

تِهَامَة  
tihama



A Long-Standing Cultural Legacy

**Tihama Advertising, Public Relations and Marketing Company  
(Under Financial Reorganization)  
Financial Reorganization Proposal**



### **Confidentiality Notice**

This document contains confidential information related to a financial reorganization procedure for Tihama Advertising, Public Relations and Marketing Company (C.R. No. 1010016722) (the “Company”, “Tihama” or “Debtor”), in addition to information about a Proposal for a financial reorganization procedure, its implementation mechanism, work plan and the matters related to intellectual property, designs, trademarks, documents, customer data, and disclosed financial statements. Whoever has access to this document and its appendices hereby undertakes to maintain confidentiality of their confidential information and not to use that information for purposes other than its intended purposes, or share, disclose or otherwise make available this confidential information to any third party by any means whatsoever.

## Table of Contents

Executive Summary.....	4
1. Overview of the Debtor and its Activity .....	5
2. Statement of Debtor's Financial Position and Effects of Economic Situation thereon.. خطأ الإشارة المرجعية غير معروفة.	
3. Debtor's Assets and Total Value.....	10
4. Third-Party Guarantees .....	11
5. Proposal Guarantees by Debtor Owners .....	11
6. Assets of Debtor under Debt Guarantee.....	12
7. Debtor Assets and Value Excluded from the Proposal .....	12
8. Assets not Owned by Debtor to Be Included in Proposal.....	12
9. Statement of Claims and Lawsuits Filed by Debtor.....	12
10. List of Debts Owed by Debtor:.....	13
11. Claims and Lawsuits against Debtor: .....	13
12. Details of Proposed Settlements: .....	14
13. Dates and Value of Distributions to Affected Creditors:.....	14
14. Conducting Business Activity during Validity of Procedure: .....	15
15. New Financing:.....	15
16. Cross-border Bankruptcy Proceedings, Existing or Potential: .....	15
17. Classification of Creditors: .....	15
18. Voting on Proposal Procedures: .....	17
19. Circumstances for Proposed Plan Amendments:.....	18
20. Addressing Late Claims Not Included in the Proposals: .....	18
21. Implementation Timelines .....	19
22. Financial Restructuring Proposals .....	19

## Executive Summary

Tihama Advertising, Public Relations and Marketing Company (“Tihama” / the “Company”) has prepared this Financial Reorganization Proposal based on its experience spanning about 50 years, as well as in-depth studies of the Saudi market and its current and future trends, while taking into account local and global economic cycles. The Company believes in its ability to continue its business journey, implement the financial plan mentioned in this Proposal, and fulfil its financial obligations, thus guaranteeing the rights of its creditors continuing as a going concern.

**Summary of Proposal:** The Financial Reorganization Proposal is summed up in repaying the Company’s obligations within 21 days from the date on which the court finally approves the Proposal, with a deduction of 70% for the commercial government entities as per the payment schedules presented in addition to a 70% deduction for creditors groups mentioned herein.

**Why the financial reorganization:** The Financial Reorganization Proposal, if approved, would achieve the common interest of all parties by paying the creditors’ entitlements while the Company remains as a going concern and maintains and consolidates its future relationship with all creditors, which serves the interests of all.

We firmly believe in our ability to fulfill our obligations if this Proposal is approved. This Proposal guarantees that the Company continues its business activities under the supervision and follow-up of the trustee appointed by the Commercial Court until payment is completed.

The insolvency currently experienced by the Company is due to the following reasons:

1. COVID-19 pandemic, which led to a remarkable decrease in the number of point of sales and stores managed by the Company as well as a drop in the Company’s investment proceeds due to COVID-19 precautionary measures, eventually leading to a drastic decline in sales and of course Company’s profits.
2. The enforcement orders caused the Company’s bank accounts to be frozen, and thus precluded the Company from continuing its business, leading to Company’s inability to pay its obligations and consequently an increase in number of legal claims raised against it by various government agencies, employees and suppliers.
3. The drop in billboards proceeds.

During the past period, the Company has taken serious steps to stop its losses and maintain its business continuity in the future. These steps were implemented through well-planned internal workshops and appointing a number of corporate management and financial experts, resulting into this restructuring proposal that focuses on the following points:

1. **Financially:** to increase the Company’s capital by SAR 350 million, bringing the total capital to SAR 400 million after it was only SAR 50 million. The subscription and collection of the target amount were completed. These amounts will be used to pay creditors’ claims according to the prospectus that was announced, and most of the amount will be invested in supporting Company’s investments, guaranteeing it sufficient cash flows for future expansion.
2. **Focus:** The Company decided to focus on the most sought-after and profitable services and investments within the area of the Company’s activity and investments in order to increase the working capital turnover.
3. **Administratively:** The Company has onboarded new talents in the financial, administrative, and sales fields with a view to informing its decisions for the best interest of its business and employees, as well as to increasing its sales and promoting collection of dues.
4. **Costs:** The Company has studied and rationalized its costs at all levels.
5. **Investments:** The Company has cancelled its unprofitable investments and began closing or exiting them.

## 1. Overview of the Debtor and its Activity

### 1.1 Background

The Company was established in 1403 AH as a public joint stock company with a current capital of SAR 40 million, distributed to forty million ordinary shares, with a nominal value of ten Saudi riyals each.

The Company carries out its activities under Commercial Registration No. (1010016722) dated 08/07/1398 AH, and under License no. 23232 issued by the Ministry of Media (formerly Ministry of Culture and Media) on 02/12/1412 AH. The Company's shares have been traded in Saudi Exchange under code 4070 for about 40 years.

