Rights Issue Prospectus

Tihama Advertising and Public Relations Co.

Tihama Advertising and Public Relations Co. is a Saudi Joint-Stock Company under Ministerial Resolution No. (1397), dated 29/06/1403H (corresponding to 13/04/1983G), under CR No. (4030008889), dated 03/04/1395H (corresponding to 15/04/1975G).

Offering of thirty-five million (35,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share through issuing pre-emptive rights shares with a total value of three hundred fifty million (350,000,000) Saudi Riyals, which represents an increase by roughly (700%) in the Company's capital. The Company's capital reached four hundred million (400,000,000) Saudi Riyals.

Trading Period: From [•]H (corresponding to [•]G) to [•]H (corresponding to [•]G)

Subscription Period: From [•]H (corresponding to [•]G) to [•]H (corresponding to [•]G)

Tihama Advertising and Public Relations Co. (hereinafter referred to as "**Company**" or "**Tihama**") is first incorporated as a limited liability Company, registered under CR No. (4030008889), dated 03/04/1395H (corresponding to 15/04/1975G). It was then transformed into stock Company under Ministerial Resolution No. (1397), dated 29/06/1403H (corresponding to 13/04/1983G). The Company's headquarters are located in Riyadh, Al Muhamadiah, King Fahad Road, Al Oula Building, 4th Floor, P.O. Box: 4681 Riyadh 11412 KSA. The Company's headquarters was relocated from Jeddah to Riyadh following the approval by the Extraordinary General Assembly on 15/01/1438H (corresponding to 16/10/2016G) for transforming the Company's branch in Riyadh, which is registered under CR No. (1010016722), dated 08/07/1398H (corresponding to 13/06/1978G), to the Company's headquarters. The Company's current capital is fifty million (50,000,000) Saudi Riyals, divided into five million (5,000,000) ordinary shares, the value of each is ten (10) Saudi Riyals and they are fully paid (hereinafter referred to individually as "**current share**" and jointly as "**current shares**"). There are no Substantial Shareholders, who hold 5% or more of the Company's shares till the date of this Prospectus, of the Company's shareholders.

At its meeting held on 06/07/1443H (corresponding to 07/02/2022G), the Company's Board of Directors recommended increasing the Company's capital by Offering pre-emptive rights shares in the value of three hundred fifty million (350,000,000) Saudi Riyals. After the increase, the capital would be four hundred million (400,000,000) Saudi Riyals. This follows obtaining all required legal approvals as well as the Extraordinary General Assembly's approval.

On (•)H (corresponding to (•)G), the Company's Extraordinary General Assembly agreed to increase the Company's capital by issuing pre-emptive rights shares. The subscription is represented in Offering thirty-five million (35,000,000) new ordinary shares (hereinafter referred to as "**Pre-emptive Rights Shares**" or "**New Shares**") with an offer price of ten (10) Saudi Riyals per one share (hereinafter referred to as "**Offer Price**") with a nominal value of ten (10) Saudi Riyals to increase the Company's capital from fifty million (50,000,000) Saudi Riyals to four hundred million (400,000,000) Saudi Riyals and increase the number of shares from five million (5,000,000) ordinary shares to forty million (40,000,000) ordinary shares.

The Pre-emptive Rights will be issued in the form of tradable securities (referred to collectively as "**Pre-emptive Rights**" and individually as "**Pre-emptive Right**") to shareholders owners of shares as at the close of trading on the date of convening the Extraordinary General Assembly, which resolved to increase the share capital (referred to as "**Eligibility Date**"), who are 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 Extraordinary General Assembly regarding the approval of capital increase on (•)H (corresponding to (•)G) (referred to collectively as "**Registered Shareholders**" and individually as "**Registered Shareholder**") on condition that such Rights will be deposited into the Registered Shareholders' portfolios after conclusion of the Extraordinary General Assembly, considering the settlement procedures of roughly (7) rights for each (1) share. Each Right grants its holder the right to subscribe to seven (7) New Shares at the Offer Price.

Registered Shareholders and other general investors will be able to (Hereinafter referred to as "**New Investors**") – who may trade rights and subscribe to new shares – trade and subscribe to shares of the Pre-emptive Rights in the Saudi Stock Exchange (Hereinafter referred to as "**Tadawul**" or "**SSE**"). The trading period and subscription period shall begin on (•)H (corresponding to (•)G). The trading period shall expire on (•)H (corresponding to (•)G) (Hereinafter referred to as "**Trading Period**"), while the subscription period lasts until the end of day (•)H (corresponding to (•)G) (Hereinafter referred to as "**Subscription Period**"). It should be noted that the Trading Period and the Subscription Period shall start on the same day while the Trading Period continues until the end of the sixth day from the beginning of the period, while the Subscription Period continues until the end of the period for the ninth day of the beginning of the same period.

During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof, or buying additional Rights through SSE. In addition, New Investors will be able to buy and sell the Rights during trading period through SSE.

The subscription to New Shares (during the Subscription Period) would be through one phase according to the following:

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

2) The Registered Shareholder will be able to subscribe directly to the number of his shares or less than such number during the Subscription Period. In case of purchasing new rights, he will be allowed to subscribe to them after the end of the settlement period (two working days).

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

4) The subscription will be available electronically through investment portfolios in the 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 (Hereinafter referred to as "**Rump Shares**"), they will be offered to a number of Institutional Investors (Hereinafter referred to as "**Institutional Investors**") (The Offering shall be referred to as "**Rump Offering**"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on (•)H (corresponding to (•)G) and continue until 5:00 PM on (•)H (corresponding to (•)G) (Hereinafter referred to as "**Rump Offering Period**"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (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. The total Offer Price shall be paid from the Company's remaining Offering. All remaining proceeds (if any) resulting from the Offering shall be distributed without calculating any fees or deductions (exceeding the Offer Price) to the eligible persons as per their entitlement on a pro rata basis no later than (•)H (corresponding to (•)G). To be noted that the investor and owners of fractional shares, who did not subscribe or sell the rights, may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

In the event that the Institutional Investors do not subscribe to all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will subscribe to the same at the Offer price (Please refer to Section (13) – "**Information related to Shares and Offering Provisions and Conditions**"). The final allocation will be announced no later than (•)H (corresponding to (•)G) (Hereinafter referred to as the "**Allocation Date**") (Please refer to Section (13) "**Information related to Shares and Offering Provisions and Conditions**" of this Prospectus).

Upon completion of the subscription, the Company's capital shall be four hundred million (400,000, 0000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares. The net proceeds of the Offering will be primarily utilized for the expansion plans, future investments, support of working capital and payment of financial obligations (Please refer to Section (7) "**Use of Offering Proceeds**").

The Company has one class of shares. No Shareholder shall have any preferential rights. The new shares will be fully paid and will be exactly equal to outstanding shares. Each Share entitles its holder to one vote and each shareholder (Hereinafter referred to as the "**Shareholder**") has the right to attend and vote at the Shareholders' (Ordinary or Extraordinary) General Assembly meetings (Hereinafter referred to as the "**General Assembly**"). Holders of new shares shall be entitled to any dividends announced by the Company after issuance of such shares (if any).

The Company has already issued fifteen million (15,000,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per one share, all are listed in Saudi Stock Exchange (Tadawul). On 16/07/1438H (corresponding to 13/04/2017G), the Company reduced its capital by (50%) from one hundred fifty million (150,000,000) Saudi Riyals to seventy-five million (75,000,000) to amortize the Company's accumulated losses.

On 24/11/1441H (corresponding to 15/07/2020G), the Company's Extraordinary General Assembly agreed to increase the Company's capital by issuing pre-emptive rights shares. The subscription is represented in Offering ten million (10,000,000) new ordinary shares with an offer price of ten (10) Saudi Riyals per one share at a nominal value of ten (10) Saudi Riyals to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals to one hundred seventy-five million (175,000,000) Saudi Riyals and increase the number of shares from seven million five hundred thousand (7,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.

On 22/07/1443H (corresponding to 23/02/2022G), the Extraordinary General Assembly agreed, based on the recommendation of the Board of Directors, to decrease the Company's capital by (71.43%) from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals to restructure the Company's capital to amortize part of the accumulated losses. This is represented in the cancellation of twelve million five hundred thousand (12,500,000) ordinary shares, i.e., (1) share against (1.4) share was canceled.

The Company's outstanding shares are currently traded on SSE. The Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia (Hereinafter referred to as "CMA") for listing, Offering and admission of the new shares. A request was also submitted to Saudi Tadawul Group (Tadawul) to be admitted for listing. All required documents were provided, all requirements of related entities were met and this Prospectus has been approved. Trading of new shares is expected to commence on SSE soon after the final allocation of the new shares and refund of extra subscriptions (please refer to page (xiii) "**Key Dates and Subscription Procedures**"). Upon registration and admission of the new shares, Saudi nationals, legal residents, nationals of Gulf Cooperation Council countries, Saudi and GCC companies and investment funds, and eligible foreign investors will be permitted to subscribe to the same under the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. 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 "**Licensee Person**"), noting that the Licensee Person shall in such case be the registered legal owner of shares.

This Prospectus must be read in full and the "**Important Notice**" section, in Page (i), and Section (2) "**Risk Factors**" of this Prospectus must be considered prior to making any investment decision with regard to Rights or new shares.

The Offering of the new ordinary shares pursuant to this Prospectus is contingent on the Shareholders' approval of the capital increase, in accordance with the recommendation of the Board of Directors, and the Company obtaining the regulatory approvals. An invitation has been published for the Company's Extraordinary General Assembly to approve the increase of the Company's share capital through a rights issue on (•)H (corresponding to (•)G). Shareholders should know that if their approval is not obtained to increase the Company's share capital through a rights issue, the rights issue will be automatically suspended, this Prospectus will be considered null, and the Shareholders will be notified accordingly.

Financial Advisor, Lead Manager and Underwriter

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 (referred to as "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. CMA 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 is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic language Prospectus Published on the CMA's website (www.cma.org.sa) remains the only official, legal binding version and shall prevail in the event of any conflict between the two texts.

This Prospectus was issued on 09/03/1444H (corresponding to 05/10/2022G)

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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 new shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the Company's headquarters, the Lead Manager, or by visiting the website of the Company (www.tihama.com) and the financial advisor (www.alinmainvestment.com) or the website of CMA (www.cma.org.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Assembly for the capital increase. In the event that the Extraordinary General Assembly does not approve the capital increase within six (6) months from the date of CMA's approval on registering and Offering the Right Issue, such approval given by CMA shall be deemed to be canceled. Alinma Investment Company was also appointed as a Financial Advisor ("**Financial Advisor**"), Lead Manager ("**Lead Manager**") and Underwriter ("**Underwriter**") in relation to the Offering of Pre-emptive Rights Shares to increase the Company's capital under this Prospectus.

This Prospectus contains information that was submitted according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board Pursuant to its Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G) as amended by CMA Board Resolution No. 5-5-2022 dated 02/06/1443H (corresponding to 05/01/2022G). 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. CMA and the Stock Exchange (Tadawul) 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.

While the Company has made all reasonable studies and inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the information herein are derived from external sources. While neither the Company nor any of directors, Financial Advisor, or Company's advisors, whose names appear on page (v) ("**Advisors**"), have any reason to believe that such information is materially inaccurate, and such information was not independently verified. 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 Company's financial condition and value of 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 Advisers, to participate in the subscription of Pre-emptive Rights Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without considering individual investment objectives, financial conditions, or particular investment needs. 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 the 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 in the Saudi Stock Exchange ("**Tadawul**" or "**SSE**"). The Trading Period and Subscription Period will commence as of ••/••/••••H (corresponding to ••/••/••••G), provided the Trading Period ends on ••/••/••••H (corresponding to ••/••/••••G) ("**Trading Period**"), while the Subscription Period will continue until the end of ••/••/••••H ("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, the Registered Shareholders may be able to trade the Rights by selling the acquired Rights or part thereof, or buying additional Rights through the Market. In addition, New Investors will be able to buy and sell the Rights during trading period through SSE. The subscription to New Shares (during the Subscription Period) would be through one phase according to the following:

1. During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
2. The Registered Shareholder will be able to subscribe directly to the number of his shares during the Subscription Period. In case of purchasing new rights, he will be allowed to subscribe to them after the end of the settlement period (two working days).

3. New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).
4. The subscription will be available electronically through investment portfolios in the 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 to a number of Institutional Investors (Hereinafter referred to as "**Institutional Investors**") (The Offering shall be referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on ••/••/••••H (corresponding to ••/••/••••G) and continue until 5:00 PM on ••/••/••••H (corresponding to ••/••/••••G) ("**Rump Offering "Period**""). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (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. The total Offer Price shall be paid from the Company's remaining Offering. All remaining proceeds (if any) resulting from the Offering shall be distributed (exceeding the Offer Price) to the eligible persons as per their entitlement on a pro-rata basis no later than ••/••/••••H (corresponding to ••/••/••••G). To be noted that the investor and owners of fractional shares, who did not subscribe or sell the rights, may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

In the event that the Institutional Investors do not subscribe to all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will subscribe to the same at the Offer price (Please refer to Section (13) – "**Information related to Shares and Offering Provisions and Conditions**" of this Prospectus). The final allocation will be announced no later than ••/••/••••H (corresponding to ••/••/••••G) (the "**Allocation Date**") (Please refer to Section (13) "**Information related to Shares and Offering Provisions and Conditions**" of this Prospectus).

The Offering of Pre-emptive Rights Shares under this Prospectus is contingent on the shareholders' approval to increase the share capital in accordance with the Board of Directors' recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold the Company's Extraordinary General Assembly to approve increasing the Company's capital by issuing Rights on ••/••/1444H (corresponding to ••/••/2022G).

Whoever receives this Prospectus must review and abide by all legal restrictions in relation to the trade of Pre-emptive Shares and subscription in new shares.

Financial Information

The audited consolidated financial statements for the financial year ended on March 31, 2020G were audited by Al Azem, Al Sudairy, Al-Shaikh & Partners (Accountants and Legal Auditors). The audited consolidated financial statements for the financial year ended on March 31, 2021G and 2022G were audited by Alkharashi & Co. (Certified Accountants and Auditors).

The Company's audited financial statements for the financial year ending on March 31, 2020G, 2021G and 2022G and notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA).

The Company issues its financial statements in Saudi Riyals. Some of the financial and statistical information contained in this Prospectus have been rounded to the nearest whole number, and accordingly, in case of adding up the numbers in the tables, the total number may not correspond to what was mentioned in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the statements set in this Prospectus were made based on the necessary professional due diligence.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "decides/plans", "estimates", "believes", "expects", "it is possible", "will", "intends", "should", "it is expected", "may", "holds" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of 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. Some of the most important risks and factors are described in more detail in other sections of this Prospectus (please refer to Section (2) "**Risk Factors**"). Should any one or more of the risks or uncertainties materialize or

any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those expectations, beliefs, estimations or plans described herein.

Pursuant to the requirements of Rules of Offering Securities and Continuing Obligations, the Company shall provide CMA with a supplementary Prospectus if at any time, after the Prospectus has been published and before the Offering is completed, it becomes aware that: (i) there has been a significant change in material matters contained in the Prospectus; or (ii) additional significant matters have become known that would have been required to be included in the Prospectus. With the exception of these two events, the Company does not intend to update or otherwise revise any information in this Prospectus, whether as a result of new information, future events or otherwise in relation to the Company, sector or risk factors. Due to such risks and other risks and assumptions, the forecast-related events and circumstances in this Prospectus might not occur in the manner expected by the Company or might not occur at all. Hence, the prospective investors must study all forecast data in light of these interpretations without unnecessary reliance on the forecast data.

Corporate Directory

Company's Board of Directors appointed on 14/10/2021G*								
Name	Position	Directorship	Nationality	Age	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Sultan Salahuddin Abdul Azim**	Chairman	Independent	Saudi	42	-	-	-	-
Ibrahim Mohamed Al Shabib***	Vice-Chairman	Non-executive	Saudi	50	-	-	-	-
Sari Ibrahim Al Maayouf	Board of Directors Member	Independent	Saudi	43	-	-	-	-
Salman bin Mohammed Nasser Al Asmari	Board of Directors Member	Non-Executive	Saudi	44	-	-	-	-
Abdulaziz Najib Al Suwalim****	Board of Directors Member and Managing Director	Executive	Saudi	31	-	-	-	-
AlMutasmbilla Bin Zaki Allam	Board of Directors Member	Independent	Saudi	37	-	-	-	-

Source: Company

*In its assembly held on 26/02/1443H (corresponding to 03/10/2021G), the Ordinary General Assembly approved the nomination of the said Board of Directors Members for the current session, which commenced on 08/03/1443H (corresponding to 14/04/2021G) and will expire on 10/04/1446H (corresponding to 13/10/2024G).

**In its assembly held on 27/02/1440H (corresponding to 17/10/2021G), the Company's Board of Directors resolved to appoint Mr. Sultan Salahuddin Abdul Azim as the Chairman and Mr. Ibrahim Mohamed Al Shabib as Deputy Chairman.

***On 02/01/2022G, the Board of Directors resolved to commission the Board of Directors Member Mr. Ibrahim Mohamed Al Shabib as a Managing Director for the Company and modify his membership to be Executive Member as of 02.01.2022G.

****On 01/03/1444H (corresponding to 27/09/2022G), the Company's Board of Directors resolved to appoint Mr. Abdulaziz Najib Al Suwalim as a Managing Director for the Company and modify his membership to be Executive Member as of 07/10/1444H (corresponding to 03/10/2022G).

Address of Company

Tihama Advertising and Public Relations Co.
Riyadh, Al Muhamadiah, King Fahad Road, Al Oula Building, 4th Floor
P.O. Box: 4681 Riyadh 11412,
KSA
Tel: +966 11 2079767
Fax: +966 11 2079604
Email: investor-relations@tihama.com
Website: www.tihama.com

Representatives of Company

First Authorized Representative of Company
Sultan Salahuddin Abdul Azim
Riyadh, Al Muhamadiah, King Fahad Road, Al Oula Building, 4th Floor
P.O. Box: 4681 Riyadh 11412,
KSA
Tel: +966 11 2079767 Ext: 600
Fax: +966 11 2079604
Email: s.abdulazim@tihama.com
Website: www.tihama.com

Second Authorized Representative of Company
Mazen Mohamed Nasser Al Asmari
Riyadh, Al Muhamadiah, King Fahad Road, Al Oula Building, 4th Floor
P.O. Box: 4681 Riyadh 11412,
KSA
Tel: +966 11 2079767 Ext: 444
Fax: +966 11 2079604
Email: m.alasmari@tihama.com
Website: www.tihama.com

Stock Exchange

Saudi Stock Exchange (Tadawul)
King Fahd Rd., Al Olaya 6897
Unit No. 15
Riyadh 12211 - 3388
KSA
Tel: +966 920001919
Fax: +966 11 2189133
Email: info@tadawul.com.sa
Website: www.saudiexchange.com.sa

Advisors

Financial Advisor, Lead Manager and Underwriter

Alinma Investment Company
Riyadh, King Fahd Rd. (Al Anoud Tower 2)
P. O. Box: 55560 Riyadh 11544,
KSA
Tel: +966 11 218 5999
Fax: +966 11 2185970
Website: www.alinmainvestment.com
Email: info@alinmainvestment.com

Legal Advisor

AlDhabaan & Partners

Office 10-11, Home Offices Complex, Urubah Road
P.O. Box: 245555 Riyadh 11312
KSA
Tel: +966 11 4844448
Fax: 2816611 11 +966
Website: www.aldhabaan.eversheds.com
Email: CapitalMarkets@AlDhabaan-es.com

Chartered Accountant for the Financial year ended on March 31, 2020G

Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors

Ryiadh, Prince Mohammed bin Abdulaziz St., Unit No. 11
P.O. Box: 10504 Riyadh 11443
KSA
Tel: 5000 217 11 +966
Fax: +966 11 217 6000
Website: www.crowe.com.sa
Email: ch@crowe.sa

Chartered Accountant for the Financial year ended on March 31, 2021G and 2022G

Alkharashi & Co. Certified Accountants and Auditors

Riyadh, Ad Dhubbat
P.O. Box: 8306 Riyadh 11482
KSA
Tel: 4009 478 11 +966
Fax: +966 11 477 4924
Website: www.alkharashicaa.com
Email: general@alkharashicaa.com

Note:
All of the above-named advisors have given their written consent to referring their names, logos and statements in the form and content set in this Prospectus. Such approvals were not withdrawn up to the date of this Prospectus.

