(gain) recognized in other comprehensive loss/(income)	744	344	389
Benefits paid during the year/ period	(2,054)	(1,279)	(2,828)
<b>Total</b>	<b>8,332</b>	<b>8,844</b>	<b>8,069</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

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 2023G.

Table No. (5.27): Principal actuarial assumptions and sensitivity analysis for employees' defined benefit obligations as of 31 March 2021G, 2022G, and 2023G

	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Discount rate used	3.80%	3.80%	3.95%
Future growth in salary	0.50%	0.50%	0.50%

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

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 decreased from SAR 8.3 million as of 31 March 2021G to SAR 8.8 million as of 31 March 2022G due to the decrease in benefits paid to employees during the period.

The balance of the provision for employee benefits obligations decreased from SAR 8.8 million as of 31 March 2022G to SAR 8.1 million as of 31 March 2023G due to payments made to employees during the period.

#### 5.8.2.4.4 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 SAR 3.2 million as of 31 March 2021G to SAR 3.3 million as of 31 March 2022G due to the increase in the provision.

The decommissioning provision increased from SAR 3.3 million as of 31 March 2022G to SAR 3.5 million as at 31 March 2023G due to the additions made during the period.

#### 5.8.2.5 Current liabilities

**Table No. (5.28): Current liabilities as of 31 March 2021G, 2022G, 2023G**

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Accounts payable	160,224	187,603	220,802
Other current liabilities	112,087	134,716	190,738
Current portion of lease liabilities	113,417	55,644	56,102
Contract Liabilities	36,895	38,980	45,653
Provision for zakat and tax	27,399	17,399	2,105
<b>Total</b>	<b>450,023</b>	<b>434,341</b>	<b>515,401</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

#### 5.8.2.5.1 Accounts payable

**Table No. (5.29): Accounts payable as of 31 March 2021G, 2022G, and 2023G**

SAR in 000s	31 March 2021G (Management information)	31 March 2022G (Management information)	31 March 2023G (Management information)
STC	3,278	84,775	117,697
WiMAX	33,798	41,548	28,161
Tawal	-	20,700	39,400
Others	71,571	15,900	35,543
Related parties	31,606	-	-
<b>Total</b>	<b>160,224</b>	<b>187,602</b>	<b>220,802</b>

Source: Management information

Accounts payable increased from SAR 160.2 million as of 31 March 2021G to SAR 187.6 million as of 31 March 2022G and further to SAR 220.8 million as of 31 March 2023G.

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 amounted SAR 3.3 million as of 31 March 2021G and increased to SAR 84.8 million as of 31 March 2022G.

The balance then increased from SAR 84.8 million as of 31 March 2022G to SAR 117.7 million as of 31 March 2023G due to the increase in the number of contracts and customers along with the transfer of SAR 49 million from long-term payables to current ones.

The payables of Tawal increased from SAR 20.7 million as of 31 March 2021G to SAR 39.4 million as of 31 March 2022G.

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 of 31 March 2022G.

### 5.8.2.5.2 Other current liabilities

Table No. (5.30): Other current liabilities as of 31 March 2021G, 2022G, and 2023G

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Government fees	70,888	73,820	116,589
Employees' related expenses	9,127	22,296	22,657
Voice interconnection	1,496	1,145	-
Capacity lease	5,304	-	-
Electricity	616	-	-
Accrued expenses <sup>*</sup>	24,657	37,455	51,492
<b>Total</b>	<b>112,087</b>	<b>134,716</b>	<b>190,738</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

<sup>\*</sup> It is worth noting that the balance of other current liabilities as of 31 March 2022G and 31 March 2023G includes balances of capacity lease (SAR 22.5 million as of 31 March 2023G), voice interconnection (SAR 2.9 million as of 31 March 2023G), and electricity (SAR 529 thousand and SAR 580 thousand respectively) which were classified in this way based on the financial statements.

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 increased from SAR 112.1 million as of 31 March 2021G to SAR 134.7 million as of 31 March 2022G.

Other current liabilities then increased further from SAR 134.7 million as of 31 March 2022G to SAR 190.7 million as of 31 March 2023G due to 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 SAR 22.23 million over a period of 36 months starting from 20 February 2022G.

### 5.8.2.5.3 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 decreased from SAR 113.4 million as of 31 March 2021G to SAR 55.6 million as of 31 March 2022G following the cancelation of the agreement of the unused leased towers during the period.

Lease liabilities then increased to SAR 56.1 million as of 31 March 2023G due to additions during the year.

### 5.8.2.5.4 Contract liabilities

Contract liabilities relates to advance payments received from customers prior to providing the services and recognized as revenue once the services are rendered to the customer.

Contract liabilities increased from SAR 36.9 million as of 31 March 2021G to SAR 40.0 million as of 31 March 2022G due to the increase in advance payments received from retail customers in line with the increase in retail customer revenue.

Contract liabilities then increased from SAR 40.0 million as of 31 March 2022G to SAR 45.7 million as of 31 March 2023G mainly due to additions of SAR 16 million as of 31 March 2023G.

### 5.8.2.5.5 Provision for zakat and tax

Table No. (5.31): Movement in provision for zakat and tax as of 31 March 2021G, 2022G, and 2023G

SAR in 000s	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Balance at beginning of the year	2,699	27,399	17,399
Zakat charge during the year	4,505	2,785	1,035
Income tax charge during the year	37	-	224
Provision for zakat assessment related to prior years	20,158	-	-
Reversed during the year	-	-	(1,278)
Paid during the year	-	(12,784)	(15,294)
<b>Balance at end of the year</b>	<b>27,399</b>	<b>17,399</b>	<b>2,105</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

The Company has filed zakat and tax returns with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 March 2022G and the Company is in the process of filing the zakat and tax declaration with ZATCA for the year ended 31 March 2023G.

In July 2015G, ZATCA raised the zakat and withholding tax ("WHT") assessment for the years from 2010G to 2012G, amounting to SAR 17.43 million and SAR 0.83 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 SAR 6.98 million.