### 1.2 Company's Main Activities

According to Company's commercial registration, it runs its business as an advertising and promotion agency.

The Company's activities, as stated in its articles of association, are as follows:

1. Advertising activities in all forms, including visual and audio advertising, manufacturing of advertising materials of all kinds, developing existing advertising tools, and inventing and marketing new advertisement techniques.
2. Carrying out public relations work, including organizing conferences, seminars, holding exhibitions, etc.
3. Media production: such as publishing, preparing books, specialized periodicals, manuals as well as production of radio and television shows
4. Printing of all kinds of its own publications and for third parties.
5. Wholesale and retail trade in stationery, import and sale of office and school tools and supplies, advertising gifts, children's toys and non-fire supplies, books, educational aids, office furniture and equipment, engineering tools, computers and their accessories and software (applications, systems and data bases), gaming devices, memory cards, related service and maintenance works, stationery, telephone communications equipment and accessories, sports and scouting equipment, paper, cardboard and products made from these materials, printings, bookbinding materials, photographs, stationery, adhesives used in stationery or household purposes, art materials, paint brushes, mentoring and teaching materials and plastic packaging materials, printing letters, clichés, clothing and foodstuffs, applying for government and private tenders, importing materials used in the manufacture and printing of indoor and outdoor billboards, including wood, iron, metal and plastic materials and the related electrical supplies, neon, inks, paints, printing films and papers, and hiring necessary skilled labor for such purposes.
6. Distribution of printed materials: such as newspapers, magazines, periodicals, and books. The Company may hold shares or enter as a partner in similar companies running similar business, to help it achieving its purpose or to complement its business, including to merge into or purchase such companies.
7. Commercial agencies within the Company's purposes after obtaining the necessary licenses and registering these agencies in the commercial agencies register after obtaining the necessary approvals from the competent authorities.
8. Training: The Company may engage in training and education activity, and to that end it may establish centers for delivering classes in computer, administration, accounting, typewriters, and languages, after obtaining the necessary approvals from Technical and Vocational Training Corporation and from the competent authorities.
9. Management and leasing of owned or rented (residential) properties.
10. Management and leasing of owned or rented (non-residential) properties



### 1.3 Sectors related to Company's Business:

#### 1.3.1 Advertising Sector

The road advertising activity began with the launch of the Company in 1975 AD and developed since then in terms of form and the amount of investments directed to this activity. The beginning of this activity coincided with the opening of a workshop to serve road advertising media. The Company has focused on expanding its road advertising activity to cover all parts and main roads of the Kingdom's regions and cities. The Company's active engagement in this activity has contributed to the use of cutting-edge technologies that consolidated this industry in the Kingdom. The Company is also currently one of the largest companies working in the field of road advertising and has won many tenders launched by the Kingdom's municipalities.

During its business journey, Tihama has been able to consolidate its position as a leading advertising company, having won the exclusive franchise for a select of advertising media, international newspapers and magazines, and a number of Arab satellite channels.

The Company is currently moving to keep pace with the latest technologies, use its expertise in the field of advertising, and expand electronic advertising services and digital platforms.

The Company places technology at the heart of its future strategy, moving towards embracing state-of-the-art and emerging technologies, which focus on speed, efficiency and continuous development and are considered as an effective tool that helps in developing business and services, and providing new and innovative solutions to the complex challenges currently faced by businesses.

The Company is known for its extensive experience in the field of advertising, and is willing to employ this experience to improve and develop its services.

Therefore, the Company is moving towards expanding e-advertising services and digital platforms, which is considered one of the most effective channels at the present time, thanks to its ability to reach a large audience of potential customers worldwide, at a much lower cost compared to regular advertising means.

Therefore, the Company believes that moving to digital platforms and e-advertising is the next natural step in its development and growth, as it intends to make the most of these new technologies to achieve its goals and to succeed.

#### 1.3.2 Library and Retail Sector

Tihama Bookstore Company is one of the most well-established retail companies in the Kingdom with a history spanning more than 30 years. It is one of the pioneer companies specialized in the field of libraries and stationery in the Kingdom. With the passage of time and the change in habits and developments that appeared on the scene and led to a decline in demand for books and a decline in the habit of reading, and a decrease in people's orientation towards printed books. All this has led to the publishing sector and libraries facing many difficulties that led to losses.

During 2018, the Company entered the retail sector through the establishment of Tihama Education Company, a limited liability company, with the aim of providing training and educational development services, and the Company's activity was modified to become retail trade.

The Company owns the exclusive rights to distribute the products of the globally well-known trademark, WH Smith, in the Kingdom of Saudi Arabia.

**Tihama Education Company serves the Saudi market through the following sales channels:**

- **Retail Department:** Retail showrooms in Al Habib Hospital in Dammam.
- **Airport branches:** Two branches at King Khalid International Airport in Riyadh, and six branches at King Abdulaziz International Airport in Jeddah for the sale of entertainment products, sweets, and travel accessories. The company has the right to using the WH Smith trademark, one of the most important trademarks for shop operators in airports around worldwide. An agreement was signed to add 14 branches at all airports in the Kingdom.

### 1.3.3 Distribution Sector

Tihama Distribution Company (a subsidiary company) is currently managing and operating the exclusive agency contract for products of Houghton Mifflin Harcourt (HMH). The agreement was renewed between Tihama Distribution Company and Education Technology Company - Houghton Mifflin Harcourt, which is the leading global provider of educational curricula for the educational period from kindergarten to high school. The agreement grants Tihama the right to exclusive distribution of Houghton Mifflin Harcourt products in KSA. The agreement is valid until December 2023 and includes a clause allowing it to be until December 2025.