Summary of the Offer

This summary provides a brief overview of the information contained in this Prospectus Therefore, this summary does not include all information that may be interested to shareholders and other general institutional and individual investors. Whoever receives this Prospectus must read it in full prior to making any investment decision with regard to rights or new shares, and must not rely on any part of them separately, including this summary. The "**Important Notice**" section and Section 2 "**Risk Factors**" mentioned in this Prospectus must be studied prior to making any investment decision with regard to rights or new shares.

Issuer's Name, Description and Information on its Incorporation	Tihama Advertising and Public Relations Co. (hereinafter referred to as "Company" or "Tihama") is first incorporated as a limited liability Company, registered under CR No. (4030008889), dated 03/04/1395H (corresponding to 15/04/1975G). It was then transformed into a Saudi Joint-Stock Company under Ministerial Resolution No. (1397), dated 29/06/1403H (corresponding to 13/04/1983G). The Company's headquarters is located in Riyadh, Al Muhamadiah, King Fahad Road, Al Oula Building, 4th Floor, P.O. Box: 4681 Riyadh 11412 KSA. The Company's headquarters was relocated from Jeddah to Riyadh following the approval by the Extraordinary General Assembly on 15/01/1438H (corresponding to 16/10/2016G) for transforming the Company's branch in Riyadh, which is registered under CR No. (1010016722), dated 08/07/1398H (corresponding to 13/06/1978G), to the Company's headquarters.
Company's Activities	The Company practices its business under CR No. (1010290779), dated 08/07/1398H (corresponding to 13/06/1978G), Ministry of Media (previously known as Ministry of Culture and Information) License No. (23232) issued on 02/12/1412H (corresponding to 03/06/1992G), Ministry of Media License No. (30540), issued on 24/07/1423H (corresponding to 01/10/2002G) and Ministry of Media License No. (55972), issued on 08/11/1438H (corresponding to 01/08/2017G). The activities of the Company as in the Commercial Register are represented in public relations, communication, and advertising institutions and agencies. The Company's activities set in the Articles of Association include practicing the and attaining the following objectives: - Carrying out advertising work in all its readable, visual and audio means, manufacturing advertising materials of all kinds, developing and improving existing advertising means, developing new means and marketing these means. - Carrying out public relations works, including the organization of conferences, seminars, exhibitions... etc. - Media production: Such as publishing and preparing books, specialized journals, manuals and production of radio and television programs. - Printing of all kinds for its publications and for the third-party account. - Wholesale and retail trade in clerical tools, import and sale of office and school tools and supplies, advertising gifts, non-fiery toys and supplies for children, books, teaching aids, office furniture, engineering devices and tools, computers, accessories and software (application systems and databases), electronic game consoles, memory cards, associated service and maintenance work, clerical machines, telephone communication devices and accessories, sports and scouting tools, cardboard, products made of these materials, prints, bookbinding materials, photographs, stationery, pasting materials used in stationery or for domestic purposes, artists' materials, paint or coloring brushes, guidance and teaching materials, plastic packaging materials, printing letters, cliché (drawers) as well as clothing and foodstuffs, applying for government tenders to many government and private entities, importing and printing materials that go into the manufacture and printing of indoor and outdoor billboards, including wooden, iron, metal, plastic, electrical and neon materials, inks, paints, films and printing papers and securing the necessary technical labor. - Distribution of publications, newspapers, magazines, journals and books. The Company may have an interest in or participate in any way in institutions or companies that carry out works similar to its own, or that may help it to achieve its purpose or be complementary to, or merge into, buy or attach to it. - Commercial agencies within the purposes of the Company after obtaining the necessary licenses from the competent authorities and registering them in the register of commercial agencies, all after obtaining the approval of the competent authorities. - Training: The Company may practice training and education activity, and in order to achieve this, it may establish specialized centers for the opening of classrooms to teach programs: computer, management, accounting, typewriter and languages, provided it obtains the approval of the Technical and Vocational Training Corporation and the competent authorities. - Management and lease of owned or leased (residential) properties. - Management and lease of owned or leased (non-residential) properties. The Company practices its business according to the applicable laws and after obtaining the licenses required from the competent authorities, if any.
Substantial Shareholders	There are no Substantial Shareholders, who hold 5% or more of the Company's shares till the date of this Prospectus, of the Company's shareholders.
The public	Means in the Rules on the Offer of Securities and Continuing Obligations the unmentioned persons below: 1. Employees of issuer; 2. Substantial shareholders in the issuer; 3. Directors and Senior Executives of the issuer; 4. Directors and Senior Executives of the issuer's employees; 5. Directors and Senior Executives of the issuer's substantial shareholders; 6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; 7. any Company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above; Persons acting in concert together and jointly owning (% 5) or more of the category of shares to be listed.
Nature of Offering	Increasing the Company's capital by issuing Rights Issue.

Purpose of issuing proposed Pre-emptive Rights Issue	By increasing its capital through the Offering of Pre-emptive Rights Shares, the Company aims to finance expansion plans, future investments, support of working capital and payment of financial obligations. (Please see Section (7) "**Use of Offering Proceeds**").
Company's Capital	Fifty million (50,000,000) Saudi Riyals.
Total number of Company's shares	Five million (5,000,000) ordinary shares.
Nominal value per share	Ten (10) Saudi Riyals per one share.
Total number of new offered shares	Thirty-five million (35,000,000) ordinary shares.
Offering price	Ten (10) Saudi Riyals per one share
Total value of Offering	Three hundred fifty million (350,000,000) Saudi Riyals
Adjusted price	The Company's share price in SEE has been modified to (••) Saudi Riyals per one share prior to the trading day following the day, on which the Extraordinary General Assembly on the capital increase was convened. This represents a decrease in the Share Price by (••) Saudi Riyals per one share.
Registered Shareholders	Shareholders holding shares at the close of the date of the Extraordinary General Assembly meeting on capital increase as recorded in the Company's Shareholders Register at the close of the second trading day following the Extraordinary General Assembly meeting on capital increase.
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the trading period.
Categories of Targeted Investors	Registered Shareholders and New Investors
Rights	Are tradable securities giving their holders the priority to subscribe to the new shares offered, upon approval of the capital increase. An acquired right by all registered shareholders. Rights may be traded in trading period. Each Right grants its holder the right to subscribe to one New Share at the Offer Price. Rights will be deposited in the registered investors' portfolios after the Extraordinary General Assembly for Capital Increase. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue.
New Shares Trading	Thirty-five million (35,000,000) ordinary shares, which shall be issued due to the capital increase.
Subscription Eligibility Factor	Each registered shareholder shall be entitled to seven (7) rights per each one (1) existing share; this Factor is the result of a fraction whose numerator is the number of new shares and whose denominator is the number of existing shares of the Company.
Number of Pre-emptive Rights Issued	Thirty-five million (35,000,000) rights.
Number of underwritten new shares	Thirty-five million (35,000,000) ordinary shares.
Total value of the underwriting new shares	Three hundred fifty million (350,000,000) Saudi Riyals.
Number of issued shares after capital increase	Forty million (40,000,000) ordinary shares.
Company's capital after capital increase	Four hundred million (400,000,000) Saudi Riyals.
Percentage of shares offered from Company's issued capital	700% of Company's issued capital prior to the Offering
Total Offering proceeds	The Offering aims to collect the amount of three hundred fifty million (350,000,000) Saudi Riyals.

Total expected proceeds along with independent analysis of the proposed usage

The offering aims to collect the amount of three hundred fifty million (350,000,000) Saudi Riyals. It is expected that the net proceeds of the offering will be roughly three hundred and twenty-three million and fifteen thousand (323,015,000) Saudi Riyals.

After deducting all Offering costs, the net proceeds of the Offering will be primarily utilized for the financing expansion plans, future investments, support of working capital and payment of financial obligations. The following table explains the proposed use of Offering proceeds:

Usage	Value (In Thousands Saudi Riyals)
Support of working capital	12,850
Investments, acquisition of shares and partnerships	154,000
Expansion and restructuring of retail sector	33,584
Expansion in education sector	15,968
Expansion in production sector	7,991
Expansion and promotion of media networks	17,453
Payment of dues under final court judgments	28,449
Settlement of obligations to financing entities	20,912
Settlement of due obligations to governmental entities	31,808
Offering Costs	26,985
Total	**350,000**

Source: Company

(For more information, please see Section (7) "**Use of Offering Proceeds**")

Here are the details of using the subscription proceeds as mentioned in the Pre-emptive Rights Issue Prospectus and actual usage of proceeds:

Item	Value of expected use of proceeds (in Thousands Saudi Riyals)	Value of actual use of proceeds (in Thousands Saudi Riyals)	Difference between the expected use and actual use of proceeds (in Thousands Saudi Riyals)	Percentage of deviation from using the expected Offering proceeds
Riyadh Headquarters Project*	2,565	-	(2,565)	(100%)
Upgrade of automatic systems and applications**	2,000	599	(1,401)	(70%)
Expansion of media networks***	21,587	2,056	(19,531)	(90%)
Transformation of part of boards to digital advertising screens and installation of digital advertising screens****	22,000	2,435	(19,565)	(89%)
Purchase of printer for advertising facets*****	1,200	-	(1,200)	(100%)
Launch of programs and applications for digital advertising content******	4,813	-	(4,813)	(100%)
Investment in partnerships in the production sector*******	6,585	9,450	2,865	43%
Inauguration of new branches********	11,892	502	(11,390)	(96%)
Airport branches*********	23,358	32,799	9,441	40%
Offering Costs**********	4,000	3,622	(378)	(9%)
Total	**100,000**			

Source: Pre-emptive Rights Issue Prospectus for 2020G, Company

*It should be noted that the expected amounts of the item were not used for the Riyadh headquarters project, as the estimated cost of the amounts for the Riyadh headquarters project amounted (2,565) thousand Saudi Riyals as stated in the Prospectus. This is due to postponing the implementation of the relocation of the Company's companies to a unified headquarters until after the restructuring of the Company's companies.

** While the actual use of the item of upgrading automated systems and applications amounted (599) thousand Saudi Riyals, where the estimated cost of the amounts and the item of upgrading automated systems and applications amounted (2,000) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the Company's success in reducing the costs of upgrading automated systems by relying on the internal team in the implementation of part of the upgrade plan.

*** While the actual use of the item of expansion of the advertising network amounted (2,056) thousand Saudi Riyals, where the estimated cost of the amounts and the item of expansion of the advertising network (21,587) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the intensity of competition in a way in the sector of road advertising that led to a rise in the prices of renting advertising sites that were put forward through tenders as well as the difficulty of competition in the sector where the Company did not succeed in winning the tenders offered to rent advertising sites.

**** While the actual use of the item of converting part of the boards into digital advertising screens and the installation of digital advertising screens amounted (2,435) thousand Saudi Riyals, where the estimated cost of the amounts and the item of converting part of the boards into digital advertising screens and the installation of digital advertising screens amounted (22,000) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the intensity of competition significantly In the road advertising sector, it has led to a rise in the rental prices of advertising sites that have been put forward through tenders and the difficulty of competition in the sector.

***** While the expected amounts for the item of purchasing a printer for advertising facets were not used, as the estimated cost of the amounts for the item of buying a printer for advertising faces was (1,200) thousand Saudi Riyals as stated in the Prospectus. This is owed to the reliance on a supplier for printing services within the plans to structure the advertising sector after the decline in the number of advertising sites.

****** While the expected amounts were not used for the item of launching programs and applications for digital advertising content, where the estimated cost of the amounts for the item of launching programs and applications for digital advertising content amounted (4,813) thousand Saudi Riyals as stated in the Prospectus. This is owed to the cancellation of the project as a result of the failure to reach a final agreement with the partners.

******* While the actual use of the investment item in partnerships in the production sector amounted (9,450) thousand Saudi Riyals, where the estimated cost of the amounts and the investment item in partnerships in the production sector amounted (6,585) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the high value of the acquisition of additional shares purchased in the integrated production Company for visual and audio media production (subsidiary) than the estimated cost.

******** While the actual use of the item of inaugurating new branches amounted (502) thousand Saudi Riyals, where the estimated cost of the amounts and the item of inaugurating new branches amounted (11,892) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the modification of the Company's approach towards focusing on opening branches in airports (travel segmentation), hospitals, hotels and entertainment areas according to the economic feasibility of the branches.

********* While the actual use of the item of airport branches amounted (32,799) thousand Saudi Riyals, where the estimated cost of the amounts and for the item of airport branches amounted (23,358) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the increase in the costs of equipping branches and the impact of increasing the period of implementation of projects after the period of total lockout during the COVID-19 pandemic.

********** While the actual use of the item of the costs of the Offering amounted (3,622) thousand Saudi Riyals, where the estimated cost of the amounts and the item of the costs of the Offering amounted (4,000) thousand Saudi Riyals as stated in the Prospectus. This difference is owed to the fact that the actual amounts of expenses were lower than the initial estimates.

These proceeds were actually used as follows:

Usage	Value (In Thousands Saudi Riyals)
Offering Costs	3,622
Investment in partnerships in the production sector	9,450
Upgrade of automated systems and applications	599
Expansion of media networks	2,056
Conversion of part of boards to digital advertising screens and installation of digital advertising screens	2,435
Airport branches	32,799
Inauguration of new branches	502
Deposit at the Saudi National Bank encumbered against bank facilities*	20,000
Partial repayment of a debt owed by the Company under court judgments through the Enforcement Court **	3,500
Support, financing and capital expenditure of Aventus Global Trading Company (subsidiary)	4,901
Financing the projects of the Integrated Production Co. for Audio and Visual Media Production (subsidiary)	11,133
Support, financing and expansion of Tihama Distribution Company (subsidiary)	4,908
Enhancing the working capital of Tihama Advertising and Public Relations Co. (Company)	4,095
Total	**100,000**

*The use of the proceeds includes a deposit with the Saudi National Bank in the amount of 20,000,000 Saudi Riyals encumbered as a guarantee of bank facilities obtained by the Company from the Saudi National Bank and therefore is not considered an actual use of the proceeds.

** The said use of proceeds includes partial repayment of a debt owed by the Company under court judgments through the Enforcement Court.

Offering Costs	The offering costs amount roughly twenty-six million nine hundred and eighty-five thousand (26,985,000) Saudi Riyals. To be noted that this amount is an estimate (Please see Section (7) "**Use of Offering Proceeds**")
Net Proceeds of the Offering after deducting the Offering Costs	It is expected that the net proceeds of the Offering shall be approximately three hundred and twenty-three million and fifteen thousand (323,015,000) Saudi Riyals. (Please see Section (7) "**Use of Offering Proceeds**")
Use of Offering Proceeds	The Company shall utilize the net proceeds of the Offering primarily for the expansion plans, future investments, support of working capital and payment of financial obligations.

Eligibility Date	Shareholders own shares at the end of trading on the day on which the Extraordinary General Assembly on capital increase is held, and who are registered in the Company's shareholders register at the end of the second trading day following the day on which the Extraordinary General Assembly on capital increase is held, on ••/••/••••H (corresponding to ••/••/••••G).
Trading Period	The Trading Period starts from ••/••/••••H (corresponding to ••/••/••••G) and continues until ••/••/••••H (corresponding to ••/••/••••G). During this Period, all Pre-emptive Rights holders, whether Registered Investors or New Investors, may subscribe to and trade in the Pre-emptive Rights.
Subscription Period	The Subscription Period starts from ••/••/••••H (corresponding to ••/••/••••G) and continues until ••/••/••••H (corresponding to ••/••/••••G). During this Period, all Pre-emptive Rights holders, whether Registered Investors or New Investors, may exercise their right to subscribe in new shares.
Rump Shares	Rump Shares unsubscribed during the subscription period.
Rump Offering	If any shares remain unsubscribed after the end of the Subscription Period (Rump Shares), they will be offered to a number of institutional investors (Institutional Investors). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on ••/••/••••H (corresponding to ••/••/••••G) and continue until 5:00 PM on ••/••/••••H (corresponding to ••/••/••••G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (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. Fractional shares shall be added to the rump shares and treated in the same way.
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible persons who did not subscribe, wholly or partially, for new shares, as well as to the holders of fractional shares no later than ••/••/••••H (corresponding to ••/••/••••G). The compensation amounts represent the remaining proceeds from sale of Rump Shares and fractional shares.
Listing and trading of the Rights	Pre-emptive Rights shall be listed in Tadawul during the Trading Period. A separate symbol will be given to the Company's Rights, independent from the symbol of the Company's Shares on the Tadawul screen. During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on Market, purchasing additional Rights through Market or refraining from taking any action in respect of the Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through SSE, sell them or a part thereof or take no action in respect of the Rights purchased. The "Tadawul" system will cancel the Company's Rights Issue symbol on the Tadawul screen following the end of the Trading Period. Accordingly, Rights trading will end with the end of the Trading Period.
How to apply	Eligible persons subscribing for the New Rights must submit the subscription application online via financial brokers websites and platforms, which provide such services for subscribers or by any other means provided by the brokers
Exercise of the Rights Issue	Eligible persons subscribing for the New Pre-emptive Rights Issue through electronic subscription via financial brokers websites and platforms that provide such services or by any other means provided by the brokers. Eligible persons may exercise their Rights as follows: 1. During the Subscription Period, Registered Shareholders may exercise the Rights granted to them and any additional Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold. 2. During the Subscription Period, New Investors may exercise the Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold. If the rights to subscribe to the new shares during the Subscription Period have not been exercised by Registered Shareholders or New Investors during the Subscription Period, the Rump Shares resulting from these Rights will be offered in the Rump Offering Period.
Indicative Value of the Right	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. "Tadawul" will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.
Right Trading Price	The price at which the Right is traded, noting that such price is set through the Tadawul offer and demand mechanism. Hence, it may be different from the indicative value of the Right.
Allocation Date	The date when final allocation will be announced no later than ••/••/••••H (corresponding to ••/••/••••G).
Allocation of shares and Refund	New shares will be allocated to each eligible person based on the number of Rights properly and fully exercised. As for fractional shares, they will be collected and offered to Institutional Investors during the Rump Offering Period. The Total Offer Price of the rump shares shall be paid to the Company, and all remaining proceeds (if any), without calculating any fees or deductions (in excess of the Offer Price) to their Eligible persons who have not, wholly or partially, subscribed to the new shares and the Eligible persons of the fractional shares, bearing in mind that the investors who has not subscribed or sold any of its rights, and the holder of the fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period, at the Offer Price. (Please refer to Section (13) "**Information related to Shares and Offering Provisions and Conditions**" of this Prospectus). Excess subscription monies (if any) will be refunded to the Subscribers without any charge or withholding by the Lead Manager.
Date of Refunding of Extra Subscriptions	Extra subscriptions (if any) shall be refunded without any commissions or deductions from the Lead Manager on no more than ••/••/••••H (corresponding to ••/••/••••G).
New Shares Trading	Trading in Rights is expected to commence on "Tadawul" after the completion of all regulatory procedures of share registration, allocation and listing.
Eligibility of dividends	The holders of the new shares will be entitled to any dividends that the Company declares to be distributed after the date of its issuance.