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 SAR 0.83 million and the related fine of SAR 0.6 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 On 6 February 2023G, the second circuit to adjudicate income tax violations and disputes held its session in the presence of the representative of the company and the representative of the General Authority for Zakat, Tax and Customs. The lawsuit filed by the company against the authority was accepted, and the decision was issued proving the end of the dispute, and accordingly, the amount owed by the company, amounting to SAR 6.98 million, was cancelled.

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 SAR 5.53 million. and in December 2020G, the ZATCA raised zakat and tax assessment for the fiscal years 2015G, 2016G, 2017G, and 2018G with an additional amount of SAR 4.089 million, SAR 4.57 million, SAR nil, and SAR 18 million respectively. 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 to pay SAR 20.85 million for the years 2014G, 2015G, 2016G, 2017G, and 2018G, the Company accepted the proposal and paid the settlement amount in full over a 5 equal installments ended in December 2022G.

In October 2021G the ZATCA raised the zakat assessment for the year 2019G with an amount of nil, which matched the filed for the year.

The Company was filling the tax and zakat declaration with ZATCA for the financial years 2020G and 2021G and paid the declarations amount that equals to SAR 4.5 million and SAR 2.8 million respectively and as of the date of this financials no assessment were received from the ZATCA yet.

The Management and the zakat advisor are of the view that no additional provision is required other than what has already been provided for.

### 5.8.2.6 Loss per share

**Table No. (5.32): Loss per share as of 31 March 2021G, 2022G, and 2023G**

	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Net profit/(Loss) for the year	(38,259)	(37,400)	42,468
Weighted average number of shares for the year	20,272,067	8,999,900	8,999,900
Basic and diluted loss/profit per share	(1.89)	(4.16)	4.72

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

Loss per share is calculated by dividing the loss attributable to the ordinary shareholders of the Company for the years ended 31 March 2021G, 2022G and 2023G by the weighted average number of shares outstanding for the years ended 31 March 2021G, 2022G and 2023G, respectively.

The Company does not have any depreciating financial instruments.

### 5.8.2.7 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. (5.33): Related party transactions and balances as of 31 March 2021G, 2022G, and 2023G**

Related parties	Relationship	Nature of transaction	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Atheeb Maintenance and Services Limited	Shareholder	Data revenue	20	-	-
Atheeb Saudi Intergraph Company Limited	Shareholder	Data revenue	190	58	
Bahrain Telecommunication Company	Shareholder	Data revenue	3,895	1,082	1,903
		Interconnection revenue	3,047	189	270
		Interconnection cost	1,124	4,418	2,344
		Settlement absorbed expenses	-	3,653	-
Bithar Trading Company Limited	Shareholder	Data revenue	277	66	-
Saudi Arabian Marketing and Agencies Limited	Affiliate	Data revenue	644	56	-
Etihad Shams Company Limited	Affiliate	Data revenue	30	6	-
Founding shareholders	Shareholder	Guarantee fee	19	-	-
Key management personnel		Short-term employee benefits	3,741	17,231	15,554
		Long-term employee benefits	-	1,249	-
		End of service	1,261	1,407	400

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

The above transactions resulted in the following balances with these companies:

**Table No. (5.34): Due from related parties as of 31 March 2021G, 2022G, and 2023G**

Due from related parties	Relationship	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Bahrain Telecommunications Company	Shareholder	42,556	841	671
Bithar Trading Company Limited	Shareholder	735	-	-
Saudi Arabian Marketing and Agencies Limited	Affiliate	4,460	-	-
Atheeb Saudi Intergraph Company Limited	Shareholder	95	-	-
Atheeb Maintenance and Services Company Limited	Shareholder	86	-	-
Ethiad Shams Company Limited	Affiliate	12	-	-
<b>Total</b>		<b>47,944</b>	<b>841</b>	<b>671</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

**Table No. (5.35): Due to related parties as of 31 March 2021G, 2022G, 2023G**

Due from related parties	Relationship	31 March 2021G (Audited)	31 March 2022G (Audited)	31 March 2023G (Audited)
Bahrain Telecommunications Company	Shareholder	29,711	-	-
Bithar Trading Company Limited	Shareholder	53	-	-
Traco Trading & Contracting Group	Shareholder	925	-	-
Saudi Internet Company Limited	Shareholder	213	-	-
Bithar Communications & Information Technology Company Limited	Shareholder	266	-	-
Atheeb Maintenance and Services Company Limited	Shareholder	266	-	-
Al Nahla Trading and Contracting Company Limited	Shareholder	172	-	-
<b>Total</b>		<b>31,606</b>	<b>-</b>	<b>-</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

Due from related parties decreased from SAR 47.9 million as of 31 March 2021G to SAR 841 thousand as of 31 March 2022G mainly due to (i) netting off some balances due from and due to related parties, (ii) some related parties sold their shares in the Company, and are therefore no longer considered as related parties, and (iii) collecting some related party balances.

Due from related parties amounted to SAR 671 thousand as of 31 March 2023G, and it consists mainly of balances due from Bahrain Telecommunications Company related to services provided for voice interconnection services.

According to the Management, the services provided to related parties are done on a commercial basis. Additionally, no major settlements were made as the Company has due from and due to balances that it is offsetting and there are verbal agreements to continue to provide the services, which are being deducted from the due from balances.

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.



## 5.8.2.8 Commitments and contingent liabilities

### Letters of guarantee

The banks issued letters of guarantee amounting to SAR 50.0 million as of 31 March 2023G, 31 March 2022G, and 31 March 2021G.

### 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 SAR 155.7 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.