Tihama Distribution and Harcourt established a successful partnership since 2010, to provide integrated educational services to more than 170 schools across the Kingdom. Tihama Distribution continues to develop its integrated services to its clients, including training and professional development.

HMH continues to innovate in the primary and secondary education market segment, focusing heavily on the digital first approach to designing and delivering educational curricula, leveraging digital platforms and the latest developments in educational technology.

### 1.3.4 Production Sector

The Company entered the production of film, commercials, awareness-raising and documentaries sector by contributing to the establishment of Integrated Production Company for Audiovisual Media Production (a subsidiary company).

The Integrated Production Company for Audiovisual Media Production specializes in the production of visual content in three main divisions:

- Production of television programs, series and movies.
- Production of commercials and advertising films.
- Production of visual materials intended for display in social media.

### 1.3.5 Entertainment Sector

Concept of entertainment has changed in the Kingdom after widespread of new technology and with the spread of live streaming platforms and digital content. The rise in positive demand for high-quality local content production has boosted local production industry and has strengthened spirit of creativity and entrepreneurship. Presence of new technologies, such as virtual reality and augmented reality, is a vivid example of modern technologies that have opened a new field for an era of interesting entertainment experiences.

The event management sector, which is closely linked to entertainment sector, is also witnessing great development. Continuous increase in the number of local and international entertainment, festivals and sporting events in recent years has highlighted the entertainment sector's need for advanced and effective strategies to manage entertainment events, including international forums, conferences and exhibitions, as it grows significantly in the Kingdom, making it an essential part of the economic diversification plan in conjunction with Vision 2030. Consequently, event management companies have an increased demand for innovative solutions and strategies that include use of advanced technology to ensure an integrated implementation that is compatible with Saudi Vision 2030.

Based on its deep experience in content development and media management, Tihama enjoys a distinguished position to be a comprehensive and reliable source for the entertainment sector and event management, providing a range of services, starting with innovative advertising strategies to development of outstanding content and professional management of events. Tihama strives to meet the various needs of this unique industry, keep pace with the increasing development in the entertainment sector and events, to ensure service sustainability and to generate large long-term profits.

#### 1.4 Company Vision

To be the pioneer and leading Company in KSA and the region, within the fields in which it operates, to make it the most advanced and keeping pace with the modern technology, and be the first and optimal choice for its customers and partners.

#### 1.5 Company Mission

The Company seeks creative ideas and advanced modern technology in its fields wherever they exist, investing in promising, new and innovative opportunities to dedicate its leadership in the market, and provide added values to its partners and shareholders.

#### 1.6 Corporate Strategy

To work to turn achievement into a role model, credibility to global brands, experience to knowledge, trust to commitment, need for technology, vision to innovation, partnership to pride, passion to growth and ideas to a promising future.

#### 1.7 Strengths and Competitive Advantages of Company

- The pioneering and leading Company in KSA within the fields, in which it operates.
- Work to expand and develop business in various fields and sectors of the Company.
- Strong and strategic partnerships with leading global companies in its field.
- Full commitment to the values of truth, honesty and transparency in dealing with customers, shareholders and stakeholders.

#### 1.8 Overview of the Market

External advertising is an important and essential means for advertising agencies as well as for their customers. A large billboard with a striking visual appearance will attract the attention of consumers more than any other media. The main reason for importance of outdoor advertising is the nature of its ubiquitous spread, its presence in the outer perimeter around us and the ease of its presentation to a large number of passers-by.

While an advertisement in a newspaper or magazine can be skipped or overlooked, or a time-out for a commercial on television or the Internet can be avoided by switching channels (or even fast forward through digital video recorders), a large billboard or even a series of Mobi advertisements in malls or Megacom boards may be impossible to ignore while passing by, commuting, walking or shopping.

This unique nature of this advertising medium makes it an indispensable choice for all major marketing campaigns and a way to build a brand,

#### **Factors Affecting the Future of this Market:**

**First:** The strong growth in KSA's external billboard market is attributable to the sustained growth of Saudi economy. Saudi Arabia is one of the largest economies in the region, witnessing continued economic diversification and large investments in infrastructure and key sectors. This means increased economic and commercial activity, and therefore increased demand for external advertising.

**Second:** Technological development is transforming the external billboards market. As technology advances and becomes less expensive, external billboards become more interactive and attractive. Advanced technologies such as digital screens and smart and interactive lighting are used to create billboards with dynamic and innovative content that captures the public's attention. For example, digital screens can be used to display variable advertisements according to time or conditions, increasing the effectiveness of advertisements and their ability to communicate with the target audience.

**Third:** KSA external advertising industry is moving towards digitization and innovation. With the increasing use of smartphones and social media, companies and advertisers are increasingly relying on digital and interactive advertising. Companies tend to invest in external advertising that fully integrates with the digital world, such as smart boards that enable interaction with the public and provide a unique, personalized experience for consumer.



**Fourth:** KSA is witnessing a major expansion in infrastructure and development of roads and cities. The Saudi government is investing heavily in improving infrastructure, especially in areas of roads and public transportation. This expansion leads to an increase in traffic and presence of people in public places, which enhances the demand for external billboards as a way to reach the public and increase public presence.

It is often the preferred choice for advertising the launch of major campaigns and new advertising. This medium has succeeded in surviving and competing with other means due to its multiple features that are not found in any of the other means of advertising.