Voting Rights	The Company has one class of shares. No Shareholder shall have any preferential rights. The new shares will be fully paid and will be exactly equal to outstanding shares. Each Share entitles its holder to one vote and each shareholder has the right to attend and vote at the Shareholders' (Ordinary or Extraordinary) General Assembly meetings. A shareholder may authorize another shareholder from non-Board of Directors Members to attend the General Assembly's meetings on his behalf.
Restrictions Imposed on New Shares Due to Capital Increase	There are no restrictions imposed on shareholders in general and founding shareholders after the subscription resulting from capital increase.
Restrictions on trading shares	There are no restrictions on trading Company shares, except for the regulatory restrictions on generally-listed shares.
Restrictions on Rights trading	There are no restrictions on Rights Trading.
Previously Listed Shares	The Company has already issued fifteen million (15,000,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per one share, all are listed in Saudi Stock Exchange (Tadawul). On 16/07/1438H (corresponding to 13/04/2017G), the Company reduced its capital by (50%) from one hundred fifty million (150,000,000) Saudi Riyals to seventy-five million (75,000,000) to amortize part of the Company's accumulated losses. On 24/11/1441H (corresponding to 15/07/2020G), the Company's Extraordinary General Assembly agreed to increase the Company's capital by issuing Pre-Emptive Rights Shares. The subscription is represented in Offering ten million (10,000,000) new ordinary shares with an offer price of ten (10) Saudi Riyals per one share with a nominal value of ten (10) Saudi Riyals to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals to one hundred seventy-five million (175,000,000) Saudi Riyals and increase the number of shares from seven million five hundred thousand (7,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares. On 22/07/1443H (corresponding to 23/02/2022G), the Extraordinary General Assembly agreed, based on the recommendation of the Board of Directors, to decrease the Company's capital by (71.43%) from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals to restructure the Company's capital to amortize part of the accumulated losses. This is represented in the cancellation of twelve million five hundred thousand (12,500,000) ordinary shares, i.e., (1) share against (1.4) share was canceled.
Terms of subscription for the Rights Issue	Eligible persons desire to subscribe to the new shares must fulfill the relevant subscription conditions. To read the terms, conditions and instructions for the subscription, please refer to Section (13) "**Information related to Shares and Offering Terms and Conditions**" of this Prospectus.
Risk Factors	There are certain risks associated with investing in this Offering, which can be generally categorized into: 1) risks related to the Company; (2) risks related to the market and sector; and (3) risks related to the Shares. These risks have been discussed in Section (2) "**Risk Factors**" of this Prospectus, which must be carefully reviewed before making any investment decision on Pre-emptive Rights Issue.
Total proceeds that were previously obtained in the last issuance of Pre-emptive Rights Shares as well as their analysis and description	The total proceeds generated by the Company in the last issuance of Pre-emptive Rights Shares were one hundred million (100,000,000) Saudi Riyals. On 24/11/1441H (corresponding to 15/07/2020G), the Extraordinary General Assembly of the Company's shareholders agreed to increase its capital from seventy-five million (75,000,000) Saudi Riyals to one hundred seventy-five million (175,000,000) Saudi Riyals through the issuance of ten million (10,000,000) rights at a nominal value of ten (10) Saudi Riyals per one share and in a total value of one hundred million (100,000,000) Saudi Riyals to support the expansion processes in the Company's activity. This was also disclosed in the relevant Prospectus. The Company was intending to use the proceeds as follows:

Usage	Value (In Thousands Saudi Riyals)
Riyadh Headquarters Project	2,565
Upgrade of automated systems and applications	2,000
Expansion of media networks	21,587
Conversion of part of boards to digital advertising screens and installation of digital advertising screens	22,000
Purchase of printer for advertising facets	1,200
Launch of programs and applications for digital advertising content	4,813
Investment in partnerships in the production sector	6,585
Inauguration of new branches	11,892
Airport branches	23,358
Offering Costs	4,000
Total	**100,000**

Source: Company

Material changes to the information disclosed in the last Prospectus.	The last Share Issuance Prospectus was issued by the Company on 21/05/1441H (corresponding to 16/01/2020G) Here is a summary of the most significant information that changed after CMA's approval: - Update the Articles of Association in conformity with the modifications to the capital. - Reduction of capital from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals. - Amendments to the Board of Directors, Company's committees and executive management. - Amendments to the use of proceeds disclosed in the relevant Prospectus. - Submitting a request to open financial regulation procedures. (Please see subsection (10.12) "**Material Information that changed since the CMA's approval for the last Share Issuance Prospectus**" of section (10) "**Legal Information**" of this Prospectus).
Terms of subscription for the Rights Issue	Eligible persons desire to subscribe to the new shares must fulfill the relevant subscription conditions. To read the information related to shares and Offering terms and conditions , please refer to section (13) "**Information related to Shares and Offering Terms and Conditions**" of this Prospectus

Note: The Section "**Important Notice**" of Page (i) as well as Section (2) "**Risk Factors**" of this Prospectus should be read carefully prior to making a decision to invest in the Pre-emptive Rights Issue.

Important Dates and Subscription Procedures

Timetable	Date
Conclusion of the Extraordinary General Assembly on the capital increase and determination of the entitlement date and eligible shareholders. To be noted that eligible shareholders are those owning the shares by the end of trading on the day, on which the Extraordinary General Assembly on capital increase is held, and who are registered in the Company's shareholders register at the Depository Center by the end of the second trading day following the day on which the Extraordinary General Assembly is held.	On ••/••/••••H (corresponding ••/••/••••G)
Trading Period*	The Trading Period starts from ••/••/••••H (corresponding to ••/••/••••G) and continues until ••/••/••••H (corresponding to ••/••/••••G). During this Period, all Pre-emptive Rights holders, whether Registered Investors or New Investors, may subscribe to and trade in the Pre-emptive Rights.
Subscription Period	The Subscription Period starts from ••/••/••••H (corresponding to ••/••/••••G) and continues until ••/••/••••H (corresponding to ••/••/••••G). During this Period, all Pre-emptive Rights holders, whether Registered Investors or New Investors, may exercise their right to subscribe in new shares.
Expiry of Subscription period	The subscription period shall end and the receipt of subscription applications shall cease on ••/••/••••H (corresponding to ••/••/••••G).
Rump Offering Period	The Rump Offering Period starts at 10:00 AM on ••/••/••••H (corresponding to ••/••/••••G) and continues until 05:00 PM on ••/••/••••H (corresponding to ••/••/••••G).
Notice of Final Allocation**	On ••/••/••••H (corresponding ••/••/••••G)
The compensation amounts (if any) shall be paid to the eligible persons who have not participated, in whole or in part, and the beneficiaries of the fractional shares.	On ••/••/••••H (corresponding ••/••/••••G)
Expected date to start trading in the new shares	After completing all the necessary procedures, the start date of trading in the new shares will be announced on the Tadawul website.

Note: All dates mentioned in the above table are approximate. The actual dates will be announced on the website of Tadawul (www.saudiexchange.sa)

* The Trading Period of Pre-emptive Rights starts three (3) working days after the approval by the Company's Extraordinary General Assembly for the capital increase.

** The time period between the end of subscription in Pre-emptive Rights and share deposit in shareholders' portfolio will be nine (9) working days.

Important Announcement Dates

Announcement	Announcer	Date of Announcement
Announcement regarding the Extraordinary General Assembly meeting on capital increase	Company	On ••/••/••••H (corresponding ••/••/••••G)
Announcement regarding the results of the Extraordinary General Assembly results on capital increase	Company	On ••/••/••••H (corresponding ••/••/••••G)
Announcement of the amendment to the Company's share price, the deposit of rights, and the indicative value of the right	Tadawul	On ••/••/••••H (corresponding ••/••/••••G)
Announcement of the addition of priority rights to the Company	Depositary Center	On ••/••/••••H (corresponding ••/••/••••G)
Announcement of the determination of the rights trading period and the subscription period of new shares	Company	On ••/••/••••H (corresponding ••/••/••••G)
Announcement of the commencement of the Trading Period of rights and the Subscription Period of new shares	Tadawul	On ••/••/••••H (corresponding ••/••/••••G)
Reminder announcement regarding the commencement of Trading Period and Subscription Period of new shares	Company	On ••/••/••••H (corresponding ••/••/••••G)
Reminder announcement of the last day of trading rights and necessity for those who do not wish to subscribe to sell owned rights	Company	On ••/••/••••H (corresponding ••/••/••••G)
Announcement: (1) Subscription results and (2) Details of the Sale of shares that have not yet been subscribed (if any) and the start date of the Rump Offering period	Company	On ••/••/••••H (corresponding ••/••/••••G)
Announcement of the results of the Rump Offering and notice of final allotment	Company	On ••/••/••••H (corresponding ••/••/••••G)
Announcement of the deposit of new shares in the investors' portfolios	Depositary Center	On ••/••/••••H (corresponding ••/••/••••G)
Announcement regarding the distribution of compensation amounts (if any) to Eligible Persons	Company	On ••/••/••••H (corresponding ••/••/••••G)

Note: All dates mentioned in the above table are approximate. The actual dates will be announced on the website of Tadawul (www.saudiexchange.sa) Furthermore, the date of depositing new shares shall in investors' portfolios shall be determined in coordination with Securities Depository Center Company (Edaa).

According to Article (33) of the Rules on the Offer of Securities and Continuing Obligations, in the event that an announcement related to the Offering is published in a local newspaper after the Prospectus has been published, the announcement shall include:

1. The issuer's name and its commercial registration number.
2. The securities, their value, type, and class covered by the securities registration and Offering application.
3. Addresses and places 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, Underwriter, Financial Advisors and Legal Advisor.
7. A disclaimer as follows: "CMA and the Saudi Stock Exchange (Tadawul) do not take any responsibility for the contents of this announcement, 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 announcement"

How to apply

Subscribing for the Pre-Emptive Rights Shares is limited to eligible persons, whether Registered Shareholders or New Investors. In the event that Eligible persons do not subscribe to the Rights, the Unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible persons wishing to subscribe to the new shares should submit the subscription application forms via the means and services provided by the broker to investors, provided the eligible person shall have one investor account at any broker providing such services. Or that the data of the eligible person must be updated, and that there have been no changes to the data or information of the eligible person (by deleting or adding a member of his family) since he subscribed to a newly conducted Offering unless such amendments have been communicated to and approved by the brokers.

Subscription Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase 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 eligible Subscriber. (For more information, please refer to Section (13) "**Information related to Shares and Offering Terms and Conditions**" of this Prospectus).

Q&A related to the Pre-emptive Rights

What is a Pre-emptive Rights Issue?

A Pre-emptive 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 Extraordinary General Assembly meeting 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 Extraordinary General Assembly meeting. Each Pre-emptive Right grants its holder the right to subscribe for one New Share at the Offer Price.

Who is granted the Pre-emptive Rights?

For all shareholders by the end of trading on the day of the Extraordinary General Assembly for capital increase and registered in the Company's register at the Depository Center

By the end of the second trading day following the Assembly, which is known as the Eligibility Date.

When are the Pre-emptive Rights deposited?

Following the Extraordinary General Assembly meeting approving capital increase through a Pre-emptive Rights Issue, the Pre-emptive Rights shall be deposited as securities in the portfolios of shareholders recorded in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly meeting. The Shares will appear in the portfolios of the shareholders under a new symbol that designates these Pre-emptive Rights. These Pre-emptive Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the Trading Period and Offering Period.

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

The Registered Shareholders are notified through an announcement on the Tadawul website as well as by the (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages sent through brokerage companies.

How many Pre-emptive Rights can be acquired by a Registered Shareholder?

The number of rights that the Registered Shareholder will receive depends on the number of shares he owns in the Company, according to the Company's shareholders' register with the Depository Center by the end of the second trading day following the date of the Extraordinary General Assembly. The number of eligible rights shall be determined for each Registered Shareholder based on the Subscription Eligibility Factor.

What is the Pre-emptive Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Pre-emptive 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 Extraordinary General Assembly meeting. Hence, the eligibility factor is (7) Rights per (1) 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, seven thousand two hundred (7,000) Rights will be allocated for him against the shares owned by him.

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

Yes, as the acquired right will be added to the investors' portfolios under the name of the original share, and by adding the word Pre-emptive Rights, in addition to 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, if the closing price of a share on the preceding day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights will be five (5) Saudi Riyals.

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 Extraordinary General Assembly meeting.

Can Registered Shareholders subscribe to additional shares?

Yes. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on raising the capital through Pre-emptive Rights issue?

Yes, the Shareholder loses his eligibility to subscribe if he sells his shares on the day of the Extraordinary General Assembly or the trading day preceding the Assembly's date.

How does the Subscription take place?

Subscription Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the broker and the custodian of shares.

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 Pre-emptive Rights be deposited?

The pre-emptive 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 as follows: eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b), then the total Rights to be deposited shall be seven thousand two hundred (7,000) Rights, as each share has roughly (7) Rights. Therefore, (5,600) Rights will be deposited in portfolio (a) and (1,400) Rights will be deposited in portfolio (b).

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 Pre-emptive Rights?

Yes, the investor may sell a part of these Pre-emptive Rights and subscribe to the remaining part.

When can a Shareholder subscribe to the Pre-emptive Rights it purchased during the Trading Period?

During the Subscription Period after settlement of the purchase of Pre-emptive Rights (two working days).

Can the Eligible Person sell the Pre-emptive 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 to the Pre-emptive Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio or profit in case of selling the shares during the Rump Offering Period in a higher price than the Offering price.

What happens to the Pre-emptive 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. 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 Pre-emptive 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 Extraordinary General Assembly, shall have the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Pre-emptive Rights Issue.

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

The share price is adjusted by the Market before the start of trading on the day, following the Extraordinary General Assembly.

If an investor buys securities on the date of the Extraordinary General Assembly, will he/she be eligible for the Pre-emptive Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two working days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the Extraordinary General Assembly), 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 Extraordinary General Assembly. However, he may not attend or vote in the Extraordinary General Assembly for the capital increase.

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

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

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, 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 to the Pre-emptive Rights Shares?

Yes, but after full purchase of Pre-emptive Rights during the Trading Period, subject to the regulatory restrictions imposed on trading of generally-listed shares.

Will there be any other fees for the trading of Pre-emptive Rights?

The same commissions applied to the sale and purchase shall be applied to the shares without minimum commission.

Additional assistance:

In case of any inquiries, please contact the Company at the e-mail (investor-relations@tihama.com). For legal reasons, the Company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal or investment advice.

For more information on the terms, conditions and instructions for the subscription, please refer to Section (13)"**Information related to Shares and Offering Terms and Conditions**" and other information contained herein.

Key Information Summary

This summary provides a brief overview of the background contained in this Prospectus. Since it is a summary, it does not include all information that may be interested to shareholders and other general institutional and individual investors. Recipients of this Prospectus should read the entire Prospectus before making any investment decision in relation to Rights or new shares.

Overview of the Company

Information

Tihama Advertising and Public Relations Co. (hereinafter referred to as "Company" or "Tihama") is first incorporated as a limited liability Company, registered under CR No. (4030008889), dated 03/04/1395H (corresponding to 15/04/1975G). It was then transformed into a Saudi joint-stock Company under Ministerial Resolution No. (1397), dated 29/06/1403H (corresponding to 13/04/1983G). The Company's headquarters is located in Riyadh, Al Muhamadiah, King Fahad Road, Al Oula Building, 4th Floor, P.O. Box: 4681 Riyadh 11412 KSA. The Company's headquarters was relocated from Jeddah to Riyadh following the approval by the Extraordinary General Assembly on 15/01/1438H (corresponding to 16/10/2016G) for transforming the Company's branch in Riyadh, which is registered under CR No. (1010016722), dated 08/07/1398H (corresponding to 13/06/1978G), to the Company's headquarters.

The capital of the Company is fifty million (50,000,000) Saudi Riyals, divided into five million (5,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. There are no Substantial Shareholders, who hold 5% or more of the Company's shares till the date of this Prospectus, of the Company's shareholders.

Key Changes in Company's Capital

- On 29/06/1403H (corresponding to 13/04/1983G), the Company was transformed into a Saudi Joint-Stock Company in accordance with the Companies Law in the Kingdom of Saudi Arabia and pursuant to Ministerial Resolution No. 1397 dated 29/06/1403H (corresponding to 13/04/1983G). Its capital became two hundred million (200,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares at a nominal value for each share at one hundred (100) Saudi Riyals, of which one million two hundred thousand (1,200,000) shares worth one hundred twenty million (120,000,000) Saudi Riyals is a contribution in kind represented by the net assets of Tihama Advertising and Public Relations Co. (LLC), in which the founding partners of the Company and its employees subscribed, and eight hundred thousand (800,000) ordinary share worth eighty million (80,000,000) Saudi Riyals, in which the founders of Tihama Advertising and Public Relations Co. (a Saudi Joint-Stock Company) subscribed in cash.
- On 11/10/1407H (corresponding to 07/06/1987G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (25%) from two hundred million (200,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals divided into two million (200,000,000) ordinary shares in a nominal value for each share at seventy-five (75) Saudi Riyals to amortize the accumulated losses of the Company. The nominal value of each share of the Company has been adjusted to become seventy-five (75) Saudi Riyals instead of one hundred (100) Saudi Riyals.
- On 16/09/1408H (corresponding to 02/05/1988G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (20%) from one hundred fifty million (150,000,000) Saudi Riyals to one hundred twenty million (120,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares and a nominal value for each share at sixty (60) Saudi Riyals, due to the increase in capital from the Company's need. The nominal value of each share of the Company has been adjusted to become sixty (60) Saudi Riyals instead of seventy-five (75) Saudi Riyals.
- On 14/04/1412H (corresponding to 21/10/1991G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (16.7%) from one hundred twenty million (120,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares in a nominal value for each share at five (50) Saudi Riyals to amortize the accumulated losses of the Company. The nominal value of each share of the Company has been adjusted to become fifty (50) Saudi Riyals instead of sixty (60) Saudi Riyals.
- On 21/04/1415H (corresponding to 26/09/1994G), the Extraordinary General Assembly of the Company's shareholders approved increasing the Company's capital by (50%) from one hundred million (100,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals divided into three million (3,000,000) ordinary shares in a nominal value for each share at fifty (50) Saudi Riyals by issuing one million (1,000,000) new ordinary shares in a nominal value for each share at fifty (50) Saudi Riyals.