On May 10, 2023G, the company entered into an agreement with the CSTC to settle balances and dues between the two parties extending from the beginning of the dealing-period between the two parties until the end of December 31, 2018G. The following was agreed as follows:

Paying the amount agreed with the CSTC and recognized in the Company's books an amount of SAR 63,876,855 in favor to the CSTC in instalments according to the table shown below:

Payment	Amount in SAR	Due Date
First	9,125,265	1st of April 2025G
Second	9,125,265	1st of April 2026G
Third	9,125,265	1st of April 2027G
Fourth	9,125,265	1st of April 2028G
Fifth	9,125,265	1st of April 2029G
Sixth	9,125,265	1st of April 2030G
Seventh	9,125,265	1st of April 2031G
<b>Total</b>	<b>63,876,855</b>	

## 5.8.3 Statement of Cash Flows

Table No. (5.36): : Statement of cash flows as for the years ended 31 March 2021G, 2022G, and 2023G

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)
<b>Cash flows from operating activities</b>			
Loss before zakat and income tax	(13,559)	(34,615)	42,468
<b>Adjustments:</b>			
Depreciation and amortization	99,676	67,001	60,909
Impairment of fixed assets	93,369	-	-
Settlement with vendors	(101,132)	(29,633)	(14,448)
Support fund from main supplier	-	(4,386)	-
Impairment (gain) loss on trade receivables	18,208	7,586	(4,172)

SAR in 000s	2021G (Audited)	2022G (Audited)	2023G (Audited)
(Gain) / Loss from disposal of property and equipment	-	353	(25)
Finance income / (costs)	(18,993)	19,122	15,432
Provision for employees' defined benefit obligation	1,017	1,112	1,383
	<b>78,585</b>	<b>26,540</b>	<b>101,546</b>
<b>Changes in working capital:</b>			
Inventories	(1,300)	(711)	(17,240)
Trade receivables	6,438	62,483	(92,614)
Other current assets	(1,609)	(12,877)	(11,269)
Accounts payable	(99,406)	(11,708)	(8,938)
Other current liabilities	2,836	21,144	56,023
Contracts Liabilities	1,491	2,084	6,674
	<b>(12,964)</b>	<b>86,956</b>	<b>34,182</b>
Finance costs paid	(1,155)	(9,820)	(10,814)
Employees' defined benefit obligation paid	(2,054)	(1,279)	(2,828)
Zakat paid	-	(12,784)	(15,294)
Net cash generated from (used in) operating activities	<b>(16,174)</b>	<b>63,073</b>	<b>5,246</b>
<b>Cash flows from investing activities:</b>			
Additions to property and equipment	(7,093)	(18,637)	(3,578)
Additions to intangible assets	-	(2,528)	-
Proceeds from the sale of property and equipment	-	-	34
<b>Net cash used in investing activities</b>	<b>(7,093)</b>	<b>(21,165)</b>	<b>(3,544)</b>
<b>Cash flows from financing activities</b>			
Repayment of Murabaha financing	(7,737)	-	-
Payment of lease liabilities	(20,414)	(29,764)	(31,896)
<b>Net cash used in financing activities</b>	<b>(28,151)</b>	<b>(29,764)</b>	<b>(31,896)</b>
Increase / (decrease) in cash and cash equivalents	(51,418)	12,144	(30,194)
Cash and cash equivalents at the beginning of the year / period	122,530	71,113	83,257
<b>Cash and cash equivalents at the end of the year / period</b>	<b>71,113</b>	<b>83,257</b>	<b>53,063</b>

Source: The audited financial statements for the Financial Years ended 31 March 2021G, 2022G, and 2023G.

### 5.8.3.1 Cash flows from operating activities

The net cash from operating activities increased from an outflow of SAR 16.2 million in 2021G to an inflow of SAR 63.1 million in 2022G due to the positive changes in working capital, amounting to SAR 62.5 million, resulting from a decrease in trade receivables and an increase in other current liabilities, offset by zakat payments amounting to SAR 12.8 million and finance costs amounting to SAR 9.8 million.

Net cash from operating activities decreased from an inflow of SAR 63.1 million in 2022G to an inflow SAR 5.2 million in 2023G mainly due to the negative change in the working capital of the Company, which amounted to negative SAR 58.6 million during the period, as a result of the increase in trade receivables amounting to negative SAR 92.6 million over the same period.

### 5.8.3.2 Cash flows from investing activities

Net cash from investing activities amounted to SAR 7.1 million in 2021G, SAR 212 million in 2022G and SAR 3.5 million in 2023G, and mainly comprised of additions to network infrastructure, leasehold improvements, and facilities, vehicles, support, and IT equipment.

### 5.8.3.3 Cash flows from financing activities

Net cash from financing activities amounted to an outflow of SAR 28.2 million in 2021G, outflow of SAR 29.8 million in 2022G, and outflow of SAR 31.9 million in 2023G, as a result of the payment on Murabaha financing during 2021G, in addition to lease payments under the right of use assets during the historical period.

## 6. USE OF PROCEEDS

### 6.1 Net Proceeds

The total Offering Proceeds are estimated at two hundred and fifty million (250,000,000) Saudi Riyals, of which six million (6,000,000) 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-four million (244,000,000) 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 72 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."

### 6.2 Use of Proceeds

The Company intends to use Offering Proceeds to pay off its liabilities and to finance its future plans and projects to develop the Company's systems and infrastructure.

Offering Proceeds, amounting to two hundred and forty-four million (244,000,000) Saudi Riyals shall be used as follows:

#### 6.2.1 Payment of Obligations

- **Paying part of the outstanding balances and dues to one of the Company's main suppliers:** The Company will use forty-nine million (49,000,000) Saudi Riyals from the Offering Proceeds to pay the third installment due on 1 July 2024G. 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.

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 1 July 2022G, the balance shall be paid in five equal annual installments of forty-nine million (49,000,000) Saudi Riyals totaling two hundred and forty-five million (245,000,000) Saudi Riyals.

- **Paying a balance owed to the Communications, Space and Technology Commission:** The Company will use fifteen million (15,000,000) 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 31 March 2023G owed to the Communications, Space and Technology Commission. The fees represent the 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 9.3 ("Licensing and Interconnection") of Section 9 ("Legal Information") of this Prospectus).
- **Paying part of the total value related to the settlement agreement with Tawal:** On 29/10/2023G, the Company entered into a settlement agreement with Telecommunications Towers Company Limited (Tawal) to settle SAR 48 million (excluding taxes) payable by the Company to Tawal. This amount includes all balances and dues related to the site-sharing agreement concluded with Saudi Telecom Company. The agreement covers the period from the start of dealings between the parties until 31/10/2023G. For more information about the settlement agreement with Abraj Al-Ittisalal (Tawal), please refer to subsection 9.7 ("Disputes and Litigation") of Section 9 ("Legal Information") of this Prospectus.