The performance of advertising market in KSA is closely related to KSA's economic outlook. However, spending on outdoor advertising has been variable and does not adhere to the usual pattern. Compared to the growth trends witnessed by the world, the rise in foreign advertising spending in the KSA has been volatile. The point worth mentioning is that despite the recession and declines in advertising spending during the years 2016 -2018, outdoor advertising spending in the KSA gradually recovered by 2018. This is what boosts increased spending on outdoor advertising. It also reinforces the idea that outdoor advertising is the preferred medium for advertisers and confirms that the trend of external advertising is influenced by the economic cycle and the direction of spending as a key determinant and not the factors of competition from other media of available advertising channels. Other factors contributing to this growth include government external advertising expenses and the benefits of digitizing many inland sites in the region.

### **1.9 Company Structure and Ownership**

Tihama carries out its activities through 18 companies and investments, of which 4 are core subsidiaries, 7 are non-core subsidiaries and 7 are investments.

## 2. Statement of the debtor's financial position and the effects of the economic situation on it

The company recorded a significant decrease in profitability during the period ending March 31, 2023. The decrease was attributed to:

**1. The circumstances of the Corona pandemic led to a noticeable decrease in the number of sales centers and stores managed by the company and a decrease in the company's investment income based on the precautionary measures to combat the Corona pandemic, which resulted in a severe decrease in the volume of sales and thus a decrease in the company's profits.**

**2. The implementation provisions led to the freezing of the company's bank accounts and prevented the company from continuing to conduct its business, which also led to the company's default and inability to pay its obligations, which led to more judicial problems with various government agencies, workers and supplying companies.**

**3. Decrease in billboard revenues due to the lack of funds needed to support the implementation of new projects.** It should be noted that billboards are located in areas leased from municipalities and other government agencies, and therefore securing and/or renewing contracts usually requires high bank guarantees as part of the bidding process. Given the liquidity constraints faced by the company, the majority of the company's contracts were not renewed and therefore the number of contracts signed decreased significantly between the years 2022 and 2023.

### 2.1 Financial statements for the fiscal year ending March 31, 2023

The financial statements for the fiscal year ending March 2023 (as published on the Tadawul website) are located in Appendix 4 of this proposal.

### 2.2 Revenue (March 2023)

The company's revenues increased from 76.3 million riyals in 2022 to 81.8 million riyals in March 2023.

### 2.3 Cost of Revenue (March 2023)

Cost of revenue consists primarily of billboard location rentals. The company's revenue cost decreased from 61.1 million riyals in 2022 to 50.2 million riyals in March 2023.

### 2.4 General and administrative expenses (March 2023)

General and administrative expenses consist of employee salaries and benefits, professional fees, and consulting. General and administrative expenses increased from 28 million riyals in March 2022 to 52 million riyals in March 2023 as a result of an increase in employee salaries and benefits and professional and consulting fees.

### 2.5 Share of business results of associates (March 2023)

The share of the results of the operations of associate companies is linked to the share owned in the Tihama Education Company and the Integrated Production Company for Audiovisual Media Production. The value of the share of the results of the operations of associate companies decreased from 8.1 million riyals in 2022 to 6.2 million riyals in March 2023.

## 2.6 Net income for the year (March 2023)

The company recorded an increase in losses from losses worth 37.7 million Saudi riyals in March 2022 to 57.5 million riyals, and this was due to an increase in operating expenses.

## 3. Debtor's Assets and Total Value

The net asset value is 148,507,448 riyals (one hundred and forty-eight million five hundred and seven thousand and four hundred and forty-eight Saudi riyals) as of March 31, 2023.

### Details of assets

amount	clarification
	<b>Non-current assets</b>
5,388,150	Property and equipment
30,814,983	Right to use assets
22,970,062	Investments in associated companies
990,210	Trade receivables
135,002	Intangible assets
	<b>Current assets</b>
30,255,601	stock
27,814,049	Trade receivables
141,473	Due from related parties
29,997,918	Cash and its equivalent
<b>148,507,448</b>	<b>total</b>

It is worth noting that the capital was increased by an amount of 350,000,000 riyals (only three hundred and fifty million riyals) on April 2, 2023, which is a new financial year. For your information, the General Assembly of Shareholders approved the payment of the company's debts from a capital increase in the amount of 81,169 million riyals (only eighty-one thousand one hundred and sixty-nine riyals), according to what was stated in the prospectus. Whereas the proposal was prepared to comply with the above principles

## 4. Third-Party Guarantees

**Statement of any guarantees provided by third party for debt owed by the debtor, and a statement of any such guarantees provided by a related party.**

There are no guarantees provided by a third party for debt owed by the debtor.

## 5. Proposal Guarantees by Debtor Owners

Any in kind or personal guarantees for the proposal provided by the debtor's owners or managers or by any other person

There are no in-kind or personal guarantees for the proposal by the debtor's owners or managers or any other person for debt owed by the debtor.

## 6. Assets of Debtor under Debt Guarantee

Debtor's assets subject to guarantee for a debt, consist of a deposit amounting to SAR 20,751,000 in the Saudi National Bank.

## 7. Debtor Assets and Value Excluded from the Proposal

No assets of debtor are excluded from this proposal

## 8. Assets not Owned by Debtor to Be Included in Proposal

**Detailed data on debtor's non-owned assets to be included in the proposal, and a statement such assets' sources and any associated conditions**

There are no debtor's non-owned assets to be included in this proposal.

## 9. Statement of Claims and Lawsuits Filed by Debtor

Statement and estimated value of claims and lawsuits filed by the Company on the date of submitting the proposal to the court or any cases likely to be filed.