- Based on the decision issued by the Capital Market Authority No. 4-154-2006 dated 27/02/1427H (corresponding to 27/03/2006G) and based on the decision of the Council of Ministers to divide the shares of public shareholding companies on that date so that the nominal value of one share becomes ten (10) Saudi Riyals instead of fifty (50) Saudi Riyals. Accordingly, the Company's shares have been divided into fifteen million (15,000,000) ordinary shares in a nominal value for each share at ten (10) Saudi Riyals.
- On 16/07/1438H (corresponding to 13/04/2017G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (50%) from one hundred fifty million (150,000,000) Saudi Riyals to seventy-five million (75,000,000) Saudi Riyals divided into seven million five hundred thousand (7,500,000) ordinary shares in a nominal value for each share at ten (10) Saudi Riyals to amortize part of the accumulated losses of the Company.
- On 25/04/1441H (corresponding to 22/12/2019G), the Company's Board of Directors recommended to increase the Company's capital by Offering Pre-emptive Rights Shares at a value of one hundred million (100,000,000) Saudi Riyals after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly.
- On 24/11/1441H (corresponding to 15/07/2020G), the Company's Extraordinary General Assembly agreed to increase the Company's capital by issuing Pre-Emptive Rights Shares. The subscription is represented in Offering ten million (10,000,000) new ordinary shares with an offer price of ten (10) Saudi Riyals per one share with a nominal value of ten (10) Saudi Riyals to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals to one hundred seventy-five million (175,000,000) Saudi Riyals and increase the number of shares from seven million five hundred thousand (7,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.
- On 06/07/1443H (corresponding to 07/02/2022G), the Company's Board of Directors recommended to decrease the Company's capital in the value of (125,000,000) Saudi Riyals by (71.43%) from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals through the cancellation of 17.5 million ordinary shares. The capital is then increased by Offering Pre-emptive Rights Shares in a value of three hundred fifty million (350,000,000) Saudi Riyals so the Company's capital after the increase will be four hundred million (400,000,000) Saudi Riyals.
- On 22/07/1443H (corresponding to 23/02/2022G), the Extraordinary General Assembly agreed, based on the recommendation of the Board of Directors, to decrease the Company's capital by (71.43%) from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals to restructure the Company's capital to amortize part of the accumulated losses. This is represented in the cancellation of twelve million five hundred thousand (12,500,000) ordinary shares, i.e., (1) share against (1.4) share was canceled.

Summary of the Company's Activities

The Company practices its business under CR No. (1010290779), dated 08/07/1398H (corresponding to 13/06/1978G), Ministry of Media (previously known as Ministry of Culture and Information) License No. (23232) issued on 02/12/1412H (corresponding to 03/06/1992G), Ministry of Media License No. (30540), issued on 24/07/1423H (corresponding to 01/10/2002G) and Ministry of Media License No. (55972), issued on 11/01/1442H (corresponding to 30/08/2020G).

The activities of the Company as in the Commercial Register are represented in advertising institutions and agencies.

The Company's activities set in the Articles of Association include practicing the and attaining the following objectives:

1. Carrying out advertising work in all its readable, visual and audio means, manufacturing advertising materials of all kinds, developing and improving existing advertising means, developing new means and marketing these means.
2. Carrying out public relations works, including the organization of conferences, seminars, exhibitions... etc.
3. Media production: Such as publishing and preparing books, specialized journals, manuals and production of radio and television programs.
4. Printing of all kinds for its publications and for the third-party account.
5. Wholesale and retail trade in clerical tools, import and sale of office and school tools and supplies, advertising gifts, non-fiery toys and supplies for children, books, teaching aids, office furniture, engineering devices and tools, computers, accessories and software (application systems and databases), electronic game consoles, memory cards, associated service and maintenance work, clerical machines, telephone communication devices and accessories, sports and scouting tools, cardboard, products made of these materials, prints, bookbinding materials, photographs, stationery, pasting materials used in stationery or for domestic purposes, artists' materials, paint or coloring brushes, guidance and teaching materials, plastic packaging materials, printing letters, cliché (drawers) as well as clothing and foodstuffs, applying for government tenders to many government and private entities, importing and printing materials that go

into the manufacture and printing of indoor and outdoor billboards, including wooden, iron, metal, plastic, electrical and neon materials, inks, paints, films and printing papers and securing the necessary technical labor.

6. Distribution of publications, newspapers, magazines, journals and books. The Company may have an interest in or participate in any way in institutions or companies that carry out works similar to its own, or that may help it to achieve its purpose or be complementary to, or merge into, buy or attach to it.
7. Commercial agencies within the purposes of the Company after obtaining the necessary licenses from the competent authorities and registering them in the register of commercial agencies, all after obtaining the approval of the competent authorities.
8. Training: The Company may practice training and education activity, and in order to achieve this, it may establish specialized centers for the opening of classrooms to teach programs: computer, management, accounting, typewriter and languages, provided it obtains the approval of the Technical and Vocational Training Corporation and the competent authorities.
9. Management and lease of owned or leased (residential) properties.
10. Management and lease of owned or leased (non-residential) properties.

The Company practices its business according to the applicable laws and after obtaining the licenses required from the competent authorities, if any.

The Company carries out its activities through its headquarters in Riyadh, its network of branches and subsidiaries in the KSA and through its investments in other companies inside and outside the KSA. The Company's key activities are represented in the following sectors:

- Advertising Sector
- Library and Retail Sector
- Distribution Sector
- Production Sector

For more information, please refer to subsection (3.3) "**Company's Key Activities**" of section (3) "**Company Background and Nature of Business**" of this Prospectus.

Company's Vision

To be the pioneer and leading Company in the 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.

Company's 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.

Company's 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.

Strengths and Competitive Advantages of the Company

- The pioneering and leading Company in the 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.

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 the 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, and 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 global market share for outdoor advertising has fallen to 4.75% of total advertising spending, and is estimated to grow to 5% in 2021G and will continue to grow beyond 2021G. While advertising spending will increase proportionately to the economic recovery, improved working conditions, increased mobility and positive consumer sentiment in 2021G, external advertising, especially digital, will continue to drive growth in the advertising market ecosystem.

The performance of the advertising market in the KSA is closely related to the 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 2016G-2018G, outdoor advertising spending in the KSA gradually recovered by 2018G. 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.

Financial Information Summary

The Financial Information Summary is based on the Company's audited consolidated financial statements for the financial years ended on March 31, 2020G, 2021G and 2022G and the attached notes.

The audited consolidated financial statements for the financial year ended on March 31, 2020G were audited by Al Azem, Al Sudairy, Al Shaikh & Partners (Accountants and Legal Auditors). The audited consolidated financial statements for the financial year ended on March 31, 2021G and 2022G were audited by Alkharashi & Co. (Certified Accountants and Auditors).

The Company's audited financial statements for the financial year ending December 31, 2020, 2020G and 2021G and notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA).

Statement of Financial Position (One thousand Saudi Riyals)	Financial Year ended On March 31, 2020G (Restated)	Financial Year ended March 31, 2021G (Restated)	Financial Year ended On March 31, 2022G (Restated)
Total tangible assets	95,682	142,284	117,369
Total intangible assets	105,098	88,325	93,402
Total assets	200,780	230,609	210,771
Total tangible Liabilities	147,740	154,072	167,625
Total intangible Liabilities	22,475	31,928	36,782
Total Liabilities	170,215	186,000	204,407
Total shareholders' equity	30,565	44,609	6,364
Total liabilities and shareholder's equity	200,780	230,609	210,771

Source: Company's Financial Statements

Statement of Income (One thousand Saudi Riyals)	Financial Year ended On March 31, 2020G (Restated)	Financial Year ended On March 31, 2021G (Audited)	Financial Year ended On March 31, 2022G (Restated)
Total Revenues	96,810	73,250	89,995
Cost of Revenues	(66,615)	(62,616)	(68,114)
Total profits	30,195	10,633	21,881
Net pre-Zakat income loss	(26,998)	(70,255)	(37,371)
Net loss	(29,120)	(80,334)	(37,719)

Source: Company's Financial Statements

Statement of Cash Flows (One thousand Saudi Riyals)	Financial Year ended On March 31, 2020G (Restated)	Financial Year ended On March 31, 2021G (Restated)	Financial Year ended On March 31, 2022G (Restated)
Net cash generated from/(used in) operating activities	29,975	(21,157)	(18,434)
Net cash (used in)/generated from investment activities	(11,143)	(14,239)	172
Net cash (used in)/generated from financing activities	(12,078)	84,375	(8,011)
Cash and cash equivalents at the beginning of the year	5,110	11,864	60,843
Net cash flow for the increase/(decrease) period	6,755	48,979	(26,273)
Cash and cash equivalents at the end of the year	11,864	60,843	34,570

Source: Company's Financial Statements

KPIs	Measurement unit	Financial year ended on March 31		
		2020G	2021G	2022G
Total profits	One thousand Saudi Riyals	30,195	10,663	21,881
Margin of total profit	%	31.2%	14.5%	24.3%
Margin of loss	%	(30.1%)	(109.7%)	(41.9%)
Return on assets	%	(14.5%)	(34.8%)	(16.4%)
Return on equity	%	(95.3%)	(180.1%)	(592.7%)
Debt to total equity	Once	1.8	1.3	11.1
Tangible assets/tangible liabilities	Once	0.6	0.9	0.7
Total assets/total liabilities	Once	1.2	1.2	1.0

Source: Company

Summary of Risk Factors

There are several risks related to the issuance of Pre-emptive Rights Shares, which are explained in detail in section (2) "**Risk Factors**" of this Prospectus. They are summarized as follows:

- **Risks related to the Company's activities and operations**
  - Risks Related to the Inability to Implement the Strategy
  - Risks Related to Liquidity
  - Risks Related to Credit
  - Risks Related to Governmental Tenders
  - Risks related to Contingent Liabilities
  - Risks Related to Non-issuance or Non-renewal of Licenses, Permits and Certificates
  - Risks related to Reliance on Key Employees and Executive Management
  - Risks related to Employee Errors or Misconduct
  - Risks Related to Failure to Electronically Notarize Employment Contracts
  - Risks Related to Availability of Funding in Future
  - Risks Related to Increase of Company's Credit Facilities and Default of Working Capital
  - Risks Related to Increase of Tangible Liabilities against Tangible Assets
  - Risks Related to Accumulated Losses
  - Risks Related to Increase of Realized Losses
  - Risks Related to Goodwill
  - Risks related to Operating Systems and Information Technology
  - Risks Related to Employment Nationalization "Saudization"
  - Risks Related to Occurrence of Natural Disasters
  - Risks Related to Non-compliance with the Quality Standards and Specifications required by Customers
  - Risks Related to Dramatic Decrease in Sales and Net Losses of Modern Tihama Stationery Company (Subsidiary)
  - Risks Related to Lawsuits
  - Risks Related to Distraint on Company's Funds
  - Risks Related to Suspension of Subsidiaries' Activities
  - Risks Related to Potential Zakat Dues and Additional Claims
  - Risks Related to Finance Agreements
  - Risks Related to Revenue Concentration
  - Risks Related to Protection of Trademarks and Property Rights
  - Risks Related to Insurance Coverage
  - Risks Related to Transactions with Third Parties
  - Risks Related to Contracts with Third Parties
  - Risks Related to Leases
  - Risks Related to Agreements subject to Foreign Laws and Jurisdiction of Foreign Courts or International Arbitration
  - Risks Related to Reliance on Non-Saudi Employees
  - Risks Related to Existence of Previous Pre-emptive Rights Publications
  - Risks Related to Reservations of External Auditor
  - Risks Related to Financial Performance of Aventus Global Trading Company (Subsidiary)
  - Risks Related to Results and Decrease of Profitability of Integrated Production Co. for Audio and Visual Media Production (Subsidiary)
  - Risks Related to Weak Collection and Efficiency of Registering Accounts Receivable Provision for Integrated Production Co. (Subsidiary)
  - Risks Related to Other Claims Aging as on March 31, 2022G

- Risks Related to Difficulty of Obtaining Bank Loans
- Risks Related to Increase of Fixed Asset Depreciation
- Risks Related to Failure to Place Brand Marks for Company's Equipment
- Risks Related to Inventory
- Risks Related to Decline of Advertising Sector Performance
- Risks Related to Supplier Agreements and their Claims
- Risks Related to Reliance on Pre-emptive Rights Publications to Finance Company's Operations and Settlement of its Losses
- Risks Related to Failure by Auditing Committee and Nomination and Remuneration Committee in their Tasks as Requested
- Risks Related to Government Fees Applicable to Employment of non-Saudi Employees
- Risks Related to Working Capital Management
- Risks Related to Management Decisions
- Risks Related to Increase of Capital Costs to Enforce Future Projects than the Expected Value
- Risks Related to Imposition of Fine related to Violation of Labor Laws
- Risks related to Application of Developments of IASs or Application of New IASs (IFRS) in the Future
- Risks related to opening financial regulation procedures.

• Risks Related to Market and Industry

- Risks Related to the Economic Performance of the KSA
- Risks Related to Political and Economic Instability in the Middle East
- Risks Related to Companies Law, Corporate Governance Regulations and CMA Rules
- Risks Related to Non-Compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations
- Risks Related to the Competitive Environment
- Risks Related to the Application of Value-added Tax (VAT)
- Risks Related to Fluctuations in Currency Exchange
- Risks Related to COVID-19

• Risks Related to Offered Securities

- Risks Related to Potential Fluctuation in the Price of Pre-emptive Rights
- Risks Related to Potential Fluctuations in the Share Price
- Risks Related to non-Profitability or Selling of Pre-emptive Rights
- Risks Related to Future Data
- Risks Related to the Possibility of Issuing New Shares
- Risks Related to Lack of Demand for the Company's Pre-emptive Rights and Shares
- Risks Related to Dilution of Ownership
- Risks Related to Not Exercising the Pre-emptive Rights in a Timely Manner
- Risks Related to Dividends
- Risks Related to Speculation in Pre-emptive Rights
- Risks Related to Shareholders' Lack of Awareness of the Mechanism of Pre-emptive Rights Trading and Exercising
- Risks Related to Trading Suspension or Company's Shares Cancellation due to Failure to Publish its Financial Statements within the Statutory Period

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1

Definitions and Terms

The following table shows a list of definitions and terms for the statements used in this Prospectus:

Defined term or abbreviation	Definition
Tihama, Company or Issuer	Tihama Advertising and Public Relations Co., a Saudi Joint-Stock Company
Management	Executive Management of the Company.
KSA	Kingdom of Saudi Arabia.
Articles of Association	Company's Articles of Association.
Ministry of Commerce	The Ministry of Commerce (previously known as the Ministry of Commerce and Investment) in the Kingdom of Saudi Arabia.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Pursuant to its Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H as amended by CMA Board Resolution No. 5-5-2022 dated 02/06/1443H (corresponding to 05/01/2022G).
Board, Board of Directors or Board of Directors Members	The Board of Directors of the Company, whose names appear on page (iii).
Advisors	The Company's Advisors, whose names are mentioned in page (v).
Capital Market Authority or CMA	The Capital Market Authority in the KSA.
Capital Market Law	The Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), As amended.
Tadawul	Tadawul, a Saudi Tadawul Group Company, which is established in accordance with the Council of Ministers Resolution dated 29/02/1428H (corresponding to 19/03/2007G) pursuant to the Capital Market Law. It is a Saudi closed joint-stock Company, and the only entity authorized to act as a securities market in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Stock Exchange, Stock Exchange, Stock Market, Market or Tadawul	Saudi Stock Exchange for stock trading.
Trading System	Automated system for trading Saudi shares.
Companies Law	The Companies Law in the KSA promulgated by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), which entered into force on 25/07/1437H (corresponding to 02/05/2016G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
Subsidiaries	(Please see subsection (1.2.10) "**Company's Subsidiaries**" of Section (10) "**Legal Information**" of this Prospectus). Subsidiaries mean companies controlled by the Company through their ability to influence the actions or decisions of another person through any of the following, whether directly or indirectly, and whether carried out by the controlling party alone or jointly with a relative or affiliated party: (1) owning a percentage equal to 30% or more of the voting rights in a Company, or (2) having the right to appoint 30% or more of the members of the administrative body of a Company.
Subsidiaries of the Company	A subsidiary is considered material if it constitutes 5% or more of the total assets, liabilities, revenues, profits or potential liabilities of the issuer. To find out about the Company's material subsidiaries, please see subsection (3.8) "**Subsidiaries**" of this Prospectus).
General Assembly	The Shareholders' General Assembly of the Company.
Ordinary General Assembly	The Shareholders' Ordinary General Assembly of the Company.
Extraordinary General Assembly	The Shareholders' Extraordinary General Assembly of the Company.
Government	The Government of the Kingdom of Saudi Arabia.
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 28/01/1437H, as amended by the CMA Board Resolution No. 1-57-2021 dated 01/06/1442H (corresponding to 14/01/2021G).

Defined term or abbreviation	Definition
Related Parties	They shall mean the following: 1. employees of issuer; 2. Substantial shareholders in the issuer; 3. Directors and Senior Executives of the issuer; 4. Directors and Senior Executives of the issuer's employees; 5. Directors and Senior Executives of the issuer's substantial shareholders; 6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; 7. any Company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above.
Listing Rules	Listing Rules issued by the Saudi Tadawul Group ("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 Resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G). as amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), as amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), and as amended by its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G).
IFRS	The International Financial Reporting Standards, a set of accounting standards and interpretations thereof issued by the IASB. The International Financial Reporting Standards approved by SOCPA, which incorporates international standards along with the additional requirements and disclosures required by SOCPA and other standards and declarations approved by SOCPA, which include technical standards and publications related to matters uncovered by international standards, such as the issue of Zakat.
Financial Year(s)	It is the period of time for the presentation of the result of the activity of the establishment and the beginning and end of which is specified in the memorandum of association or Articles of Association of the concerned Company. The Company's financial year shall end on March 31.
Saudization	Replace the expatriate workers in private sector jobs with Saudi nationals.
Riyal or Saudi Riyal	The official currency of the KSA
SOCPA	The Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia
General Organization for Social Insurance	The General Organization for Social Insurance in the Kingdom of Saudi Arabia
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (previously known as Ministry of Labor and Social Development).
Business Day	Any working day except for Friday, Saturday and any day that is a public holiday in the KSA or any day on which banking institutions are closed under applicable regulations and other government procedures.
Labor Law	The Saudi Labor Law promulgated by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. (M/134), dated 07/01/1442H (corresponding to 26/08/2020G), as amended.
H	Hijri calendar
M	Gregorian calendar
Securities Depository Center Company/Depository Center	A closed joint-stock Company wholly owned by Saudi Tadawul Group (Tadawul), established in 2016G under the Saudi Companies Law issued by Royal Decree No. M/3, dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services.
Ministry of Media	Ministry of Media in the Kingdom of Saudi Arabia (previously known as Ministry of Culture and Information).
General Commission for Audiovisual Media	General Commission for Audiovisual Media, a governmental regulatory organization for media in the KSA, which is legally connected to the Ministry of Media.
VAT	On 02/05/1438H (corresponding to 30/01/2017G), the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on January 01, 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the KSA, and in the GCC countries. The amount of this tax (5%), and a number of products have been excluded from the same (such as basic foods, services related to health care and education). The Government of the KSA has decided to increase the VAT rate from 5% to 15% as of July 01, 2020G.
The Rights or Pre-emptive Rights	Are tradable securities giving their holders the priority to subscribe to the new shares offered, upon approval of the capital increase. An acquired right by registered shareholders. Each Right grants its holder the right to subscribe to one New Share at the Offer Price. Rights Issue will be deposited after the Extraordinary General Assembly for Capital Increase is held on ••/••/••••H (corresponding to ••/••/••••G). The Rights will appear in the accounts of the Registered Shareholders under a new symbol specifying the Rights Issue. The Registered Shareholders are notified through an announcement on the Tadawul website as well as by the (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages sent through brokerage companies.
Indicative Value of the Right	The difference between the market value of the Company's share during the Trading Period and the Offer Price.
Right Trading Price	The price at which the Right is traded, noting that such price is set through the Tadawul offer and demand mechanism. Hence, it may be different from the indicative value of the Right.
Underwriter	Alinma Investment Company.