On 29/10/2023G, the Company made a payment of twenty million (20,000,000) Saudi Riyals as the first installment to Tawal under this agreement, with an additional amount of twenty-six million (26,000,000) Saudi Riyals to be used from the Net Offering Proceeds to settle part of the agreed settlement amount with Tawal. The remaining settlement amount, totaling two million (2,000,000) Saudi Riyals, will be paid from the Company's operational income (representing 4.17% of the total agreed settlement amount with Tawal).

## 6.2.2 Financing Future Projects

- Infrastructure development by developing network connectivity (IP-MPLS):** The Company will inject thirty-five million (35,000,000) Saudi Riyals from the Offering Proceeds to optimize the specifications and capabilities of the types of equipment associated with the basic network, while fifty-eight million (58,000,000) Saudi Riyals (representing 62.37% of such project) 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 2023G	Q1 2024G	Q2 2024G	Q3 2024G	Q4 2024G	Q1 2025G
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

**Note:** The above schedule was prepared in accordance with the Company's fiscal year (which ends on 31 March of each Gregorian year)

- Developing microwave technology to support the business sector:** The Company will inject thirty million (30,000,000) Saudi Riyals from the Offering Proceeds to upgrade business sector microwave technology, while five-hundred thousand (500,000) Saudi Riyals (representing 1.64% of such project) will be financed from the Company's operations income, 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 2023G	Q1 2024G	Q2 2024G	Q3 2024G	Q4 2024G
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

**Note:** The above schedule was prepared in accordance with the Company's fiscal year (which ends on March 31 of each Gregorian year)

- Developing and building Data centers (Data Center Clouds):** The Company will inject ten million (10,000,000) Saudi Riyals from the Offering Proceeds 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 the cloud data centers are upgraded. 13% of the project, to be allocated to all phases of developing the data centers and the planning phase for constructing the new data center, will be financed from the Offering Proceeds, while sixty-seven million (67,000,000) Saudi Riyals (representing 87% of such project) 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 2024G	Q2 2024G	Q3 2024G	Q4 2024G	Q1 2025G	Q2 2025G	Q3 2025G	Q4 2025G
Developing data center clouds	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 new data center clouds	-	-	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

**Note:** The above schedule was prepared in accordance with the Company's fiscal year (which ends on March 31 of each Gregorian year)

- **Upgrading core network equipment:** The Company will use thirty-five million (35,000,000) Saudi Riyals from the Offering Proceeds to upgrade obsolete core network equipment and gear, while two million and four-hundred thousand (2,400,000) Saudi Riyals (representing 6.42% of such project) will be financed from the Company's operations income.

Project	Q4 2023G	Q1 2024G	Q2 2024G	Q3 2024G	Q4 2024G	Q1 2025G
Upgrading core network equipment	Planning and designing the network	Procuring equipment and gear	Installation and interconnecting	Continued installation and interconnecting	Testing and progressive network migration	Testing and activation

Source: The Company

**Note:** The above schedule was prepared in accordance with the company's fiscal year (which ends on March 31 of each Gregorian year)

- **Cybersecurity systems implementation:** The Company will use four million (4,000,000) Saudi Riyals from the Offering Proceeds 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, with 100% of such project to 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 2023G	Q1 2024G	Q2 2024G	Q3 2024G	Q4 2024G	Q1 2025G	Q2 2025G	Q3 2025G
Cybersecurity systems 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

**Note:** The above schedule was prepared in accordance with the company's fiscal year (which ends on March 31 of each Gregorian year)

- **Network capacity development:** The Company will use forty million (40,000,000) Saudi Riyals from the Offering Proceeds 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 by 10%. It is expected that the term of the contract will extend to 15 years, whereby forty million (40,000,000) Saudi Riyals shall be paid from the Offering Proceeds to meet the needs of 2023G, while two hundred sixty-four million and two hundred thousand (264,200,000) Saudi Riyals (representing 87% of such project) will be financed from the Company's operations income.

Project	Q4 2023G	Q1 2024G	Q2 2024G	Q3 2024G
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

**Note:** The above schedule was prepared in accordance with the company's fiscal year (which ends on March 31 of each Gregorian year)

The following is the schedule of the expected timeline for using the Offering Proceeds:

Use / Project	2023G	2024G				Total (Million SAR)	%
	Q4	Q1	Q2	Q3	Q4		
Paying part of the outstanding balances and dues to one of the Company's main suppliers	-	-	49	-	-	49	19.60%
Paying a balance owed to the Communications, Space and Technology Commission	-	15	-	-	-	15	6.00%
Paying part of the total value of related to the settlement agreement with TAWAL	-	26	-	-	-	26	10.40%
Infrastructure development by developing network connectivity (IP-MPLS)	10	10	5	5	5	35	14.00%

Use / Project	2023G	2024G				Total (Million SAR)	%
	Q4	Q1	Q2	Q3	Q4		
Developing microwave technology to support the business sector	6	6	6	6	6	30	12.00%
Developing and building data center clouds	-	5	5	-	-	10	4.00%
Upgrading core network equipment	10	10	5	5	5	35	14.00%
Cybersecurity systems implementation	1	1	1	1	-	4	1.60%
Network capacity development	10	10	10	10	-	40	16.00%
Offering Expenses	6	-	-	-	-	6	2.40%
<b>Total Offering Proceeds</b>	<b>43</b>	<b>83</b>	<b>81</b>	<b>27</b>	<b>16</b>	<b>250.00</b>	<b>100%</b>

Source: The Company

\* Numbers and percentages are rounded to the nearest decimal number.

**Note:** The above schedule was prepared in accordance with the company's fiscal year (which ends on March 31 of each Gregorian year)

**7.****EXPERT STATEMENTS**

Written approval has been obtained from all the consultants and auditors set forth in Page (vi) of this Prospectus 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. As of the date of this Prospectus, all consultants, auditor, and relatives thereof, listed on Page (vi) of this Prospectus, do not own any shares or have any type of interest in the Company.



## 8.

## 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 twelve (12) months.
- No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Issuer during the three (3) 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 (3) 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 9.6.1 ("**Contracts and Transactions with Related Parties**") of Section 9 ("**Legal Information**") of this Prospectus, Board members or any of their relatives do not have shares or interests of any kind in the Issuer.
- The Company did not maintain treasury shares, and the Company's EGM did not approve the purchase of the Company's Shares.