SN.	Defendant	Claim no.	Type of claim	Estimated value	Party examining the claim
1	Tihama's Previous board of directors	264/1443	Liability claims	56,496,247	General Secretariat of Committees for Resolution of Securities Disputes
2	Fayez Al-Mutairi	38894406	Good loan refund claim	3,000,000	Execution Court
3	Nasser bin Saleh bin Abdul Rahman	337/2021	Execution request	AED 3,825,773	Dubai Execution Court
4	Kanayen General Trading Company	3307/2021	Execution request	AED 1,217,925	Dubai Execution Court

## Summary of Judgments and Procedures for Company Financial Reorganization

Based on Company's right to benefit from proceedings of the Bankruptcy Law, Tihama Advertising, Public Relations and Marketing Company filed an application for the opening of financial reorganization procedure on 09/04/1444 AH, and the Ninth Circuit of Commercial Court in Riyadh decided to initiate Company's financial reorganization procedure by virtue of its judgment dated 13/05/1444 AH issued in Case No. (79) of 09/04/1444 AH.

The Court appointed Mr. Osama bin Sulaiman Al-Sudais as trustee of the procedure and set the deadline for submitting the proposal 150 days from the date of opening the procedure. However, due to the delay in approving the list of claims, the Court extended the deadline for submitting the proposal for another 150 days on 13/10/1444 AH.

As stipulated in Bankruptcy Law, the debtor must prepare and submit to the court, with the assistance of trustee, proposal for financial reorganization within an appropriate period, provided that the proposal includes data and information contained in Article (16) of the Implementing Regulations, which in its entirety revolves around the debtor's financial situation, assets, debts and guarantees, proposed settlements, creditor repayment mechanism and the debtor's conduct of its business.

The financial reorganization procedure is the tool and means of ensuring that the company rectifies its financial activity and builds a financial and economic base capable of meeting its requirements, burdens and obligations to all creditors. Since this procedure is subject to Court's supervision and exercised under the supervision of bankruptcy trustee, the Company was keen to disclose therein all

facts, information and data, which accurately indicates its financial position, and means to overcome the default within a specified period, in accordance with a coordinated plan that achieves legal protection for all creditors and equalizes them fairly.

To this end, the Company has endeavored to limit its claims and to classify all creditors according to classification requirements and demands set out in the Law, and to work on clarifying the mechanism through which it will work to carry out its financial reorganization so that it can increase its capital to repay creditors and improve its economic performance to be effective in the manner and purpose for which it exercised its activity.

#### **10. List of Debts Owed by Debtor:**

##### **10.1 Debt Value:**

Total debt amounts to SAR 109,351,477

##### **10.2 Handling Creditors' Claims:**

Statement of how to handle Creditor claims, including claims from secured creditors and those claiming to be secured creditors.

They shall be handled based on their respective categories as outlined in this Proposals.

##### **10.3 Suggested Way to Deal with Related Party Creditors:**

Creditors who are related parties shall be dealt with according to their respective categories as outlined in this Proposal.

- Circumstances that could potentially lead to claims under Chapter (XIII) of the law shall be disclosed upon the initiation of liquidation procedures, and any Proposal for providing partial or full compensation to the Debtor under such circumstances shall also be addressed.

##### **10.4 Potential Claims:**

As the primary objective of the Company's Financial Reorganization Proposal is to fully repay all of its debts and set necessary plans accordingly to address all claims including potential debts that may arise following the ratification of the Proposal. As such, these claims include the following:

- Claims that have been rejected by Debtor and are currently pending before Courts.
- Claims received from government authorities (such as Zakat and Income, Insurance, etc.) for previous years, which were rejected by Debtor.

If the Company receives any approved claims, it shall, through its Financial Department, review them before being referred to the Secretary for decision. If approved by the Secretary, a request for inclusion and amendment of the Proposals will be made. Creditors who fail to submit their claims within the specified period mentioned in Article 56 of the Bankruptcy Law will be excluded from voting on the Proposals unless they prove any of the following to the Court before voting:

1. They submitted their claim, but it did not arrive due to reasons beyond their control;
2. Debtor has removed their claim from the list submitted to the Secretary;
3. Secretary has removed their claim from the list submitted to the Court.

#### **11. Claims and Lawsuits against Debtor:**

This statement provides an overview of the claims and lawsuits filed against the Company as of the date of submitting the Proposals to the Court, or any anticipated lawsuits, along with their respective values:

#	Claimant	Claim No.	Claim Type	Estimated Value	Judging Entity
---	----------	-----------	------------	-----------------	----------------



1	Eastern Province Secretariat	1895	Financial claim	SAR 1,820,621	Final Judgment
2	Riyadh Municipality Secretariat	1443-3569 AH	Financial claim	SAR 1,000,000	Final Judgment

### 11.1 Total Claims Submitted to Procedure Secretary:

The number of claims submitted to the Procedure Secretary amounts to 62 claims, with a total value of SAR 60,301,119; out of them, Secretary has accepted claims worth SAR 59,205,631, and after Court review, a value of SAR 58,921,584 in claims has been approved.

#	Categories	Creditor Name	Total Value Approved by Court	% category amount of total claims
1	Category 1	Suppliers	16,769,979	28.46%
2	Category 2	Banks	20,836,481	35.36%
3	Category 3	Government Regulatory Authorities	12,657,166	21.48%
4	Category 4	Employees	8,657,956,84	14.69%
5	Category 5	Commercial Government Entities	0	%0.00
6	Category 6	Undistributed Profits of Credit	0	%0.00
7	Category 7	Fractional Shares of Credit	0	%0.00
	Total		58,921,584	

### 12. Details of Proposed Settlements:

This section provides details of any settlements proposed, including the restructuring of Debtor's business, activities, capital, or both current and non-current debts. Proposed settlements may involve reducing debts, postponing payment, paying in installments, converting them into Debtor's capital, among other arrangements.