Defined term or abbreviation	Definition
Lead Manager	Alinma Investment Company.
Offer Period	The Period starts from ••/••/••••H (corresponding to ••/••/••••G) until ••/••/••••H (corresponding to ••/••/••••G).
Offer/subscription Price	Ten (10) Saudi Riyals per share.
Rump Shares	Rump Shares unsubscribed during the subscription period.
Rump Offering	Rump shares unsubscribed by eligible persons shall be offered to institutional investors by Offering them during Rump Offering Period.
Rump Offering Period	The period starts at 10:00 AM on ••/••/••••H (corresponding to ••/••/••••G) and continues until 05:00 PM of the following day on ••/••/••••H (corresponding to ••/••/••••G).
New Shares Trading	Thirty-five million (35,000,000) ordinary shares, which shall be issued due to the Company's capital increase.
Subscription Eligibility Factor	It is calculated by dividing the number of New Shares by the number of the Company's existing Shares.
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Substantial Shareholders	Shareholders owning 5% or more of the Company's shares. There are no Substantial Shareholders in the Company as on the date of this Prospectus.
The public	Means in the Rules on the Offer of Securities and Continuing Obligations the unmentioned persons below: 1. Employees of issuer; 2. Substantial shareholders in the issuer; 3. Directors and Senior Executives of the issuer; 4. Directors and Senior Executives of the issuer's employees; 5. Directors and Senior Executives of the issuer's substantial shareholders; 6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; 7. any Company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above; 8. Persons acting in concert together and jointly owning (% 5) or more of the category of shares to be listed.
Net Proceeds of the Offering	Net Proceeds of the Offering after deducting the Offering expenses.
Person	Natural person.
Prospectus	This document prepared by the Company in relation to the underwriting of Rights Issue.
Listing	Listing securities on the primary stock exchange or - where the context allows - submitting a listing application to Saudi Tadawul Group (Tadawul).
Registered Shareholders	Shareholders own shares at the end of trading on the day on which the Extraordinary General Assembly on capital increase is held, and who are registered in the Company's shareholders register at the end of the second trading day following the day on which the Extraordinary General Assembly on capital increase is held, on ••/••/••••H (corresponding to ••/••/••••G).
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the trading period.
Shares	The Company's ordinary shares of five million (5,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
Brokers	The market institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities in the capacity of an agent.

Defined term or abbreviation	Definition
Institutional Investors	Include a number of institutions, as follows: 1. Government entities and government-owned companies, directly or through a private portfolio manager, or any international body recognized by the CMA, Market, any other financial market recognized by CMA or the Depository Center. 2. Public investment funds established in the KSA, which are publicly offered, in addition to private funds that invest in securities listed on the Saudi Stock Exchange if the terms and conditions of the fund allow it to do so, while adhering to the provisions and restrictions stipulated in the Investment Funds Regulation. 3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed; 4. Clients of a person licensed to practice management business, provided such licensed person has been appointed under conditions that enable him to make decisions regarding the acceptance of participation in the Offering and investment in the Saudi Stock Exchange on behalf of the client without the need to obtain prior approval from him. 5. Any other legal persons may open an investment account in the KSA and an account with the Depository Center, considering the investment controls of companies listed in securities, provided the participation of the Company does not lead to any conflict of interest. 6. GCC Investors with Legal Personality, Including companies and funds established in the GCC countries; 7. Eligible foreign investors; and 8. A final beneficiary of a legal capacity in a mutual agreement concluded with an authorized person in accordance with the terms and conditions of the mutual agreements.
Subscriber	Any Person subscribes to shares Offering for subscription
Shareholder	Owner or holder of shares as of any specified time.
GCC	The Gulf Cooperation Council.
Compound Annual Growth Rate	A method used to calculate the growth rate of a particular item over a specified period of time.
GDP	The gross domestic product of the Kingdom of Saudi Arabia. It is the market value of all locally recognized final goods and services that are produced within a specified period of time.
USD	Official currency of the United States of America.
AED	The basic unit of the currency of the United Arab Emirates.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority (previously known as the General Authority of Zakat and Income), a government body that is legally connected to the Minister of Finance, it is the body entrusted with the work of collecting Zakat and taxes.
Houghton Mifflin Harcourt	A leading global Company in the USA markets in the field of providing educational products and services for school grades from kindergarten to secondary levels and for general and vocational education, in addition to providing modern and integrated educational solutions to schools based on the provision of the latest teaching mechanisms around the world. It is also a leader in the field of providing teacher development and training services as well as evaluation services to measure the development of performance of students and help teachers develop plans to raise the performance of each individual student.
WH Smith	It is a British retail Company, which operates a chain of shops, highway service stations, airports, ports, hospitals and highways for selling books, stationery, magazines, newspapers, entertainment products and sweets.
Underwriting Agreement	The underwriting agreement concluded between the Company and the Underwriter.
Rules of Qualified Foreign Financial Institutions Investment in Listed Securities.	These are rules for regulating the investment of securities by non-Saudi persons residing outside the KSA. issued by the Board of the Capital Market Authority pursuant to its Resolution No. No. 1-42-2015, dated 15/07/1436H (corresponding to 04/05/2015G) as amended by Resolution of the Board of the Capital Market Authority No. 3-65-2019, dated 14/10/1440H (corresponding to 17/06/2019G).
Procedures and instructions for companies, whose shares are listed in SSE with accumulated losses of (% 20) or more of their capital	Rules of accumulated-losses companies as issued by the CMA Board pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) and as amended by the CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G)
Nitaqat Program	It is one of the programs affiliated to the Ministry of Human Resources and Social Development. It is a program to motivate enterprises to employ Saudis. It is approved by Resolution No. (4040), dated 28/01/1432 H (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 establishment on the basis of specific bands (platinum, green, yellow and red) according to the activity and sector, under which the Company falls and the Nitaqat program has been amended by Resolution No. (63717), dated 29/03/1441H (corresponding to 26/11/2019G). The yellow band was removed from the Nitaqat program, all establishments in the yellow band were transferred to the red band and the red band standards contained in the Nitaqat program manual were applied to these establishments.

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Risk factors

In addition to other information herein, all prospective investors should carefully study all information contained in this Prospectus, including the following risk factors herein before making any investment decision in relation to the Offer Shares, noting that risk factors described below may not include all the risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations. The Company's business, financial position, results of operations, cash flows, and prospects could be adversely materially affected if any of the following risks materialize.

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders as of the date of this Prospectus, except as disclosed in this Section. An investment 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 Right Shares should consult a financial adviser licensed by CMA for advice on such investments.

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

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

2.1 Risks Related to the Company's Activity and Operations

2.1.1 Risks Related to the Inability to Implement the Strategy

The Company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and successful implementation of its strategy including, but not limited to, improvement of current activities in which the Company operates or entering new activities. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving its operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and maintain its workforce. Moreover, any business expansion plans that the Company intends to undertake in the future will be subject to the estimated costs and the set schedule (for more information, please refer to Section (7) "**Use of Offering Proceeds**" of this Prospectus). The Company may need additional funding to complete any expansion plans. If the Company fails to implement the expansion plans according to the set schedule with the estimated costs of the project or in the event that the necessary licenses are not obtained, or the desired profitability of these projects is not achieved, due to various reasons, including a change in the market situation at the time of implementation of these projects or a defect in the feasibility study, the Company's competitive position and consequently its financial position as well as its results of operations, profitability and prospects will be adversely affected.

The Company's ability to implement its current strategy is subject to various factors, including what is outside its control, and there are no guarantees that no defect, failure or sudden interruption in the work of production lines will occur during the expansion process, or that the employees appointed by the Company or the systems, procedures and controls it adopts will be sufficient to support future growth and expansion and successfully achieve its strategy. In the event that the Company fails to implement any part of its strategy for any reason, this will have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.2 RISKS RELATED TO LIQUIDITY

Liquidity risk is represented the Company's difficulty in providing sufficient cash or assets to meet its financial liabilities on time. The Company's liquidity ratio is (0.65) times, (0.92) times and (0.70) times as on 31 March 2020G, 31 March 2021G and 31 March 2022G, respectively (for more information, please refer to Section (6) "**Financial Information & Management's Discussion and Analysis**" of this Prospectus). The Company's failure in managing its liquidity effectively and well, or in the event of circumstances beyond its control, this might affect the Company's liquidity ratio, which will affect its ability to meet its current liabilities. The Company may be forced to liquidate its assets or re-schedule those liabilities or to attempt to maintain high-cost financing alternatives and others, which will have a material adverse impact on the Company's business, results of operations, financial position, cash flows and prospects.

2.1.3 RISKS RELATED TO CREDIT

Credit risk arises when one party is unable to fulfill a specific financial obligation to the other party. The Company may face credit risk in several temporary or permanent cases, including the existence of debit balances from clients, and failure of other creditors to fulfill their obligations towards the Company, in addition to other cases when the Company is exposed to credit risks. The balance of trade receivables of the Company amounted (19,741,033) Saudi Riyals as on 31 March 2020G,n(23,677,249) Saudi Riyals as on 31 March 2021G, and (22,642,026) Saudi Riyals as on 31 March 2022G. The provision for the expected credit losses (ECL) (doubtful debts) of the Company amounted (6,999,220) Saudi Riyals as on 31 March 2020G, (11,633,317) Saudi Riyals as on 31 March 2021G, and (12,632,651) Saudi Riyals as on 31 March 2022G.

The receivables age represented 63.2% of the total Company;s receivables amounted 14.3 million Saudi Riyals due more than 360 days as on 31 March 2022G (for more information, please refer to Section (6) "**Financial Information & Management's Discussion and Analysis**" of this Prospectus). In the event that the Company's clients fail to settle their debts, the probability of impairment of receivables will increase. In these cases, the Company shall resort to litigation, or will increase the value of the provisions that should be established for covering the impairment of receivables; therefore, the Company's profitability, financial position as well as its results of operations, and prospects will be adversely affected.

The Company cannot guarantee that the parties it deals with will not fail to fulfill their obligations, nor can it accurately predict their future ability to fulfill such obligations. In the event that creditors fail to pay the Company's dues, or the collection of due receivables is delayed from them, this will have a adverse impact on the availability of liquidity required to cover the Company's needs as well as its expenses and cash flows. In turn, this will have a adverse impact on the Company's business, financial position, results of its operations and prospects.

2.1.4 RISKS RELATED TO GOVERNMENT TENDERS

Business of the Company and its subsidiaries that working in advertising and travel retail are linked to government tenders regulated by municipalities, secretariats and the General Civil Aviation Authority. The Company's income from advertising has decreased over the past three years, with incomes of which 15.7 million Saudi Riyals in financial year. 2020G, 7.2 million Saudi Riyals in financial year 2021G and 6.3 million Saudi Riyals in financial year 2022G. Part of this decrease is due to the Company's inability to enter into tenders as entry usually requires the filing bonds of guarantee or deposits as part of the bidding process because of the poor liquidity of the Company. In the event that the Company loses a tender either through strong competition, expiration of the contract, non-reopening of it or the high cost of tenders and contracts, this will have a material adverse impact on the Company, its financial position and results of its operations.

2.1.5 RISKS RELATED TO CONTINGENT LIABILITIES

Some contingent liabilities may arise on the Company, such as costs related to Zakat or taxes or claims, in addition to any other obligations or costs e.g. staff end of service benefits. As on 31 March 2022G, the company has contingent liabilities representing in GLs amounted 15.1 million Saudi Riyals (there is cash insurance against those contingent liabilities of 9.8 million Saudi Riyals), plus there are some cases filed against either the company or its subsidiaries, during the normal course of the business and are currently being argued.

During the year ending 31 March 2022G, a judgement was issued in favour of one of the secretariats requiring the company to pay 1.0 million Saudi Riyals for the rental and using advertising sites (an accrual of 0.5 million Saudi Riyals is recorded in the accounting records). The Company filed an appeal in cassation against such judgment but is still pending as of the date of this prospectus.

(for more information, please refer to Subsection (10.11) "Disputes and lawsuits" of Section (10) "Legal Information" of this Prospectus). In the event of fulfillment of obligations, then it will negatively and materially affect the financial operations, financial position, results of operations and prospects of the Company.

2.1.6 RISKS RELATED TO FAILURE TO OBTAIN AND RENEW LICENSES, PERMITS AND CERTIFICATES

The Company and its subsidiaries shall obtain and maintain the various regulatory permits, licenses and approvals regarding its activities. These licenses include, but not limited to, the following: The license issued by the Ministry of Media (The Ministry of Culture and Information) or General Commission for Audiovisual Media, Company registration certificates issued by Ministry of Commerce, Chamber of Commerce membership certificates, trademark registration certificate, Saudization certificates, social insurances, Zakat certificates, and VAT registration certificate.

The Company and its subsidiaries should comply with the terms and conditions of each licence, permit or certificate they have obtained. If none of these companies can do that, it may not be able to renew such licences, permits and certificates or obtain other new ones, which it may need from time to time for the purposes of expanding its activities which may result in the suspension or disruption of the business of the Company or the imposition of financial fines on it by government agencies. In turn, this will have a material and adverse impact on the Company's business, financial position, results of its operations and prospects.

The following are details of the expired permits and licences of the Company, its branches and subsidiaries indicating the consequences of each:

1. Tihama Advertising and Public Relations and Marketing (under Commercial Register No. 1010016722): The Company does not have a civil defence certificate and a VAT registration certificate. The Zakat certificate issued to both the Company and its branch is also expired. That will result in the following:

    a. Failure to obtain a civil defense permit breaches the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 01/21/1986G) and amended by Royal Decree No. (M/66) dated 10/02/1424H (corresponding to 26/11/2003G), which will expose the Company to penalties and fines stipulated in Article (30) of the same Law, that provides any person violating any of the provisions of this Law, its regulations, or decisions issued thereupon, shall be subject to imprisonment for a term not exceeding six months, a fine not exceeding

    b. 30,000 riyals, or both. Failure to obtain a civil defence permit will also result in unable the Company to renew a municipal licence. If it is unable to obtain a safety licence from the civil defence, this may cause to close the headquarters until the statutory procedures are completed.

    c. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500,000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

    d. Failure to obtain or renew Zakat certificates would result in preventing from contracting with government agencies.

    e. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

2. Tihama Distribution Company (under Commercial Register No. 1010630677): The Company dose not have the following certificates: 1) Media License, 2) VAT Certificate, 3) Social Insurance Certificate, 4) Performance Report, 5) Wage Protection Certificate. According to the commercial registry, Tihama Distribution Company has two activities requiring a licence. The Company has not provided the relevant licenses. That will result in the following:

    a. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500,000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

    b. Failure to obtain or renew Zakat certificates would result in preventing from contracting with government agencies.

    c. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

    d. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

3. Branch - Tihama Distribution Company (under Commercial Register No. 4030032382): The Company dose not have the following certificates: 1) Media License, 2) Certificate of Municipalities,Secretariats and Commercial Enterprises, 3) Civil Defense Certificate. According to the commercial registry, Tihama Distribution Company has two activities requiring a license. The Company has not provided the relevant licenses. It should be noted that Tihama Distribution Company does not engage in any activities. That will result in the following:

    a. Failure to obtain a civil defense permit breaches the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 01/21/1986G) and amended by Royal Decree No. (M/66) dated 10/02/1424H (corresponding to 26/11/2003G), which will expose the Company to penalties and fines stipulated in Article (30) of the same Law, that provides any person violating any of the provisions of this Law, its regulations, or decisions issued thereupon, shall be subject to imprisonment for a term not exceeding six months, a fine not exceeding

    b. 30,000 riyals, or both. Failure to obtain a civil defense permit will also result in unable the Company to renew a municipal license. If it is unable to obtain a safety licence from the civil defense, this may cause to close the headquarters until the statutory procedures are completed.

    c. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500.000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

    d. Failure to obtain or renew Zakat certificates would result in preventing from contracting with government agencies.

    e. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

    f. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

4. Tihama Education Company (under Commercial Register No. 1010556302): The Company dose not have the following certificates: 1) Media License, 2) civil defense certificate. That will result in the following:

    a. Failure to obtain a civil defense permit breaches the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 01/21/1986G) and amended by Royal Decree No. (M/66) dated 10/02/1424H (corresponding to 26/11/2003G), which will expose the Company to penalties and fines stipulated in Article (30) of the same Law, that provides any person violating any of the provisions of this Law, its regulations, or decisions issued thereupon, shall be subject to imprisonment for a term not exceeding six months, a fine not exceeding

    b. 30,000 riyals, or both. Failure to obtain a civil defence permit will also result in unable the Company to renew a municipal licence. If it is unable to obtain a safety licence from the civil defence, this may cause to close the headquarters until the statutory procedures are completed.

    c. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500,000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

5. Branch - Tihama Education Company (under Commercial Register No. 1010519778): The Company dose not have the following certificates: 1) Social Insurance Certificate, 2) Nitaqat Certificate, 3) Saudization Certificate, 4) Wage Protection Certificate, 5) Media License, 6) VAT Certificate. The Municipal License expired. That will result in the following:

    a. Non-renewal of the municipal license is considered a violation of the requirements of the Ministry of Municipal, Rural Affairs and Housing, which may expose the branch to the penalties stipulated in the list of penalties for municipal violations (issued on 02/05/1442H (corresponding to 9/22/2022G) may reach five hundred thousand (500,000) Saudi Riyals in addition to closing the branch, which will negatively affect its operations.

    b. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500,000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

    c. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

d. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

e. The absence of a Saudization Certificate will also prevent the branches from participating in tenders and applying for new projects. The Saudization certificate is one of the key documents to be attached to the submission file for government and private tenders and bids, which will adversely affect the productivity and revenues of the Company.

6. Tihama for Commercial Investment Holding Company: The Company dose not have the following certificates: 1) Social Insurance Certificate, 2) Nitaqat Certificate, 3) Saudization Certificate, 4) Wage Protection Certificate, 5) VAT Registration Certificate. It should be noted that Tihama for Commercial Investment Holding Company does not engage in any activities. That will result in the following:

   a. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500,000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

   b. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

   c. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

   d. The absence of a Saudization Certificate will also prevent the branches from participating in tenders and applying for new projects. The Saudization certificate is one of the key documents to be attached to the submission file for government and private tenders and bids, which will adversely affect the productivity and revenues of the Company.

7. Fast Advertising Company: The Company dose not have the following certificates: 1) Media License Certificate. According to the commercial registry, Fast Advertising Company has one activity requiring a license. The Company has not provided the relevant licenses. That will result in the following:

   a. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500.000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

8. Estidama Real Estate Company: The Company dose not have the following certificates: 1) Chamber of Commerce Certificate, 2) Certificate of Municipalities,Secretariats and Commercial Enterprises, 3) Civil Defense Permit Certificate, 4) Social Insurance Certificate, 5) Nitaqat Certificate, 6) Wages Protection Certificate, 7) Saudization Certificate, 8) Media License, 9) VAT Certificate. The Company's commerial registry expired. That will result in the following:

   a. Breach of article (5) of the Commercial Registry law which stipulates that anyone is registered in the Commercial Registry must deposit with the Commercial Registry Office within thirty days of the date of registration, a certificate of participation in the Chamber of Commerce. That may expose the Company to the fine provided for in the Article (15) of the commercial registry law not exceeding (500,000) five hundred thousand Saudi Riyals in addition to the Company's inability to benefit from the services provided by the Chambers of Commerce, resulting in the disruption of the Company's operations in this matter.

   b. Non-renewal of the municipal license is considered a violation of the requirements of the Ministry of Municipal, Rural Affairs and Housing, which may expose the branch to the penalties stipulated in the list of penalties for municipal violations (issued on 02/05/1442H (corresponding to 9/22/2022G) may reach five hundred thousand (500,000) Saudi Riyals in addition to closing the branch, which will negatively affect its operations.

   c. The absence or renewal of the said permits is a breach of the Companies law, resulting in a fine not exceeding five hundred thousand (500.000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

   d. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

e. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

f. The absence of a Saudization Certificate will also prevent the branches from participating in tenders and applying for new projects. The Saudization certificate is one of the key documents to be attached to the submission file for government and private tenders and bids, which will adversely affect the productivity and revenues of the Company.