## 9.

## LEGAL INFORMATION

### 9.1 Company Incorporation, Licenses and Permits

Ethad Atheeb Telecommunication 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.

The Company has obtained all the necessary licenses and approvals to conduct its activities in accordance with applicable regulations:

**Table No. (9.1): 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 (corresponding to 07/10/2021G)	29/02/1446H (corresponding to 02/09/2024G)	Ministry of Commerce
2	CST License	License to provide fixed communication services with infrastructure	N/A	05/04/1430H (corresponding to 01/04/2009G)	05/04/1470G (corresponding to 20/01/2048G)	Communication, Space & Technology Commission
3	CST License	Right to provide Internet services	4538/HT	16/05/1440H (corresponding to 22/01/2019G)	N/A	Communication, Space & Technology Commission
4	CST Certificate of Registration	Approval to register 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	51.T1.42	20/04/1443H (corresponding to 23/11/2021G)	19/04/1444H (corresponding to 13/11/2022G)	Communication, Space & Technology Commission*
5	Frequency Spectrum License	The frequency spectrum license pursuant to which the CST allocated to the Company a total of 50 MHz in the 3.5 GHz band of frequency spectrum	7321/HT	07/09/1440H (corresponding to 12/05/2019G)	04/04/1455H (corresponding to 01/07/2033G)	Communication, Space & Technology Commission
6	GOSI Certificate	Certificate of fulfillment of GOSI requirements	56530300	21/01/1445H (corresponding to 08/08/2023G)	13/05/1445H (corresponding to 27/11/2023G)	General Organization for Social Insurance
7	Saudization certificate	Saudization Compliance Certificate	18400952-139992	02/12/1444H (corresponding to 20/06/2023G)	26/05/1445H (corresponding to 18/12/2023G)	Ministry of Human Resources and Social Development
8	Riyadh Chamber of Commerce Membership certificate	Subscription Certificate	204000	17/06/1444H (corresponding to 09/01/2023G)	27/06/1445H (corresponding to 09/01/2023G)	Riyadh Chamber of Commerce and Industry

No.	Type	Purpose	Lic. #	Issue Date	Expiry Date	Issuing Authority
9	Zakat Certificate	Certificate of compliance with ZATCA requirements	1110322891	22/12/1444H (corresponding to 10/06/2023G)	25/01/1446H (corresponding to 31/07/2024G)	Zakat, Tax and Customs Authority
10	Municipal License for the Company's head office	Legally required license under the Law of Municipal Licensing Procedures	43047975250	21/06/1444H (corresponding to 13/01/2023G)	21/06/1446H (corresponding to 22/12/2024G)	Riyadh Municipality
11	Municipal License for Khobar branch	Legally required license under the Law of Municipal Licensing Procedures	440110401285	N/A	15/02/1446H (corresponding to 22/08/2024G)	Eastern Province Municipality
12	Municipal License for Jeddah branch	Legally required license under the Law of Municipal Licensing Procedures	440210530622	N/A	16/04/1445H (corresponding to 31/10/2023G)	Jeddah Municipality**
13	Civil Defense License for the Company's head office	A legally required license under the Civil Defense Law	2-000839725-44	02/07/1444H (corresponding to 24/01/2023G)	02/07/1445H (corresponding to 14/01/2024G)	General Directorate of Civil Defense
14	Civil Defense License for Khobar branch	A legally required license under the Civil Defense Law	1-000988284-44	15/02/1444H (corresponding to 11/09/2022G)	15/02/1446H (corresponding to 22/08/2024G)	General Directorate of Civil Defense
15	Civil Defense License for Jeddah branch	A legally required license under the Civil Defense Law	1-001022160-44	16/04/1444H (corresponding to 10/11/2022G)	16/04/1445H (corresponding to 31/10/2023G)	General Directorate of Civil Defense**

Source: The Company

\*\* The Company is in the process of obtaining a new registration certificate from the Communications, Space and Technology Commission.

\*\* A new building has been rented. The Company is currently preparing the building and issuing the necessary licenses.

## 9.2 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.

## 9.3 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 License 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 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 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 Q2 of the year 2022G in order to fulfill the Company's obligations to cover at least 10% of the populated areas of the abovementioned cities.

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 9.6.2.5 ("Network Rollout Framework Agreement (3500 MHz)") of Section 9 ("Legal Information") of this Prospectus. By virtue of a letter issued by the CST No. 2901/1444/TT on 29/07/1444H (corresponding to 20/02/2023G), CST confirmed that the Company is currently compliant with the obligations of covering at least 30% of the populated areas in the cities subject to the obligation.

As of the date of this Prospectus, the Company has not obtained a confirmation letter from CST that it fulfills the 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 2027G.

## 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.

## 9.4 Ongoing obligations imposed by government agencies on the Company

The regulatory authorities below obligate the Company to comply with some material requirements as follows:

### 9.4.1 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.

### 9.4.2 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 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 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 50,000 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 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 stating that: “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 of Article 6(1) “the service provider must commit to reporting according to the time periods specified in Appendix No. (1)”.
- A SAR 5,000 fine imposed by the CST on 07/07/1444H (corresponding to 29/01/2023G) for the Company's failure to submit and publish a notice of service interruption through the “Bunya” platform (which is designated for that 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 stating that: “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 of Article 6(1) “the service provider must commit to reporting according to the time periods specified in Appendix No. (1)”.
- A SAR 50,000 fine imposed by the CST on 15/09/1444H (corresponding to 06/04/2023G) for the Company's failure to comply with CST Resolution No. (424) dated 27/01/1442H that approved the “Cybersecurity Regulatory Framework (CRF) for Service Providers in the Information and Communications Technology and Postal Sector”, effective on 16/10/1442H, as the Company's level of commitment to implementing the Essential Cybersecurity Controls issued by the National Cybersecurity Authority had decreased and it failed to achieve the objectives of its plan, which is considered to be a violation of Paragraph 4) of the Essential Cybersecurity Controls (ECC), issued under CST Resolution No. (424/1442) dated 27/01/1442H, providing that: “all Service Providers classified as Critical National Infrastructure in accordance with CST and the NCA, must comply with the following: Essential Cybersecurity Controls issued by the NCA”. As per Article 26 (10) of the Communications and Information Technology Law, which provides that failure to comply with CST's resolutions shall be considered to be a violation, the Company's failure to comply with CST Resolution No. (424) dated 27/01/1442 is a violation of such law.
- A SAR 200,000 fine imposed by the CST on 22/04/1445H (corresponding to 06/11/2023G) for the Company's failure to provide CST with a copy of the interconnection agreement or access to physical facilities within 10 days of its signing. The Company signed a commercial agreement with Dawiyat Integrated Telecom and Information Technology Company on 31/08/2023G and the Company did not provide a copy thereof to the CST until 26/09/2023G. This is considered a violation of Article 30 (2) of the Implementing Regulations of the Communications and Information Technology Law and a violation of Article 26 (10) of the Telecommunications Act. Additionally, the Company did not provide anything to negate the violation.