It is important to note that the Company's capital has been previously increased, and no new settlements are proposed at the time.

### 13. Dates and Value of Distributions to Affected Creditors:

Creditors shall be paid according to the following schedule once the Court's ratification of the Proposals becomes final:

#	Creditor Name	Credit Value	% of Payment	Dates of distributions
1	Suppliers	18,977,700	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
2	Banks	20,751,481	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
3	Government Regulatory Authorities	10,561,129	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
4	Employees	9,252,700	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final. Besides, end of service and other due payments will be paid.

5	Commercial Government Entities	11,082,327	30%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
6	Undistributed Profits of Credit	2,642,626	30%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
7	Fractional Shares of Credit	4,058,624	100%	Payment will be made once the beneficiaries or their claim are identified
	<b>Total</b>	<b>77,326,587</b>		

#### 14. Conducting Business Activity during Validity of Procedure:

The Company shall continue to carry out its usual business operations within the framework and under Regulations of Financial Reorganization Law, adhering to business control rules outlined in this Proposal. Furthermore, the Company shall establish a new specialized department to control the financial restructuring process while seeking to build trust and ensure objectivity in the restructuring process implementation. This department aims to carry out the following:

1. Developing a well-thought-out, clear, and actionable plan;
2. Monitoring the implementation of the plan's steps to achieve desired goals;
3. Managing cash flow and liquidity within the Company;
4. Facilitating coordination between the various teams and departments involved in the restructuring processes.

#### 15. New Financing:

Detailed data on any new financing the Debtor wants to obtain, and how to fulfill it:

There is no new financing that the Debtor intends to obtain.

#### 16. Cross-border Bankruptcy Proceedings, Existing or Potential:

There are no existing or potential cross-border bankruptcy proceedings.

#### 17. Classification of Creditors:

The financial study, classification of creditors, their rights, and the scheduling mechanism have been prepared in accordance with Bankruptcy Law, its Implementing Regulations, and Company's capacity to fulfill its existing and future activities and projects, while also meeting its previous and future obligations.

Article 74 of the Bankruptcy Law stipulates that "If there are numerous Creditors with Debts or rights of different nature, then the Debtor must classify them into categories as stipulated in the Regulations." The Bankruptcy Law Regulations provide criteria for classification of creditors, as outlined in Article 16, which takes into account factors affecting their classification, including:

1. Each category should comprise holders of similar rights;
2. How much do Proposals affect these rights and classification of Creditors into multiple categories

**Creditors have been classified into the following categories:**

1. Suppliers
2. Banks
3. Government Regulatory Authorities
4. Employees
5. Commercial Government Entities
6. Undistributed Profits of Credit
7. Fractional Shares of Credit

Category No. 6 includes undistributed profits from 2003-2007, while Category No. 7 includes fractional shares and unsubscribed shares. The fifth, sixth, and seventh categories have been excluded from voting as no acceptable claims were submitted.

**The table below illustrates the distribution of Creditors according to their categories for the purpose of voting:**

# of Category	Category	No. of Creditors in the Category
1	Suppliers	8
2	Banks	2
3	Government Regulatory Authorities	2
4	Employers	45
Total		57

### 17.1 Impact on Creditors

A proposed discount of 70% has been suggested for the fifth and sixth categories. The details of the debt and the impact of the discount are provided in the following table. Besides, it should be noted that all Creditors will be paid within 21 days from the date on which the Court's ratification of the Proposals becomes final.

# of Category	Creditor Name	Credit Value	% of Category of Total Credit	% of Discount	% of Payment	Payment Period
1	Suppliers	18,977,700	25%	0%	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
2	Banks	20,751,481	27%	0%	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
3	Government Regulatory Authorities	10,561,129	14%	0%	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
4	Employees	9,252,700	12%	0%	100%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final. Besides, end of service and other

						due payments will be paid.
5	Commercial Government Entities	11,082,327	14%	70%	30%	Within 21 days from the date on which the Court's ratification of the Proposals becomes final.
6	Undistributed Profits of Credit	2,642,626	3%	70%	30%	Payment will be made once beneficiaries or their claim are identified
7	Fractional Shares of Credit	4,058,624	5%	0%	100%	Payment will be made once beneficiaries or their claim are identified
Total		77,326,587				

## 18. Voting on Proposal Procedures:

### Invitation for Holding and Management of the Meeting:

1. Debtor invites Creditors to vote on the Proposals after obtaining approval from the Secretary.
2. Secretary oversees the voting on Proposal meeting.
3. The Secretary may, if necessary, postpone the meeting for a maximum period of fourteen days (14) from its scheduled date.
4. In case the designated Meeting director is unable to attend, it must provide a written delegation to a suitable representative to oversee the meeting.
5. Meeting Director is responsible for making necessary preparations for the meeting, considering its nature and number of attendees. Moreover, they are committed to providing ample opportunity for active participation and voting by attendees.
6. It is permissible to conduct any of the meetings, their deliberations, and voting on decisions using modern technological means.

### Inviting Third Parties to the Meeting:

Convener of any of the aforementioned meetings may, when required, invite relevant parties to attend the meeting without granting them voting rights.

### Reporting and Communication:

1. Notification of any of the meetings must be given at least fourteen days (14) before the scheduled date. This period may be shortened, if necessary, with the approval of the Court.
2. Without prejudice to legal obligations and regulations, the notification of any of the meetings should include purpose, agenda, and the convener may announce the meeting on Bankruptcy Committee's website.