9. Tihama Modern Bookstores Company: The certificate of Municipalities,Secretariats and Commercial Enterprises isn't available with the Company. The Company has a number of expired Certificates which are: 1) Zakat Certificate issued by the Zakat, Tax and Customs Authority under No. 1030891147 dated 04/08/1442H and expired on 18/09/1442H (corresponding to 30-04-2021G). 2) Media License Certificate under No. 20088 dated 29/06/1414H and expired on 27/10/1441H. 2) Shop Opening License under No.1100056187 expired on 21/06/1438H. 4) Civil Defense Permit Certificate in Jeddah under No. 000023-38289 issued by the Field Safety Center in Al-Shatea on 12/04/1438H and expired on 12/04/1439H. That will result in the following:

a. Failure to obtain or renew Zakat certificates would result in preventing from contracting with government agencies.

b. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500,000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

c. Non-renewal of the municipal license is considered a violation of the requirements of the Ministry of Municipal, Rural Affairs and Housing, which may expose the branch to the penalties stipulated in the list of penalties for municipal violations (issued on 02/05/1442H (corresponding to 9/22/2022G) may reach five hundred thousand (500,000) Saudi Riyals in addition to closing the branch, which will negatively affect its operations.

d. Failure to obtain a civil defense permit breaches the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 01/21/1986G) and amended by Royal Decree No. (M/66) dated 10/02/1424H (corresponding to 26/11/2003G), which will expose the Company to penalties and fines stipulated in Article (30) of the same Law, that provides any person violating any of the provisions of this Law, its regulations, or decisions issued thereupon, shall be subject to imprisonment for a term not exceeding six months, a fine not exceeding

e. 30,000 riyals, or both. Failure to obtain a civil defense permit will also result in unable the Company to renew a municipal license. If it is unable to obtain a safety licence from the civil defense, this may cause to close the headquarters until the statutory procedures are completed.

10. Tihama International Advertising Company: The Company dose not have the following certificates: 1) Social Insurance Certificate, 2) Saudization Certificate, 3) Nitaqat Certificate, 4) Wage Protection Certificate, 5) Media License, 6) VAT Registration Certificate. That will result in the following:

a. The absence of a Saudization Certificate will also prevent the branches from participating in tenders and applying for new projects. The Saudization certificate is one of the key documents to be attached to the submission file for government and private tenders and bids, which will adversely affect the productivity and revenues of the Company.

b. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500.000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

c. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

d. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

11. Nasej Al Khayal Audiovisual Media Production Company: The Company dose not have the following certificates: 1) Social Insurance Certificate, 2) Saudization Certificate, 3) Nitaqat Certificate, 4) Wage Protection Certificate, 5) Media License. The Company's commerial registry expired. That will result in the following:

    a. The absence of a Saudization Certificate will also prevent the branches from participating in tenders and applying for new projects. The Saudization certificate is one of the key documents to be attached to the submission file for government and private tenders and bids, which will adversely affect the productivity and revenues of the Company.

    b. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

    c. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500.000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

12. Aventus Global Trading LLC: The Company has a number of expired Certificates which are: 1) Media License Certificate of the Aventus Global Trading's branch (W. H. Smith) under No. 6627134 ended on 27/04/2022G. 2) Civil Defense Permit Certificate of Aventus Global Trading LLC in Dubai, UAE under No. BD-ALST-0001374 issued on 04/06/2021G, and the subscription is renewed annually and the certificate was not provided to us after renewal 3) Civil Defense Permit Certificate of Aventus Global Trading LLC in Dubai, UAE under the No. BD-ALST-0005550 issued on29/04/2021, and the subscription is renewed annually.

13. TIhama New Media Company: The Company dose not have the following certificates: 1) Social Insurance Certificate, 2) Saudization Certificate, 3) Nitaqat Certificate, 4) Wage Protection Certificate, 5) VAT Registration Certificate. It should be noted that TIhama New Media Company does not engage in any activities. That will result in the following:

    a. The absence of a Saudization Certificate will also prevent the branches from participating in tenders and applying for new projects. The Saudization certificate is one of the key documents to be attached to the submission file for government and private tenders and bids, which will adversely affect the productivity and revenues of the Company.

    b. The absence or renewal of the said permits is a breach of the companies law, resulting in a fine not exceeding five hundred thousand (500.000). The fine shall be doubled if repeated within 3 years of the date of the judgement by the imposition of the fine.

    c. Failure to upload the wage protection file on a monthly basis or adhere to, when uploading the file on a monthly basis, with the compliance rate specified by the ministry will also result in a fine ranging from five thousand (5000) Saudi Riyals to fifteen thousand (15,000) Saudi Riyals.

    d. Non-registration of VAT within the period specified in the Regulations will result in a fine of (10,000) ten thousand Saudi Riyals. If the unregistered person issues a tax bill, it shall be liable to a fine not exceeding one hundred thousand (100,000) Saudi Riyals. A fine may also be doubled for the violator if the violation is repeated within three years of the date of the decision.

In case of the Company's and its subsidiaries inability to renew its current licenses, permits and certificates, or to obtain any licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company, or in the event that the Company is unable to obtain the additional licenses, permits and certificates that may be required of it in the future, this may expose the Company to cease and stop its operations, e.g. Company closure or freezing all services obtained from supervisory authorities (e.g. renewing licenses and certificates, issuing visas, residence permits, and transferring sponsorships ... etc). This will result in disruption of Company's operations and incurring additional costs and financial penalties according to the relevant regulations, and consequently, which would have a material adverse impact on the Company's business, results of operations, financial condition and prospects. (for more information, please refer to Subsection (10.3) "**Licenses, Permits and Certificates**" of Section (10) "**Use of Offering Proceeds**" of this Prospectus).

2.1.7 RISKS RELATED TO DEPENDENCE ON KEY PERSONNEL AND EXECUTIVE MANAGEMENT

The Company and its future plans for success depend on the expertise and competencies of its executive management and key employees. The Company aims to attract and employ qualified individuals to ensure the efficiency and quality of business through effective management and proper operation. There is no assurance that the Company can retain the services of its employees. The Company may also need to increase the salaries to ensure retention of employees or attract new staff with appropriate qualifications and expertise. Accordingly, if the Company loses any of the senior executives or qualified employees and is unable to recruit replacements with the same level of experience and qualifications at appropriate cost, this would have a material adverse impact on the Company's business, results of operations and prospects.

2.1.8 RISKS OF EMPLOYEES MISTAKES AND MISCONDUCT

The Company and its subsidiaries cannot ensure that it can deter employee's misconduct or mistakes, such as embezzlement, deliberate mistakes, misappropriation, fraud, theft, forgery, misuse of its properties and act on its behalf without obtaining the required administrative authorizations. Consequently, these actions may entail consequences and responsibilities for the Company, or statutory penalties, or financial liability, which will negatively affect the reputation of the Company and its subsidiaries. Therefore, the Company cannot guarantee that employees' misconduct or mistakes will not materially and negatively affect its financial position, results of its operations and prospects.

2.1.9 RISKS RELATED TO FAILURE TO RECORD EMPOLYEE CONTRACTS ELECTRONICALLY

Pursuant to the Ministerial Resolution No. 156309 dated 18/08/1440H (corresponding to 23/04/2019G) which provides for the approval of launching the contract electronic authentication program and stipulates that entities shall abide by authenticating the contracts concluded with workers directly after the issuance. As for the contracts that has been already concluded, their documents shall be authenticated mandatory according to a certain incorporating mechanism provided in the ministerial Resolution, until this incorporating mechanism is a maximum in the fourth quarter of the year 2020. The Resolution stated that entities not obliged to authenticate contracts allowed their employees whose contracts were not authenticated to work with another employer without the consent of the current employer. Most staff contracts are unauthenticated with 100 out of a total of 159 unauthenticated contracts. Therefore, the Company shall authenticate the employment contracts to avoid the penalties set out in the schedule of violations approved by the Minister of Human Resources and Social Development No. (92768) dated 05/05/1443H. The penalties against non-compliance with the authentication of employments' contracts for enterprises with more than 50 workers amounted (10,000) Saudi Riyals per worker, and avoid the loss of qualified employees of the Company, which will negatively and substantially affect the financial position of the Company, its financial operations, the results of its operations and its prospects.

2.1.10 RISKS OF AVAILABILITY OF FUNDING IN THE FUTURE

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial position, cash flows, provided guarantees and credit record. As the high debt ratio of the Company and its inability to repay some of the debts over the past years, the consequences of some issues with banks and financial entities at the time, as well as the Company's continuing losses, this limited the Company's ability to obtain fundings from the banks.

The Company's default to pay current and future debts will expose the Company to litigation with banks and financial entities which would negatively and materially affect the financial operations of the Company, its financial position, the results of its operations and its prospects.

The following table details the financing structure of the Company for the financial years ending 31 March 2020G, 31 March 2021G and 31 March 2022G:

Table No. (1): Details of the company's financing structure

Saudi Riyals in thousand	Financial year ended 31 March		
	2020G	2021G	2022G
White Door Holding Company	17,498	-	-
Saudi National Bank	-	20.345	20.222
Emirates NBD	578	-	194.0
Total	**18.076**	**20.345**	**20.415**

Source: Company

The following table shows the change in the total debt to equity ratio and total debt to assets ratio during the financial years ending 31 March 2020G, 31 March 2021G and 31 March 2022G.

Table No. (2): Change in the ratio of total debts to equity and the ratio of total debts to total assets

times	31 March		
	2020G	2021G	2022G
D/E ratio	0.6	0.5	3.2
D/A ratio	0.1	0.1	0.1

Source: Company

The Company does not give any assurance or guarantee that it will obtain the appropriate financing if needed. Therefore, the Company's inability to obtain funding for its needs from financing sources, or to get financing at acceptable preferential terms commensurate with the Company, will have a material adverse impact on the Company's performance, operations and future plans.

2.1.11 RISKS RELATED TO HIGHER THE COMPANY'S CREDIT FACILITIES AND WORKING CAPITAL DEFICIT

Long-term loans are 18.1 million Saudi Riyals, 20.3 million Saudi Riyals and 20.4 million Saudi Riyals as in the periods ended 31 March 2020G, 2021G and 2022G, respectively. The working capital deficit amounted to 52.1 million Saudi Riyals, 11.8 million Saudi Riyals and 50.3 million Saudi Riyals as in the period ending on 31 March 2020G, 2021G and 2022G, respectively.

The majority of the Company's working capital assets are trade receivables and other receivables as they are collected over long periods of time, while working capital liabilities (trade receivables and employees' salaries) are subject to limited credit periods or lack of credit terms.

The Company's inability to reduce its debts for credit facilities or reduce the working capital gap will adversely affect the Company's financial performance, operations and future plans. (for more information, please refer to Section (6) "**Financial Information & Management's Discussion and Analysis**" of this Prospectus).

2.1.12 RISKS RELATED TO THE INCREASE IN THE COMPANY'S CURRENT LIABILITIES AGAINST ITS CURRENT ASSETS

Increasing the liabilities may be a threat to overall financial position and solvency of the Company. The current liabilities amounted to (154.41%), (108.28%) and (142.82%) to the total current assets as in the period ended 31 March 2020G, 2021G and 2022G, respectively.

Current liabilities exceed current assets by 50.3 million Saudi Riyals as on 31 March 31 2022G. Increasing the Company's liabilities in the future will adversely affect its financial position and increase financing costs. In such event the Company have difficulties meeting its obligations and there is an adverse affect the Company's business, its financial position, operational results, and prospects. (for more information, please refer to Section (6) "**Financial Information & Management's Discussion and Analysis**" of this Prospectus).

2.1.13 RISKS OF ACCUMULATED LOSSES

The accumulated losses of the Company as of 31 March 2020G amounted to (39,180,857) Saudi Riyals which represents (52.2%%) of its capital at that time amounted to seventy-five million (75,000,000) Saudi Riyals. On 24/11/1441H (corresponding to 07/15/2020G), the Company's Extraordinary General Assembly (EGA) agreed to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals to one hundred and seventy-five million (175,000,000) Saudi Riyals for the issuance of rights shares in the amount of one hundred One million (100,000,000) Saudi Riyals.

On 31 March 2021G, the accumulated losses amounted to (114,166,642) Saudi Riyals representing (65.2%) of its capital which is at that time one hundred and seventy-five million (175,000,000) Saudi Riyals. On 31 December 31 2021G, the accumulated losses reached (141,627,942) Saudi Riyals representing (80.93%) of the Company's capital which at that time is one hundred and seventy-five (175,000,000) Saudi Riyals.

On 22/07/1443H (corresponding to 23/02/2022G), the EGA approved to reduce the Company's share capital from one hundred and seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals by canceling seventeen million five hundred thousand (17,500,000) ordinary shares in order to amortize part of the accumulated losses.

On 31 March 2022G, the accumulated losses amounted to (24,666,628) Saudi Riyals representing (49.3%) of its capital which is at that time fifty million (50,000,000) Saudi Riyals.

On 30 June 2022G, the accumulated losses amounted to (31,800,461) Saudi Riyals representing (63.6%) of its capital which is at that time fifty million (50,000,000) Saudi Riyals.

On September 30, 2022, the accumulated losses amounted to (34,186,868) Saudi Riyals, which represents (68.4%) of its capital, amounting to fifty million (50,000,000) Saudi Riyals.

It should be noted that on 23/01/1438H (corresponding to 24/10/2016G), the CMA issued its decision No. (1-130-2016) amending the procedures and instructions for companies which have their shares listed in the stock market and their accumulated losses amounted to (50%) or more than their capital, in view of the Companies Law. The name of the procedures was amended to become "Procedures and Instructions for Companies Listed in the Market and which have accumulated losses amounted to (20%) or more of their capital". They were put into effect as of 25/07/1438H (corresponding to 22/04/2017G). They stipulate that the Company must immediately and without delay disclose to the public an independent announcement when its accumulated losses reach (20%) or more.

These procedures also stipulate that the Company must immediately and without delay disclose to the public an independent announcement when its accumulated losses reach (50%) or more of its capital, with a recommendation from its Board of Directors submitted to the Extraordinary General Assembly, in accordance with the requirements of Article 150 of the Companies Law, either by increasing or decreasing the Company's capital, or dissolving the Company before the term specified in its Articles of Association. In case the Company terminates under Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, the listing of the Company's shares in the market will be terminated.

There are no guarantees that the Company will not record additional losses. In the event the accumulated losses reached (50%) or more, the Company will be subject to a number of more stringent requirements, particularly Article 150 of the Companies Law, which obliges any Company's official or auditor, upon learning that the accumulated losses of the Company have reached (50%) or more of its capital, to inform the Chairman of the Board of Directors. The Chairman must inform the Board of Directors thereof immediately. The Board of Directors must, within (15) days of their knowledge, invite the Extraordinary General Assembly to a meeting within (45) days from the date of the Board's knowledge of the losses to decide, either to increase or decrease the Company's capital to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the Company before the term specified in its Articles of Association. The Company would be considered terminated by the force of law if the Extraordinary General Assembly did not meet during the period specified above, or if it met and could not issue a decision in this regard, or if it decides to increase the Capital in accordance with the conditions stipulated in Article 150 of the Companies Law, and the entire Capital increase has not been subscribed to within (90) days from the Assembly's decision to increase it. In the event that the Company is terminated according to Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, this will negatively and materially affect the Company, its financial results and prospects.

2.1.14 RISKS RELATED TO INCREASE OF REALIZED LOSSES

In the period ending on 31 March 2020G, losses incurred by the Company are recorded of 29.1 million Saudi Riyals as most of the subsidiaries were unable to achieve any profits during the same year, due to the high competition, the decrease in the number of projects granted to the Company and executed because of the lack of funding needed to acquire and implement new projects. In addition to the uncompetitive pricing strategies to enter these projects, rising rental expenses for retail stores and other operational and non-operational costs are among the key factors that caused the losses recorded during the period ending 31 March 2020G.

In the period ending on 31 March 2020G, the Company made gross profit by 30.2 million Saudi Riyals. The gross profit decreased during the period ending on 31 March 2021G to reach 10.6 million Saudi Riyals due to lower revenues because of the outbreak of the Coronavirus as well as the acCompanying economic conditions. The net operating expenses increased from 59.1 million Saudi Riyals during the period ending on 31 March 2020G to reach 64.9 million Saudi Riyals during the period ending on 31 March 2021G. The net operating losses increased from 28.9 million riyals in the period ended 31 March 2020G to reach 58.8 million Saudis riyals. Accordingly, the losses of the Company increased in the period ending on 31 March 2021G to reach 80.3 million Saudi Riyals, due to the increase in operating losses and increase in non-operating expenses (provisions for impairment, provisions related to issues raised against the Company, in addition to other expenses during the period ending on 31 March 2021G).

During the period ending on 31 March 2021G, gross profit increased from 10.6 million Saudi Riyals to 21.9 million Saudi Riyals within the period ending on 31 March 2022G due to that the Company has recognized an increase in revenues resulting from the recovery of commercial activities, in addition to the fact that the Company has opened a number of new retail stores in shopping centers and airports. However, Operating expenses amounted to 41.4 million Saudi Riyals during the period ending on 31 March 31 2022G. Operating expenses decreased from 69.4 million Saudi Riyals during the period ending on 31 March 2021G to 63.3 million Saudi Riyals during the period ending on 31 March 31 2022G.

Net losses incurred by the Company decreased from 80.3 million Saudi Riyals during the period ending 31 March 2021G to 37.8 million Saudi Riyals during the period ending 31 March 2022G, due to the increase in gross profit and other revenues and the increase in the value of the Company's share in associate companies.

The Company's continuation of incurring losses from one year to year and its failure to develop and implement policies and plans that would cease the continuation of losses, will negatively and materially affect the Company's business, financial position, results of operations and prospects.

2.1.15 RISKS RELATED TO THE COMPANY'S REPUTATION

The Company's and its subsidiaries reputation can be damaged as a result of several factors, including but not limited to, amendment to its financial results, the legal or regulatory actions against the Company, regulatory actions that may result from non-compliance with some statutory requirements or behavior any of its employees, executives or directors whether previous or current or breach by the Company and its subsidiaries to the applicable legal requirements or other factors affecting a Company's reputation. If the Company's and its subsidiaries reputation is adversely damaged, that would affect on the Group's business, financial position, results of operations, and prospects.

2.1.16 RISKS RELATED TO OPERATING SYSTEMS AND INFORMATION TECHNOLOGY

The Company and its subsidiaries relies on IT systems to manage its business and facilities which exposes the Company or any of its subsidiaries to the risks of failure of such systems, e.g. System collapse, failure of antivirus systems, hacking Company's systems, electronic viruses, natural disasters, fires, communication errors, or lack of skilled labors necessary to operate and manage these systems.