For more information about the risks related to these fines, please refer to Subsection 2.1.6 (“**Risks Related to Penalties, Fines and Suspension of Business by Competent Authorities**”) of Section 2 (“**Risk Factors**”) of this Prospectus.

### 9.4.3 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 Financial Year financial results as they 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. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).

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. 3-79-2023 dated 19/02/1445H (corresponding to 04/09/2023G).

The CMA also obligated listed companies to disclose, in stages, their compliance with the transition to international accounting standards.

As of the date of this Prospectus, the Company is bound by all CMA-issued implementing regulations and instructions. Nonetheless, the Company has previously been subject to financial fines for violating some provisions. On 18/10/1444H (corresponding to 08/05/2023G), the CMA imposed a SAR 120,000 fine on the Company for failing to disclose the award of six contracts dated 22/06/2022G, 23/06/2022G, 30/06/2022G, and 27/10/2022G, the revenues of which were approximately equal to or greater than 5% of the Company's total revenues, according to the Company's financial statements ended 31 March 2022G, in violation of Article 61 (a), Article 62 (10), Article 79 (a), and Article 80 (10) of the OSCOs.

For more information about the risks related to fines imposed on the Company, please refer to Subsection 2.1.6 ("Risks Related to Penalties, Fines and Suspension of Business by Competent Authorities") of Section 2 ("Risk Factors") of this Prospectus.

## 9.5 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 two (2) branches as follows:

Table No. (9.2): Details of the commercial register certificates issued to the Company's branches:

No.	Location	CR	Registration Date	Expiry date
1	Khobar	2051050130	29/10/1433H (corresponding to 16/09/2012G)	29/10/1445H (corresponding to 08/05/2024G)
2	Jeddah (point of sale)	4030197139	23/02/1431H (corresponding to 07/02/2010G)	23/02/1446H (corresponding to 25/12/2024G)

Source: The Company

## 9.6 Summary of Material Contracts

### 9.6.1 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 07/02/1445H (corresponding to 23/08/2023G) approved the transactions and contracts with Related Parties. The total value of transactions with Related Parties as approved in the General Assembly amounted to SAR 2.17 million in revenues and SAR 2.34 million in costs for the Financial Year Ended 31 March 2023G, which represents 0.34% 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 (director under the previous term of the Board) and Mr. Maitham Abdullah Ashour Hassan who therefore hold 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 (director under the previous term of the Board) who therefore holds an indirect interest.

## 9.6.2 Contracts related to connectivity and network

### 9.6.2.1 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 A 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 services 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.

### 9.6.2.2 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 16/02/2021G;
- an agreement between the company and Etihad Etisalat Company (Mobily) dated 30/06/2021G;
- an agreement between the Company and the Integrated Telecommunications Company Limited (Salam) dated 30/05/2021G; and
- an agreement between the Company and Saudi Telecom Company dated 30/05/2021G.

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.

### 9.6.2.3 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.

### 9.6.2.4 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.

### 9.6.2.5 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 SAR 180 million (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 on 01/09/1440H (corresponding to 12/05/2019G), 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.

### 9.6.2.6 5G Fixed Wireless Access Agreement

On 12/01/2023G, the Company entered into an agreement with the Saudi Telecom Company to provide 5G Fixed Wireless Access. Under the Agreement, the Saudi Telecom Company undertakes to provide 5G Fixed Wireless Access services to the Company, and in return the Company undertakes to pay the service fees on a monthly basis. This Agreement will remain in effect for a period of two (2) years, starting from 12/01/2023G, and either party has the right to terminate it, provided that the other party is given prior notice of such termination within a period of no less than three (3) months.

## 9.6.3 Information technology solutions and software-related agreements

### 9.6.3.1 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.

## 9.6.4 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. In a letter dated 28 July 2020G, the Saudi Telecom Company notified the Company of its assignment of the Site Sharing Agreement to one of its subsidiaries, namely TAWAL, as a result of the transfer of ownership of the telecommunication towers, subject of the site sharing agreement, from the Saudi Telecom Company to TAWAL. A Settlement Agreement dated 29/10/2023G terminated the Site Sharing Agreement under the terms described in Subsection 9.7 ("Disputes and Litigation") of Section 9 ("Legal Information") of this Prospectus.

## 9.6.5 Agreements with Governmental Entities

### 9.6.5.1 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 SAR 22 million (value added tax included).

#### 9.6.5.2 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 SAR 31 million (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.

#### 9.6.5.3 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 SAR 28,234,800 (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 SAR 2,713,232 (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.

#### 9.6.5.4 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 SAR 77,004,000 (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.

## 9.7 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 SAR 370 million as on 31/12/2020G. The Company agreed to pay an initial amount of SAR 125,000,000 upon implementation of the agreement, with the remaining SAR 245 million balance paid over 5 years through annual installments of SAR 49 million, 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 SAR 9,520,995 as on 30/04/2019G. This settlement is due to a number of outstanding and unpaid invoices issued in consideration for the ERP system re-implementation services that were provided to the Company under a master supply agreement signed between the Company and the said supplier on 13/08/2008G. The Company agreed to pay and actually paid a final amount of SAR 5,300,000 within 15 working days from the date of implementing the agreement.