### Meeting Minutes:

Meeting Director is responsible for preparing the minutes, which must include the following:

- a. Date, time, and location of the meeting.
- b. Resolutions voted on during the meeting and the outcome of each vote.
- c. Number of Creditors present, their names, positions, values of their voting rights, and the voting procedures they followed on each resolution, whether in person or via technological means.
- d. Statement of the voting outcomes for each decision, including number and percentage of votes.
- e. Indication of the level of approval achieved by voters at the voting meeting on the Proposal, based on the type of procedure.
- f. Inclusion of any other relevant information deemed appropriate by the Meeting Director.

**Deposit of Meeting Minutes:**

1. Secretary is obligated to deposit the minutes of the creditors' meeting with the Court within five days (5) from the meeting's conclusion.
2. Meeting Director must promptly inform all voters of meeting's outcomes upon its conclusion.

**19. Circumstances for Proposed Plan Amendments:**

During the implementation of the Plan, it may be necessary to propose amendments and resubmit it under the following circumstances:

1. Force majeure events;
2. Major and sudden changes in the exchange rate between the USD and the Saudi Riyal;
3. Increases in taxes and operational fees;
4. Increases in customs duties;
5. Outbreak of new pandemics;
6. Cessation of subsidiary activities;
7. Inability to collect receivables or bankruptcy of major Debtors.

If an amendment to the plan is required, it shall be submitted by us or by the Secretary, who oversees implementation of the plan. The amendment shall be offered to owners and Creditors for voting, following the same procedures and rules applicable to the original Proposals.

**20. Addressing Late Claims Not Included in the Proposals:**

Article 16 of Bankruptcy Law Implementing Regulations addresses topics that must be covered by the Proposal, including late claims that were not initially included by the Debtor. However, the Law and its Implementing Regulations do not provide a clear definition or criteria for determining these claims, apart from the fact that the Debtor did not include them in the Proposals. There is ongoing controversy regarding the scope of late claims, particularly since Article 63 of Bankruptcy Law obligates Creditors to submit their claims to the Secretary, regardless of their nature (immediate, deferred, conditional, potential, etc.), as long as they hold current or future financial value.

With this wide range of the claims that the Creditors must submit to the Secretary, it is not imagined that there are late claims that were not mentioned in the Proposal.

We believe that the term "Late Claims" for the purpose of this Proposal refers to rights that originated before the commencement of the procedure but were not substantiated or recorded in Company's records due to various reasons and Creditors failed to submit these claims to the Secretary within the statutory period. However, the Company will allow right holders the submission of such claims throughout the plan's implementation period, which shall be handled with utmost professionalism through its financial management. The claims will then be evaluated and assessed by the Secretary, who will provide an opinion on them. If approved by the Secretary, Proposals will be amended to include the accepted and approved late claims.



If the Proposal is closed and implemented, the Company shall not bear any legal responsibility for claims arising prior to the implementation of the Proposals. The creditor's claim would be considered excessive and invalid.

## 21. Implementation Timelines

Tihama Advertising, Public Relations and Marketing Company seeks to uphold its name, history, and reputation among Creditors in the Saudi market; therefore, the Company's Management has decided to settle all outstanding balances owed to Creditors at the time the Financial Regulation Procedures are initiated within 21 days from the date on which Court's approval of the Proposals becomes final. It is anticipated that the Court will ratify the Proposal by the end of November 2023, setting the potential repayment date as January 7, 2024.

## 22. Financial Restructuring Proposals

### 22.1 Proposals Preparation

**The proposal has been developed after a thorough analysis of Company's performance over the previous period. An integrated strategy has been formulated, taking into account the following key areas:**

1. Comprehensive examination of Company's assets, products, and workforce has been conducted. This analysis has culminated in the creation of a realistic financial model based on historical profit, cost, and sales data. The model accurately reflects Company's capabilities and aligns with market requirements.
2. Detailed assessment of Company's organizational structure, operations, and supplier relationships has been carried out. As a result, priorities have been established for dealing with suppliers and implementation of a new, more agile organizational structure, that is responsive to market demands and reduced costs. Most of the recommended changes have already been implemented, yielding positive outcomes.
3. Findings of all conducted studies and proposed plans have been thoroughly discussed with Company's Director and board of directors. Their approval of the plans and their commitment to their successful execution have been obtained.

### 22.2 Proposal Summary

The Proposal is centered on settling the debts within 21 days of the Court's final ratification. The financial restructuring process is planned to proceed through the following stages:

1. **Analysis and Diagnosis Stage:** This stage involves analyzing the underlying causes of Company's financial difficulties.
2. **Planning Stage:** In this stage, necessary strategies and plans are prepared, covering business operations, business control, and financial plans required for settling outstanding dues with suppliers and other creditors.
3. **Creditor Agreement Stage:** The objective of this stage is to secure creditors' agreement and obtain their approval of the proposed plans for the Company's operational revival and its ability to carry out financial plans necessary for business continuity. It also involves ongoing communication with banks, suppliers, and various judicial, financial, and commercial government entities. All activities shall be carried out under the supervision of the Secretary appointed by the Commercial Court.
4. **Implementation Stage:** This stage encompasses executing operations and ensuring availability of necessary liquidity to settle creditors' dues. Moreover, it involves providing financial support to Company's core business by expediting capital turnover and debt collection processes.
5. **Stabilization Stage:** This stage focuses on expanding sales outlets at airports, increasing profitability, and executing Creditor repayment plans, through defining performance standards

essential for successful plan implementation and adapting plans to address various market conditions and risks. Additionally, it entails selecting the most profitable and high-selling products to prioritize.