If the Company fails to maintain and develop IT systems or in the event of any malfunctions in their functions, occurrence of

major defect or frequent failure, this will adversely and materially affect the Company's business, its financial position, operational results, and prospects. Also,

Failure to maintain effective operational systems and information technology strategy, or to select appropriate systems for the Company's operations will lead to a set back

in the Company's competitiveness that would negatively and materially affect the Company's business, financial position, results of operations, and prospects.

2.1.17 RISKS RELATED TO JOBS LOCALIZATION "Saudization"

Compliance with the Saudization requirements is a legal requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ a certain percentage of Saudi employees among their total employees and to maintain that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development ("MHRSD"), the Saudization rate in the Company is about (40.91%) and is classified within the "High Green" range (for more information, please refer to Subsection (11.3) "**Employees and Saudization**" of section (3) "**Overview Of The Company And Nature Of Its Business**" of this Prospectus").

On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the 'updated Nitaqat' program which offers three main advantages, as follows: First: A clear localization plan over the next three years to enhance organization stability in the private sector establishments; second: the correlation between the number of employees and the target Saudization ratio at every establishment now depends on a linear equation in line with the number of staff at that establishment instead of the classification of establishments to certain and fixed sizes; third: a simpler design of the program to improve customer experience through integrating common activities, which currently stand at 32 instead of 85 within Nitaqat. The program will provide more than three hundred and forty thousand (340,000) jobs until 2024G. The updated "Nitaqat' program may impose requirements on the Company and make it difficult for it to employ and maintain the same ratio of Saudi citizens in the future, thus it does not meet the requirements of the "Nitaqat" program. If the Company fails to comply with the requirements of the "Nitaqat" program and is classified within the "Red" range, in this case the Company may be subject to a number of penalties, including:

- Suspending its application to new work visas.
- Suspending its application to transfer of the sponsorship of a current or potential employee.
- Blocking non-Saudi employees working with it from changing careers on work visas
- The possibility of a number of non-Saudi employees working for it transfer their sponsorships to other companies that fall within the green or platinum range without obtaining its approval.
- Excluding the Company from participating in government tenders or denying it access to government loans.

There is a difference in the number of employees in the Company as the number of employees according to the social insurance certificate is 16, while the number of employees according to the performance report issued by Qiwa platform is 22. It is an indication that employees will not be excluded after the end of the work relationship and this may result in penalties for the Company ranging from (5000 to 20000 Saudi Riyals) per worker, or an indication of the employment of non-Saudis who are not on the Company's sponsorship. This may result in penalties for the Company ranging from (25,000 to 100,000 Saudi Riyals). That would negatively and materially affect the Company's business, financial position, results of operations, and prospects.

The Company may face challenges in marinating Saudi nationals employed. If the number of employees of this category decreases, this will lead to a decrease in its overall Saudization ratio. That would negatively and materially affect the Company's business, financial position, results of operations, and prospects.

2.1.18 RISKS OF OCCURRENCE OF NATURAL DISASTERS

Damages caused to facilities of the Company or any of its subsidiaries as a result of natural disasters, such as floods, earthquakes, and other nature accidents, may cause the Company and its subsidiaries to incur large and huge costs, and severely affects the ability of the Company and its subsidiaries to perform its operations. Natural disasters, occurring and damaging facilities of the Company or any of its subsidiaries, will have a negative material impact on the Company's business, results of operations, financial position and prospects.

2.1.19 RISKS RELATED TO NON-COMPLIANCE WITH THE QUALITY STANDARDS AND SPECIFICATIONS REQUIRED BY CUSTOMERS

The Company seeks to maintain the satisfaction of its customers by continuing to provide the same level of quality of its products. However, in the event that the Company is unable to continue providing its products with the same level of quality, this will adversely affect its reputation, and thus make customers reluctant to deal with it. This will negatively and significantly affect the Company's profits and accordingly its operational and financial operations.

2.1.20 RISKS RELATED TO EXTREME DECLINE IN SALES AND NET LOSSES FOR TIHAMA MODERN BOOKSTORES (SUBSIDIARY)

The Company's bookstores sales activities related to the operations of the TIHAMA MODERN BOOKSTORES which operates bookstores in Saudi Arabia. The business include selling the necessary books and stationery. Tihama Modern Bookstores Company's revenue decreased from 3.4 million Saudi Riyals in the period ending 31 March 2021G by 81.9% reached to 0.6 million Saudi Riyals in the period ending 31 March 2022G. On the other hand, Tihama Modern Bookstores Company's gross profit decreased from total 0.3 million Saudi Riyals in the period ending 31 March 2020G to reach to 0.3 million Saudi Riyals in the period ending 31 March 2022G.

The reasons of decreasing in revenue in the period ending 31 March 2022G are generally due to the closure of a large number of stores and sales centers as a result of realized losses. The decision of closure was affected by several factors including the competition that the Company faced and the impact of the spread of the Corona pandemic. The most of the products sold in the bookstores operated by Tihama Modern Bookstores Company are considered relatively expensive products. The purchasing power of customers in the areas where these bookstores are located is considered moderate.

There is a strong competition between these bookstores and a number of bookstores and suppliers who can provide customers with competitive prices. The aforementioned factors led to a significant decrease in the profitability of bookstores managed by Tihama Modern Bookstores Company. Subsequently, the Company has taken the decision to close bookstores and shops that have recorded consecutive losses and the Company's plan is currently to reopen several of bookstores and sales centers in new geographical areas in order to carry out new selling and pricing policies aimed at competition and profit. The Company cannot guarantee the profitability of the reopened bookstores and new sales centers. If the new selling and pricing policies are unsuccessful, that would negatively and materially affect the Company's business, financial position, results of operations and prospects.

2.1.21 RISKS OF LAWSUITS

The Company and its subsidiaries are a party to lawsuits (as a plaintiff) estimated at one hundred and eighteen million one hundred and seventy-eight thousand five hundred and forty-six (118,178,546) Saudi Riyals (this amount may higher than the amount stated where there is a lawsuit filed by the company that is not yet clear the final amount of the claim), and a party to lawsuits (as a defendant) estimated at thirty-five million five hundred and twenty-one thousand six hundred and twelve (35,521,612) Saudi Riyals (this amount may higher than the amount stated where there is a lawsuit filed by the company that is not yet clear the final amount of the claim) (please see Subsection (11-10) "**Disputes and Lawsuits**" of Section (10) "**Legal Information**" of this Prospectus). The Company and its subsidiaries may also be subject to legal cases and claims as plaintiff or defendant. Any adverse outcome related to the judicial procedures and regulatory procedures would negatively effect the Company's business, financial position, results of operations and prospects. The Company cannot accurately anticipate the size of cost of such claims or judicial procedures that may be filed by or against the Group in the future, or the final results of such claims or judgments, including damages and penalties These legal cases may include, but not limited to, zakat and tax issues, labour law, mistakes, complaints, and other damages that emerge from negligence or fraud by individuals or corporates out f the control of the Company or its subsidiaries. Therefore, any negative results of such cases (in the capacity of plaintiff or defendant) may negatively affect the Company's business, financial position, and prospects.

2.1.22 RISKS RELATED TO FINANCIAL DISTRESS OF THE COMPANY

The Company owes amounts excessing19,000,000 Saudi Riyals outstanding against it. Resolution No (46) was issued against the Company stating that the distress on the Company is carried out in the executive court in which the enforcement judge ordered the distress on the funds of Judgment Debtor in the central bank. This resolution is issued, for each debtor who

did not pay and fulfill the amount of the debt, or did not have the ability to pay the debt within a period of five days from the date of notification or publication of an enforcement order. If this period has elapsed without the debtor disclosing the property sufficient to satisfy the debt, the enforcement judge shall take all the disciplinary and administrative proceedings against the debtor. Under article 46 of the Enforcement Law, the disciplinary and administrative proceedings that may the judge take against the procrastinating debtor include: the judge has the right to stop all financial transactions related to the debtor, in addition to baring financial institutions from dealing with the procrastinating debtor in any capacity and banning the debtor from making and issuing any power of attorney issued by him, whether directly or indirectly regarding the property and whatever relates thereto. Freezing all information and credit records of the debtor, baring government agencies from dealing with the debtor and ordering the garnishment of any dues they may have. As a result, the Company is subject to judicial claims from government bodies and departments as well as investigations. The Company cannot anticipate the results of those claims, nor does it ensure that those claims do not have a negative and material impact on its business, financial position and results of operations.

2.1.23 RISKS RELATED TO CEASING THE SUBSIDIARIES BUSINESS

The Company has 5 subsidiaries that have ceased to operate and have not been liquidated to date (subjected to liquidation procedures) as follows:

- Tihama for Commercial Investment Holding Company
- Estidama Real Estate Company
- Tihama International Advertising Company
- Nasej Al Khayal Audiovisual Media Production Company
- Tihama New Media for Advertising Company

The Company also has investee companies. The Company's management was unable to communicate with the partners to make a decision to start liquidation. During the year ended 31 March 2022G, the shareholders of International Company for Advertising Services - Intermarkets (a subsidiary) decided to liquidate the Company and the partners have appointed a liquidator to take the legal procedures. Investing in some of those companies is one of the files in lawsuit against the former board of directors and is before the Committee for Resolution of Securities Disputes. This will cause the Company to assume contingent obligations to the third party, whether it is government agencies, Company employees, subsidiaries or other parties, and cannot guarantee that such claims will not have a negative and material impact on its business, financial position and operational results.

2.1.24 Risks of Potential Zakat Dues and Additional Claims

- Tihama Advertising and Public Relations (The Company)
  - The Company submitted its zakat declarations for the years ended 31 March 2010G to 2022G to the Zakat, Tax and Customs Authority.
  - During the year ended 31 March 2021G, the company received Zakat assessments amended by the Zakat, Tax and Customs Authority for the years ending on 31 March 2015G until 31 March 2019G. A provision for the amended assessment differences has been recorded in the consolidated profit or loss statement for the financial year ended 31 March 2021G. The Company submitted an objection request to such assessments before the General Secretariat of Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Tax and Customs Authority.
  - During the year ending 31 March 2022G, the General Secretariat of Zakat, Tax and Customs issued a resolution for cancel the resolution issued by the Zakat, Tax and Customs Authority to amend the Company's declaration for the Financial year ending on 31 March 2015G. Therefore, the company recorded the provision for the adjusted assessment for the year of 2,096,038 Saudi Riyals in the consolidated profit or loss list for the year ending 31 March 2022G. The Zakat, Tax and Customs Authority filed an appeal against such resolution. The General Secretariat of Zakat, Tax and Customs have not issued an appeal resolution. On 06/05/1444H (corresponding to 30/11/2022G), the General Secretariat of the Zakat, Tax and Customs Committees issued a decision rejecting the appeal submitted by the Zakat, Tax and Customs Authority against the decision, and accordingly the decision became effective in favor of the Company.
  - During the year ending on 31 March 2022G, the General Secretariat of Zakat, Tax and Customs issued its decision rejecting the company's objection to the amended assessments for the years ending on 31 March 2016G until 31 March 2019G. The company has submitted an appeal against the committee's decision for the years ending on 31 March 2016G and until 31 March 2019G. No decision has been issued by the General Secretariat of the Zakat, Tax and Customs Committees regarding the company's appeal until the date of this Prospectus.

- During the year ending 31 March 2022G, the company received the amended zakat assessment from the Zakat, Tax and Customs Authority for the year ending 31 March 2020G. The value of differences between the amended assessment and the company's declaration is 429,609 Saudi Riyals for which a restricted provision is made. The Company submitted an objection before the General Secretariat of the Zakat, Tax and Customs Committees on the items that were not accepted by the Zakat, Tax and Customs Authority in the company's objection. No decision has been issued by the General Secretariat of the Zakat, Tax and Customs Committees regarding the Company's objection until the date of this Prospectus. The Zakat, Tax and Customs Authority did not review the company's declarations submitted for the financial years ending 31 March 2022G and 2021G. Therefore, it cannot be determined whether it is possible for the Zakat, Tax and Customs Authority to amend the submitted company's declaration and assess additional zakat amounts for those years.

- Tihama for Commercial Investment Holding Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company during the financial year ended 31 March 2021G. The Zakat, Tax and Customs Authority issued an assessment for the year ending 31 December 2020G.The Company paid the amended assessment value in favor of the Zakat, Tax and Customs Authority. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessments on the Company up to the date of this prospectus.

- Tihama Modern Bookstores Company (Subsidiary)

  - Tihama Modern Bookstores Company has not submitted its zakat declarations since its incorporation as the management of the subsidiary has calculated zakat provisions annually. The value of provisions is 20,942,931 Saudi Riyals as of 31 March 2022G. During the financial year ending 31 March 2021G, the company received the zakat assessments from the Zakat, Tax and Customs Authority for the years ending 31 December 2011G and until 31 December 2019G. The total amount of the differences based on the amended assessments of the provision recorded in the books is 3,540,123 Saudi Riyals. A provision has been recorded against this amount in the consolidated profit or loss statement for the financial year ending 31 March 2021G. The Company submitted an objection to such assessments before the General Secretariat of Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Tax and Customs Authority. During the year ending on 31 March 2022G, the General Secretariat of Zakat, Tax and Customs issued its decision rejecting the company's objection to the amended assessment for the years ending on 31 December 2017G and 2018G. The company has submitted an appeal against the committee's decision. The appeal was rejected by the General Secretariat of Zakat, Tax and Customs, and accordingly, the amended assessment became due for payment on the Company.
  - The General Secretariat of Zakat, Tax and Customs Committees decided to reject the Company's objection on the amended assessments for the years ending on 31 December 2011G until 2016G and the financial year ended on 31 December 2019G. The company has filed an appeal against the decision before the General Secretariat of the Zakat, Tax and Customs Committees and no decision has been issued to accept or reject the appeal as of the date of this prospectus.
  - During the period ending on September 30, 2022G, the Zakat, Income and Customs Authority issued an assessment for the fiscal year ending on December 31, 2020G, and the Company submitted an objection to the authority's decision before the General Secretariat of Zakat, Tax and Customs after the Zakat, Income and Customs Authority rejected the Company's objection, and no decision was issued regarding the company's objection By the General Secretariat of the Zakat, Tax and Customs Committees as for date of this Prospectus.
  - Tihama Modern Bookstores Company may be subject to suspension of its file with the Ministry of Labour under the direction of the Zakat, Tax and Customs Authority, or it may not be able to complete its transactions if the contractors request it to provide zakat certificates. The Zakat, Tax and Customs Authority may communicate with the Saudi Central Bank (SAMA) to seize the bank balances of Tihama Modern Bookstores Company until its zakat dues are settled, which will negatively affect the business of Tihama Modern Bookstores Company, results of its operations, financial position and prospects.

- Estidama Real Estate Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Tihama International Advertising Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Tihama Distribution Company (Subsidiary)

  The Company submitted its Zakat Declaration until the year ending 31 December 2021G to the Zakat, Tax and Customs Authority and paid the due Zakat under its Zakat Declarations.

  - During the year ended 31 March 2022G, Tihama Distribution Company received Zakat assessment amended by the Zakat, Tax and Customs Authority for the year ending on 31 December 2015G. The total value of differences based on the amended assessment is 357,242 Saudi Riyals for which a restricted provision is made in the consolidated profit or loss statement for the financial year ended 31 March 2021G. The Company submitted an objection request to such assessments before the General Secretariat of Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Tax and Customs Authority. A decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees to reject the company's objection to the amended assessment for the year ending on December 31, 2015G. The Company has submitted an appeal against the decision before the General Secretariat of the Zakat, Tax and Customs Committees, and no decision has been issued to accept or reject the appeal until the date of this Prospectus.
  - During the year ended 31 March 2022G, Tihama Distribution Company received the Zakat assessment amended by the Zakat, Tax and Customs Authority for the years ending on 31 December 2016G and 2017G. The total value of differences based on the amended assessment is 564,653 Saudi Riyals for which a restricted provision is made in the consolidated profit or loss statement for the financial year ended 31 March 2022G. The Company submitted an objection request to such assessments before the General Secretariat of Zakat, Tax and Customs Committees after the company's objection was rejected by the Zakat, Tax and Customs Authority. The decision of the General Secretariat of the Zakat, Tax and Customs Committees was issued to reject the Company's objection to the amended assessments for the years ending on December 31, 2016G and 2017G, and the company has submitted an appeal against the decision before the General Secretariat of the Zakat, Tax and Customs Committees. However, no decision has been issued to accept or reject the appeal until the date of this Prospectus.

- Tihama Education Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Fast Advertising Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Integrated Production for Audiovisual Media Production Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificates for those year. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Nasej Al Khayal Audiovisual Media Production Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Tlhama New Media Company (Subsidiary)

  The Company submitted the Zakat Declaration for the years since its incorporation until 31 December 2021G and paid the due Zakat under Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ended 31 December 2021G. The Zakat, Tax and Customs Authority did not issue any amended assessment on the Company as of the date of this prospectus.

- Aventus Global Trading LLC (Subsidiary)

  Not applicable as the Company is operating in U.A.E.

  Based on the above explanation of the Zakat status of the Company and its subsidiaries (for more information about the subsidiaries, please refer to Subsection (3.8) "**Subsidiaries**" of section (3) "**Overview Of The Company And Nature Of Its Business**" of this prospectus), the Company or any of its subsidiaries cannot predict whether the Zakat, Tax and Customs Authority will accept its Zakat estimates for the above-mentioned financial years, for which the Zakat, Tax and Customs Authority has not yet issued Zakat assessments for them, or will require it to pay any Zakat differences in the future for those years, If the Zakat, Tax and Customs Authority actually requires the Company or any of its subsidiaries to pay such differences or if the General Secretariat of the Tax Disputes Committees rejects the objections made by the Company and its subsidiaries to the Zakat amended Zakat assessment by the Zakat, Tax and Customs Authority, this will negatively affect the Company's profits, results of its operations, financial position and future prospects.

2.1.25 RISKS RELATED TO FINANCING AGREEMENTS

The Company's business depends on its ability to obtain credit facilities from third parties to finance its operations, as the total debts of the Company amounts to 20,416,769 Saudi Riyals as of 31 March 2022G. The total debts of the Company represents 247.4% of the total equity attributable to the shareholders of the Company as of 31 March 2022G.

The Company adheres to obtain appropriate financings through entering into term Murabaha Agreements Facilities in compliance with the provisions and principles of Shari as well as other agreements, the details of which are as follows:

1. A bank Facility Agreement entered into with the Saudi National Bank (SNB) on 26/03/1443H (corresponding to 01/11/2021G) for a period of one year for twenty million Saudi Riyals (20,000,000) Saudi Riyals as a combined limit that can be used in several sub-limits in accordance with the provisions of Islamic Sharia.

   The agreement stipulates that the financing costs shall be reimbursed with the principal financing on the due date. The above facilities shall incur financial expenses at the rates prevailing in Saudi Arabia plus the agreed margin. The guarantees provided by the Company under this agreement shall be as following:

   - A promissory note of twenty-two million (22,000,00) Saudi Riyals.
   - Deposit under Lien of twenty million (20,000,000) Saudi Riyals with the SNB.