On 10/05/2023G, the Company entered into a settlement agreement with the CST and the Ministry of Finance to settle the fees of SAR 64,089,784 in consideration for the CST license issued to the Company.

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 SAR 8.5 million, in consideration for the international voice services provided to the Company under a service agreement concluded between them.

Moreover, on 29/10/2023G, the Company entered into a settlement agreement with TAWAL in order for the Company to pay an amount of SAR 48 million to TAWAL, which amount consists of all balances and dues related to the Site Sharing Agreement for a period starting from the beginning of the transaction between the two parties until 31/10/2023G.

The terms and conditions of this agreement include the following:

- Transfer of the entire ownership of the telecommunication towers to the Company, with effect commencing as of the effective date of the settlement agreement, and in consideration for an amount of SAR 30 million;
- Payment of SAR 18 million for all obligations related to the Site Sharing Agreement;
- Repeal of the previous Site Sharing Agreement starting from the effective date of the settlement agreement;
- In the event that the above-mentioned settlement amount is not paid during the grace period (ending on 31/03/2024G), the Settlement Agreement shall be deemed void, the Company shall thereupon pay the full amount due for the Site Sharing Agreement and amounting to SAR 54 million to TAWAL, and the telecommunication towers shall re-become the property of TAWAL. (For more information about the Site Sharing Agreement with TAWAL, please see Subsection 9.6.4 (“Site Sharing Agreement”) of Section 9 (“Legal Information”) of this Prospectus).

As at the date of this Prospectus, there are 98 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 SAR 10.36 million. Among these claims is a SAR 1,223,681 dispute with the General Authority of Civil Aviation (GACA). While the final court rulings for 47 claims have been issued, 51 claims remain pending and no final court ruling has been issued in their regard as at the date of this Prospectus.

## 9.8 Approvals required for capital increase

The Company has obtained the following approvals required for capital increase:

- The approval of the Company’s Board of Directors issued on 07/09/1444H (corresponding to 29/03/2023G).
- The conditional approval of the Saudi Exchange (Tadawul) issued on 13/02/1445H (corresponding to 29/08/2023G).
- The approval of the CMA issued on 26/06/1445H (corresponding to 08/01/2024G).
- The Company’s Extraordinary General Assembly’s on the Capital Increase dated 25/07/1445H (corresponding to 06/02/2024G).

## 9.9 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 9.7 (“Disputes and Litigation”) of Section 9 (“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.

## 10. UNDERWRITING

### 10.1 Underwriter

The Company and the Underwriter (Alinma Investment) have entered into an Underwriting Agreement for the subscription of twenty-five million (25,000,000) ordinary shares at an offer price of ten Saudi Riyals (SAR 10) per share, representing 100% of the Rights Shares offered for subscription ("Underwriting Agreement").

### 10.2 Underwriter's Name and Address

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**Alinma Investment**

Burj AlAnoud 2, King Fahad Road, Riyadh  
P.O. Box 55560  
Riyadh 11544  
Kingdom of Saudi Arabia  
Tel: +966 (800) 441 3333  
Fax: +966 (11) 218 5970  
Website: [www.alinmainvestment.com.sa](http://www.alinmainvestment.com.sa)  
E-mail: [info@alinmainvest.com.sa](mailto:info@alinmainvest.com.sa)

الإنماء للاستثمار  
alinma investment 

### 10.3 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.

## 11. 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.

## 12. DETAILS ON SHARES AND OFFERING TERMS AND CONDITION

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.

### 12.1 Offering

The Offering is an increase in the Company's share capital by way of a Rights Issue of two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into twenty-five million (25,000,000) ordinary shares at a nominal value of SAR 10 per share and an Offer Price of ten (10) Saudi Riyals per share.

### 12.2 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.

### 12.3 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).

## 12.4 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 02/08/1445H (corresponding to 12/02/2024G) and ends on 15/08/1445H (corresponding to 25/02/2024G), during the period from ten (10:00 am) until two (2:00 pm).

Eligible shareholders wishing to trade in the Rights shall also submit a trading application during the Trading Period, which begins on 02/08/1445H (corresponding to 12/02/2024G) and ends on 09/08/1445H (corresponding to 19/02/2024G), during the period from ten (10:00 am) until three (3:00 pm).

The EGM on Capital Increase held on 25/07/1445H (corresponding to 06/02/2024G) 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 and fifty million (SAR 250,000,000). 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 25/07/1445H (corresponding to 06/02/2024G).
- **Trading Period and Subscription Period:** The trading period and Subscription offering period start on 02/08/1445H (corresponding to 12/02/2024G). The trading period will end on 09/08/1445H (corresponding to 19/02/2024G), while the Subscription offering period will continue until the end of the day on 15/08/1445H (corresponding to 25/02/2024G). It should be noted that trading in Shares shall be from ten (10:00 am) until three (3:00 pm), while subscription to Shares shall be from ten (10:00 am) until two (2:00 pm).
- **Rump Offering Period:** The Rump offering period starts on 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G). 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, (provided that it shall not be less than the Offer Price), 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 11/09/1445H (corresponding to 21/03/2024G).
- **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.

## 12.5 Allocations and Refunds

The Company and the Lead Manager will open an Escrow Account in which the proceeds will be deposited.

The Rights 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 (if any) (in excess of Offer Price) shall be distributed to the Eligible Persons not later than 11/09/1445H (corresponding to 21/03/2024G). Excess unsubscribed shares shall be purchased at the Offer Price by and allocated to the Underwriter. Investors who did not subscribe or sell their Shares, and holders of fractional shares shall not be compensated during the Rump offering.



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 24/08/1445H (corresponding to 05/03/2024G).

Oversubscribed amounts (all the remaining proceeds resulting from the Offer, in excess of Offer Price) shall be refunded, to Eligible Persons who have not fully or partly participated in the subscription to Rights shares (if any), without any deductions or commissions, no later than 11/09/1445H (corresponding to 21/03/2024G).