**The financial restructuring Proposal has been developed on a strong foundation to ensure the following:**

1. Utilization of logical expense and profit ratios based on historical data and achieved savings resulting from restructuring operations. Emphasis is placed on fast-selling and highly profitable services and products;
3. Acceptance by creditors;
4. Ability for implementation;
5. Ability to measure successful plan implementation;
6. Realistic implementation timeline;
7. Sustained continuity of Company's core advertising and marketing business.

Implementing Financial Reorganization Proposals shall reinstate Company's leadership position, strengthen its financial standing, and restore profitability. It will achieve a balance between available liquidity, debt obligations, Creditor repayment requirements, and, hopefully, facilitate Company's renewed growth.

#### **Second: Establishing Stability in the Restructuring Process:**

1. Identifying and overcoming obstacles hindering the implementation of the restructuring process.
2. Maintaining continuous communication with Board of Directors, Company management, creditors, suppliers, customers, and business community to disseminate the restructuring process outcomes and achieve consensus on its outcomes.

#### **22.3 Procedures for Proposal Implementation:**

The Company shall continue its regular operations within the framework of financial reorganization controls, adhering to the business control rules specified in the Proposal

#### **22.4 Compliance with Fairness Standards:**

In this Proposals, we have ensured adherence to fairness standards through the following measures:

1. Observing the established Creditor voting procedures;
2. Providing sufficient information to Creditors regarding the Company, the proposed plan, and alternative options available to all parties;
3. Ensuring fairness and equality of the rights of all creditors.

#### **22.5 General Format of the Financial Restructuring Proposals:**

The proposed approach involves allocating a portion of the capital increase proceeds to settle the debt and another portion to support working capital for Company's primary activities.

#### **22.6 Financial Plan:**

No specific financial plan has been outlined regarding immediate payment obligations upon completion of the procedure.

#### **23. Operational Plan to Achieve the Proposals:**

Creditors will be paid within 21 days from the final Court ratification of the Proposals, utilizing the proceeds from the offering as per the payment plan mentioned above. The following operational plan provides insights into Company's future activities across various sectors.

##### **23.1 Investments, Share Acquisitions, and Partnerships:**

As part of Company's new strategy implementation, there is a focus on capitalizing on growth opportunities in the education, retail, and media sectors. This involves real estate investments in educational facilities, companies providing educational services, as well as acquisitions and partnerships in retail and media sectors. The objective is to achieve rewarding investments and

maximize value of Company's investment portfolio. Further details with regard to the intended investments and acquisitions are provided below.

### 23.2 Table of Investment and Acquisition Details:

Please refer to the table below for specific information regarding the investments and acquisitions that the Company intends to pursue.

Sector	Investment Amount in SAR
Real estate investments in educational establishments sector	40,000
Investments in Education Sector	40,000
Investments in Retail Sector	34,000
Investments in Media Content Sector	40,000
<b>Total</b>	<b>154,000</b>

### 23.3 Expansion and Restructuring of Retail Sector:

The Company aims to finalize its expansion operations in the retail sector, which were initiated in 2020. The Company holds the privilege of utilizing the globally recognized "W. H. Smith" trademark, an important brand for airport shop operators worldwide, through opening new retail branches for selling books, entertainment products, candy, accessories, and food items in the Kingdom's airports. The Company plans to capitalize on the growth in the healthcare sector by establishing branches in healthcare facilities and hospitals. Furthermore, the Company intends to benefit from the tourism sector's development under the Vision Program by opening branches in hotels, and limited expansion in the library sector. Moreover, part of the outstanding dues amounting to SAR 20,942,931 owed by Tihama Modern Company to Zakat, Tax, and Customs Authority ('ZATCA') will be paid, with an amount of SAR 16,239,564 allocated for this purpose. For detailed information with regard to the amounts used in the expansion and restructuring of Company's retail sector, kindly see the table provided below.

#### Table of amounts used in expansion and restructuring of Company's Retail Sector

Statement	Investment Value (SAR)
opening new retail branches for selling books, entertainment, candy, accessories and food items at the Kingdom's airports, in addition to health facilities, hospitals and hotels, and a limited number of branches in the library sector	17,344
Payment of dues to ZATCA owed by Tihama Modern Company	16,240
	<b>33,584</b>

### 23.4 Expansion in Education Sector:

The Company aims to expand and enhance its presence in the education sector by distributing educational materials and investing SAR 15,968,000 in developing educational resources for the private education sector and schools offering the British curriculum, intending to expand Company's customer base and target sectors within the private education schools sector. Collaboration with publishers in non-core academic subjects and the development of existing operations in the sector, primarily focused on schools offering the American curriculum, are also key objectives. The Company aims to increase its market share among the main clients in the sector, ultimately contributing to revenue growth and market share expansion. The education sector is expected to experience significant growth in the current and future periods.

### **23.5 Expansion in Production Sector:**

The Company's objective is to establish a new production company worth SAR 7,991,000, specializing in photography equipment and media material production. This strategic move aims to generate new revenue streams and deliver return on investment to shareholders by catering to companies operating in Production Sector. Furthermore, it will contribute to cost reduction in Company's production processes, enhance the working capital of Production Sector, and provide financing for sector projects within the Company.

### **23.6 Expansion and Enhancement of Advertising Site Network:**

To strengthen its position in Road Advertising Sector, the Company plans to invest SAR 17,453,000. This investment will involve expanding the network of advertising sites, including addition of new advertising panels in the Eastern Region, in addition to efforts to retain the existing advertising sites in the Eastern Region by participating in a tender for their renewal. This expansion and maintenance of current locations will enable the Company to offer a larger network to its customers, ensuring increased operational capacity and positively influencing the sector's revenue growth.