## 12.6 Miscellaneous Terms

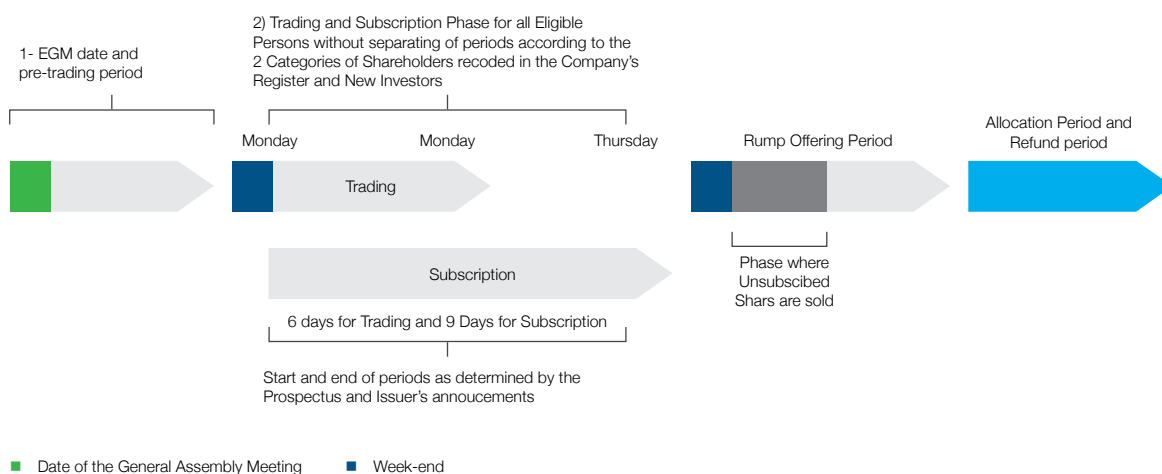
The Subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators and heirs. Except as specifically indicated herein, 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.

The CMA shall, at any time, issue a decision to suspend the Offering if it deems that the Offering could result in a violation of the CMA, its implementing regulations or market rules. The Offering may also be canceled if the EGM does not approve any of the details of the Offering.

**Figure 12.1: 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 on 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 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 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 Current Shares. Therefore, Eligibility Factor is approximately (2.7778) rights for every (1) one share owned by the Registered Shareholder on the eligibility date. Accordingly, if a Registered Shareholder owns one thousand (1,000) shares on the eligibility date, two thousand seven hundred and seventy-seven (2,777) rights will be allocated thereto.

### 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 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 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.

### 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 (1,000) 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 two thousand seven hundred and seventy-seven (2,777) rights, as each share has approximately (2.7778) rights) will be deposited. Therefore, two thousand two hundred and twenty-two (2,222) rights will be deposited in portfolio (a) and five hundred and fifty-five (555) 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.

### 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 Shareholder of Rights sell or assign 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 on 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, it is not possible.

### 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 under which the shares shall be offered

On 07/09/1444H (corresponding 29/03/2023G), the Company's Board of Directors recommended that the Company's capital be increased through a Rights Issue of two hundred and fifty million (SAR 250,000,000) after obtaining the necessary regulatory approvals.

On 25/07/1445H (corresponding to 06/02/2024G), 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 on Capital Increase.

This Prospectus, together with the supporting documents required by CMA, has been approved on the day of announcement on CMA website on 26/06/1445H (corresponding to 08/01/2024G).

The Saudi Stock Exchange ("Tadawul") approved the application for listing the New Shares on 29/08/2023G.

### Statements of any current arrangements to prevent disposal of certain shares

There are no current arrangements to prevent the disposal of certain shares.

## 13.

### CHANGE IN SHARE PRICE AS A RESULT OF CAPITAL INCREASE

#### 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 on Capital Increase is SAR 188.00 and it is expected to reach SAR 57.10 at the opening session next day, and the change represents a decrease of 69.63%. 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 on Capital Increase.

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 on Capital Increase + Value of Offer Shares) / (Number of shares at the end of the EGM on Capital Increase + the number of New Shares offered for subscription) = share price expected for the opening session on the day following the date of EGM on Capital Increase.

## 14. 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 18/08/1445H (corresponding to 28/02/2024G) and continue until 5:00 PM on 19/08/1445H (corresponding to 29/02/2024G). 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 (provided that it shall not be less than the Offer Price), 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 11/09/1445H (corresponding to 21/03/2024G).

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.

# 15.

## DECLARATIONS RELATING TO SUBSCRIPTION

### 15.1 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.

### 15.2 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 (if any) (in excess of the Offer Price) shall be distributed to the Eligible Persons no later than 11/09/1445H (corresponding to 21/03/2024G). Excess Unsubscribed Shares shall be purchased under the offer price 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 24/08/1445H (corresponding to 05/03/2024G).

### 15.3 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.

## 15.4 Trading the Company's shares in 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 Current 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.



## 16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office in Riyadh, Building No. 3704, King Abdullah Branch Road, Al Mughrizat District, during official working hours, from 9:00 am until 5:00 pm fourteen (14) days before the date of the EGM on Capital Increase 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 issued on 26/06/1445H (corresponding to 08/01/2024G).
- The approval of the Saudi Stock Exchange Company (Tadawul) on the listing of Rights Issue issued on 13/02/1445H (corresponding to 29/08/2023G).
- Board of Directors' recommendation to increase capital through Rights Issue issued on 07/09/1444H (corresponding to 29/03/2023G).
- The Extraordinary General Assembly's approval to the offering of shares issued on 25/07/1445H (corresponding to 06/02/2024G) (will be made available for inspection upon the issuance of the General Assembly resolution).

### Reports, Letters, and Documents After the Resolution of the Assembly

- Underwriting Agreement referred to in Section 10 "Underwriting Agreement".
- Written approval by the Financial Advisor, Underwriter and Lead Manager (Alinma Investment) to list its name, logo and any statement it has provided in this Prospectus.
- Written approval by the Legal Advisor (Abdulaziz I. Al-Alajlan & Partners, Lawyers and Legal Advisors) to include its name, logo and any statement it has provided 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 Financial Years ending on 31 March 2021G, 2022G and 2023G in this Prospectus, and to publish the certified accountants report.
- Written approval from Arthur D. Little Saudi Arabia to include its name, logo and any statement it has provided in this Prospectus.
- The feasibility study and a future work plan prepared by Arthur D. Little Saudi Arabia.



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