   During the period ending on December 31, 2022G, the credit facilities with the Saudi National Bank became due and have not been paid as of the date of this Prospectus, according to the financial reorganization procedures, which require the suspension of claims against the Company that precedes the date of issuance of the Commercial Court's decision to accept the Company's request to open the financial reorganization procedures. It is noteworthy that the balance owed by the Company in favor of Saudi National Bank is (20,751,000) Saudi riyals, and the Company has made an additional provision of (161,000) Saudi riyals in the event that the bank claims additional interest on the amount in return for the period of suspending claims against the company that precedes the date of issuance of the commercial court's decision accepting the Company's request to open financial reorganization procedures.

2. A non-cash bank facility agreement with Riyad Bank on 28/06/1443H (corresponding to 31/02/2022G) for a period of three years with a value of five hundred and ninety-one thousand (591,000) Saudi Riyals to issue guarantees and documentary credits.

   The guarantees provided by the Company under these agreements are as follows:

   - A promissory note of five hundred and ninety one thousand (591,000) Saudi Riyals.
   - A cash coverage margin with the bank in the amount of eighty-eight thousand seven hundred and four (88,704) Saudi Riyals with Riyad Bank.

   The agreement includes a clause allowing Riyadh Bank to deduct any amounts held by the Company with the bank in meeting the non-cash facility. The balances held by the Company with Riyadh Bank amounted to forty thousand seven hundred and ninety-one (40,791) Saudi Riyals as at 31 March 2022G, and amount (nil) as of 31 March 2021G. Those balances are shown under cash and cash equivalents without set-off.

In addition to the amount of eighty-eight thousand seven hundred and four (88,704) Saudi Riyals as on 31 March 2022G (nil) as on 31 March 2021G. These balances are shown within trade receivables and other receivables, net without set-off.

3. A financing agreement entered into by the subsidiary (Aventus Global Trading LLC) with Emirates NBD Bank to purchase vehicles with a book value as on 31 March 2022G, one hundred and ninety-four thousand four hundred and thirty-eight (194,438) Saudi Riyals, and an amount of three hundred and forty-five thousand two hundred and twenty-three (345,223) Saudi Riyals as on 31 March 2021G. The financing is to be paid in monthly installments for a period of 48 months against the vehicles mortgage in favor of the bank.

   The guarantees provided by the Company under this agreement are vehicles mortgage in favor of the bank. The net book value of the vehicles listed within property and equipment clause, net amounted to two hundred and thirty-two thousand nine hundred and eighty-eight (232,988) Saudi Riyals as on 31 March 2022G, and the amount of one hundred eighty-eight thousand nine hundred Thirty (188,930) Saudi Riyals as on 30 June 2022G.

   During the period ending on December 31, 2022G, the subsidiary company (Aventus Global Trading Company) terminated the existing financing with the bank after paying all the amounts related to the financing. Accordingly, the existing mortgage on the subsidiary company's vehicles was canceled in favor of the bank, and the financing is no longer valid.

4. The subsidiary (Aventus Global Trading LLC) has a non-cash facility from RAK Bank* to issue LGs in the amount of four million nine hundred thirty-five thousand and fifty-three (4,935,053) Saudi Riyals as on 31 March 2022G, and an amount of four million nine hundred thirty-five thousand and fifty-three (4,935,053) Saudi Riyals as on 31 March 2021G. The most important terms and guarantees of the facility include the following clauses:

   - A promissory note with a value of four million nine hundred thirty-five thousand and fifty-three (4,935,053) Saudi Riyals.
   - Mortgage of real estate investments owned by Tihama Education Company in the United Arab Emirates in favor of the Bank. Real estate investments is listed in financial position statement.
   - Assignment of rental income for real estate investments in favor of the bank amounting to no less than six hundred thousand (600,000) Saudi Riyals.
   - Hypothecation of inventory of Aventus Global Trading LLC (provided within inventory)
   - Assignment of sales of POS in favor of the Bank.
   - Assignment of the insurance policy for real estate investmentsin favor of the Bank.
   - Maintaining a cash balance in the Company's bank accounts with the bank of no less than one million four hundred forty-two seventy (1,442,070) Saudi Riyals.

The total cash guarantees listed within cash and cash equivalents held with RAK Bank for the above facility is two million and thirty-one thousand two hundred and ninety-five (2,031,295) Saudi Riyals as on 31 March 2022G, and the amount of eight hundred and sixty-three thousand sixteen (863,016) Saudi Riyals as on 31 March 2021G. The agreement also includes a clause allowing the bank to deduct any amounts held by the subsidiary Company with the bank in meeting the non-cash facility. The balances held by the Company with the Bank amount to two million five hundred and five thousand seven hundred and twenty-six (2,505,726) Saudi Riyals as on 31 March 2022G, and the amount of eight hundred and sixty-three thousand sixteen (863,016) Saudi Riyals as on 31 March 2021G. Those balances are included in cash and cash equivalent without set-off.

* During the period ending on December 31, 2022G, the subsidiary company (Aventus Global Trading Company) agreed with the bank to cancel the non-cash facilities for issuing performance guarantee letters as part of the exit process from the group's commercial operations after the completion of the sale and transfer agreement of the assets and liabilities of the subsidiary company. Accordingly, all mortgages and restrictions on the assets of the subsidiary company and the cash balances of the subsidiary company with the bank have been cancelled, and the Sukuk have been issued.

The most significant risk in these facilities is the lack of assurance that the Company will be able to meet its obligations on due dates, which is a risk that could lead to a breach of the agreements. The source of funds may require to cancel or terminate of the credit facility and claim the Company to pay the full debt immediately which may adversely affects the Company's business, financial position, results of operations, its ability to borrow, finance and implement its future plans. The Sources of Funds right to terminate the contract at any time prior the end of the specified periods without client's consent or giving reasons, with claiming the client to pay his liabilities with the expiration of the due dates, may lead to difficulty in providing immediate liquidity to the Company.

The effect of the guarantees provided to the source of funds may lead to the source of funds' request to provide additional guarantees or the fall of the debts' terms. Some existing contracts include conditions involving the possibility of the bank deducting the guarantees, and the amounts held by the Company with the bank in fulfillment of the non-cash facility that constitutes a financial risk.

Further to the above, if the Company needs additional funding in the future to expand its business or products, or to

improve its solvency, it may have difficulty in providing additional guarantees that may be required of the Company for additional financing, owing to their submission in advance financing contracts, difficulty in obtaining sources of financing, or difficulty in complying with the terms provided by the source of funds.This could have a negative affect the Company, its financial performance and business plan.

2.1.26 RISKS RELATED TO REVENUE CONCENTRATION

The Company's and its subsidiaries revenue is mainly generated from four key activities advertising, production, distribution, bookstores and retail. The Company's revenues from retail sector are concentrated in travel retail. Revenues generated from bookstores and retail accounted for (28,3%), (36,8%) and (26,5%) of the Company's total revenues as on 31 March 2020G, 2021G and 2022G, respectively. Revenues generated from production sector accounted for 26%, 18% and 40% of the Company's total revenues as on 31 March 2020G, 2021G and 2022G, respectively. Revenues generated from advertising sector accounted for (16.2%), (9.8%) and (7%) of the Company's total revenues as on 31 March 2020G, 2021G and 2022G, respectively. Revenues generated from distribution sector accounted for (29.2%), (36%) and (25.6%) of the Company's total revenues as on 31 March 2020G, 2021G and 2022G, respectively. Therefore, In the event that revenues from the Company's activities, especially from bookstores and retail activity are reduced, this will adversely affect the Company's revenues and consequently the results of its operational and financial operations.

2.1.27 RISKS RELATED TO TRADEMARK AND COPYRIGHT

The ability of the Company and its subsidiaries to market its products and develop its business depends on the use of its name, logo and trademarks, which supports its business and its competitive position and gives it a clear distinction in the market among customers. The Company has registered its trademarks with the competent authorities except for the Forward trademark, which is still under registration with the Saudi Authority For Intellectual Property. The Company also has expired trademark registration certificates and is in the process of renewing them (please see Subsection (10-10) "**Trademark And Copyright**" of Section (10) "**Legal Information**" of this Prospectus). Any violation of property rights or illegal use of the Company's trademarks will affect the Company's reputation, and the Company may have to enter into costly judicial procedures and focus the efforts of some of its administrative employees for these procedures in order to protect its trademarks. It is a costly process and requires considerable time and effort by management in pursuing it. If the Company fails to protect its trademark effectively when renewing the registration certificate or track similar marks, this will adversely affect its value, which will have a material adverse impact on the Company's business, results of operations, financial condition and prospects.

2.1.28 RISKS RELATED TO INSURANCE COVERAGE

The Company maintains various types of insurance policies to cover its operations and assets. In general, insurance coverage may not be sufficient in all cases or may not cover all risks to which the Company is likely to be exposed. It is possible that events will occur in the future against which the Company is not insured to cover potential losses or it may not be insured against it at all. In addition, there is no guarantee that the Company's insurance policies will still available on commercially acceptable terms, or will available at all later. Any of these events or circumstances or the occurrence of an uninsured event for the Company will adversely and materially affect the Company's business and assets, its financial position, results of operations and prospects (please see Subsection (8-10) "**Insurance Polices**" of Section (10) "**Legal Information**" of this Prospectus).

2.1.29 RISKS RELATED TO TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Company deals with related parties represented in investee companies (Associated Companies), and the volume of contracts and transactions with related parties as shown in the table below is about (4.1) million Saudi Riyals as on 31 March 2020G, and (2.5) million Saudi Riyals as on 31 March 2021G, and (4.4) million Saudi Riyals as on 31 March 2022G.

Table No. (3): Change in the ratio of total debts to equity and the ratio of total debts to total assets:

Company Name	Nature of Relationship	Nature of Transaction	FY ended 31 March (Saudi Riyals in million)		
			2020G restated	2021G restated	2022G restated
Tihama Contemporary Media Advertising Company	Associated Company	Current Account	3.481	1.663	-
Qatrab Audio Visual Media Production Company	Associated Company	Current Account	-	-	387
TIhama New Media Company	Associated Company	Current Account	105	878	-
J Walter Thompson - MENA	Associated Company	Production Contracts	-	-	718
United Advertising Company	Associated Company	Current Account	481	6	3.315
Total			**4.067**	**2.548**	**4.420**

Transactions with related parties included two types of transactions. The first type is daily transactions in the ordinary course of business. These transactions represent payments made by the Company on behalf of related parties, or collections made by the Company also on behalf of related parties. The Company obtains payments from related parties as material support to meet working capital requirements. The second type of transaction is related to some business that includes information technology services, human resources, advertising and media services provided to some associated companies. This was the nature of the transactions that were made with Tihama Contemporary Media Advertising Company, Qatrab Audio Visual Media Production Company and TIhama New Media. In addition to the above-mentioned transactions, the transactions conducted with J. Walter Thompson-MENA Company are related to a number of advertising services and production films provided by the Integrated Production for Audiovisual Media Production Company to J. Walter Thompson Company.

Except for the contracts signed between the Company and J. Walter Thompson and the Tihama Contemporary Media Advertising Company, the Company does not have formal mechanisms under contracts through which transactions with related parties are managed. In addition, the Company settles these transactions with related parties under special agreements that are not It has a commercial basis. The absence of formal mechanisms through which contracts are concluded with the related parties would result in risks associated with such dealings.This may give rise to the possibility of differences between the Company and the related parties, which will cause to incurring the Company financial and operational losses that will negatively and materially affect the Company's business, financial position, results of its operations and prospects.

The Company has dues to related parties amounting to 1.1 million Saudi Riyals, 1.1 million Saudi Riyals and 4.4 million Saudi Riyals in the period ended 31 March 2020G, 2021G and 2022G, respectively. The balance due as on 31 March 2022G is mainly due to United Advertising Company in relation to the financial support provided to the Company during the previous three years without any formal agreement. The balance included an accrual to United Advertising Company of 1.1 million Saudi Riyals in the period ended 31 March 2022G for a period exceeding one year. Management attributed the delay in settling this transaction to liquidity constraints and stated that the balance will be settled when cash is available.

In the event that the Company is unable to complete future transactions and agreements with the related parties on arm's length basis, this will adversely affect the Company's business, financial position, results of its operations and prospects.

2.1.30 RISKS RELATED TO CONTRACTS WITH THIRD PARTIES

The Company has entered into a number of contracts and agreements. These contracts include representation and distribution contracts (please refer to Subsection (10.5) "**Summary of the Material Contracts**" of Section (10) "**legal information**" of this prospectus) and leases (please refer to Subsection (10.9) "**Properties**") of Section (10) "**Legal Information**" of this prospectus). So, the Company is exposed to the risk of the contracting parties being unable or unwilling to perform their contractual obligations. The parties contract with the Company may breach their obligations for any reason, including as a result of their bankruptcy, financial insolvency or disruption of their operations, and the risks that arise from dealing with these parties become more acute within those difficult market conditions.

There are some agreements that oblige the Company to obtain a written consent to disclose the contract or any of its terms. The Company (as applicable) has obtained the necessary approvals to disclose those agreements or contracts, with the exception of the agreement of Integrated Production for Audiovisual Media Production Company (a subsidiary) With (Fine Art Company) in addition to another lease agreement concluded with a commercial establishment. (For more information, please refer to Subsection (10.9) "**Properties**") of Section (10) "**Legal Information**" of this prospectus).

Nor can it be asserted that these parties will be at the level of the Company's aspirations, and in the event that the Company or its contracting parties are unable to abide by the terms of those contracts, or in the event of any future disputes or issues, and the Company's loss of those disputes, this will negatively and materially affect its financial position, cash flows, operational results and prospects.

2.1.31 RISKS RELATED TO LEASES

The Ministerial Resolution No. 292 dated 16/5/1438H (corresponding to 13/02/2017G) was issued which stated that any rental contract that was not registered with the Ijar System would not be considered as a valid one in view of its administrative and judicial aspects. The electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H, and a circular was issued by the Ministry of Justice approving the application of this to all contracts concluded after 04/05/1440H (corresponding to 01/10/2019G). As on the date of this prospectus,the Company and/or its subsidiaries have entered into a number of (21) lease in their capacity as a lessee, two of which are not electronically authenticated, related to the lease of two warehouses with the Intensive Care Company for Medical Services.Such unauthenticated contracts may not be considered by the Saudi courts and therefore the Company, as a plaintiff, may not be able to protect its rights. In the event that any of the lessors breach their contractual obligations, and if the Company is unable to maintain the continuity of the leases related to these locations and renew them on the same current terms or preferential terms, or if it is unable to use the leased premises for the purpose assigned to it for any reason, then it has to vacate the leased premises and find other suitable places more to carry out the Company's activity, without ensuring suitable lease terms. This will negatively and materially affect the Company's business and prospects. ((For more information, please refer to Subsection (10.9) "**Properties**") of Section (10) "**Legal Information**" of this prospectus)."

The Company also entered into a lease for 15 billboards with the Eastern Province Municipality. There is a discrepancy in the information mentioned in the contract and the minutes of handing over the sites, which will result in not protecting the Company's rights in the event of a dispute. This will negatively and materially affect the Company's business and prospects.

2.1.32 RISKS RELATED TO AGREEMENTS SUBJECT TO FOREIGN LAWS AND JURISDICTION OF FOREIGN COURTS OR INTERNATIONAL ARBITRATION

The Company and its subsidiaries have entered into a number of contracts and agreements that are subject in their interpretation to non-Saudi foreign laws and include representation and distribution contracts. Such contracts and agreements provide for referring any dispute arising therefrom to be decided by foreign courts or foreign arbitration. In the event of a dispute with one of the contracting parties and a foreign court judgment is issued, or a judgment is issued against the Company or its subsidiaries based on the applicable foreign law, the legal and financial consequences for the Company or its subsidiaries arising from such judgment may be greater than as If the judgment was issued by the Saudi courts in accordance with the applicable Saudi law, which would negatively affect the Company's operations and financial position.

2.1.33 RISKS RELATED TO RELIANCE ON NON-SAUDI EMPLOYEES

the percentage of non-Saudi employees constitutes (40.91%) of the total employees in the Company, which may affect the Company's business results, financial position and operational results negatively if it is not able to maintain its non-Saudi cadres or find replacements for them with the same skills and experience required, or in the event of any change in the policies, regulations and laws resulted in an increase in the Saudization rate of the sector. A high percentage of non-Saudi employees leads to an increase in government fees borne by the Company for every non-Saudi employee for work permits and residencies, which will cause an increase in the financial cost of the Company and negatively and fundamentally affect its business, financial performance and results of operations.

2.1.34 Risks related to Existence of Previous pre-emptive rights shares

In 2020G, the Company increased the capital by issuing ten million (10,000,000) pre-emptive rights shares at a price of (10) Saudi Riyals for per share. The total of Offering proceeds amounted to one hundred million (100,000,000) Saudi Riyals as the Company's capital increased from seventy-five million (75,000,000) Saudi Riyals to one hundred and seventy-five (175,000,000) Saudi Riyals. The Company disclosed in the relevant prospectus that the Offering proceeds will be used to support the expansion of the Company's activity. The amount of the Offering proceeds was distributed on a number of items that the Company intends to work on, namely (the headquarters project in Riyadh, upgrading automated systems and applications, expanding the network of advertising sites, converting part of the billboards into digital advertising screens, installing digital advertising screens, purchasing a printer for advertising boards, launching programs and applications for digital advertising content, investing in partnerships in the production sector, opening new branches, airport branches, and Offering costs). The Offering proceeds were used as stated in the prospectus.

If the Company did not succeed in raising sufficient funds through the issuance of the pre-emptive rights shares or its optimal use, or, after the capital increase process was completed, it modified the use of the Offering proceeds from what was disclosed in the prospectus and these uses had a negative impact on the Company, consideration must be taken with regard to the possibility of the Company incurring significant impairment charges on its facilities. The significant decrease in revenues and operating cash flows may lead to a decrease in the value of the Company's non-current assets, which will have a negative and material impact on the Company's business, financial position and prospects.

2.1.35 RISKS RELATED TO THE EXTERNAL AUDITOR'S QUALIFIED OPINION

The external auditor has added a qualified opinion in the financial statements as it was clarified by him that he did not obtain sufficient audit evidence (directly or through alternative procedures) regarding the investment balances as well as the Company's share of profits from associated Companies. As a result, the external auditor was not able to determine whether any adjustments were necessary to the figures in the financial years ending 31 March 2020G, 2021G and 2022G. Accordingly, the external auditor has added a qualified opinion to the financial statements for the years 2020G, 2021G and 2022G (for more information about qualified opinion to the financial statements, please refer to Section (6) "**Financial Information & Management's Discussion and Analysis**" of this Prospectus).

Associated Companies are those companies over which the Company exercises influence, but is not control or joint control. Generally, this is when the Company holds a share of 20% to 50% of the voting rights.

The Group uses the equity method to record its investments in Associated Companies where the investments are recognized primarily at cost and subsequently adjusted to reflect the Company's share of post-acquisition profit or loss.

The value of investments in associated companies amounted to 44.3 million Saudi Riyals, 31.7 million Saudi Riyals and 36.8 million Saudi Riyals as on 31 March 2020G, 2021G and 2022G, respectively. The Company's share of other comprehensive income from associates amounted to 7.0 million Saudi Riyals, (6.5) million Saudi Riyals and 8.1 million Saudi Riyals as on 31 March 2020G, 2021G and 2022G, respectively.

The financial year of the associated companies "J Walter Thomson Company" and "United Advertising Company Limited" begins on 01 January and ends on 31 December of each Gregorian year. Accordingly, the Company records its net share in the associated companies, in addition to its share of the profits from those companies. It is recorded based on the management accounts and not according to the audited financial statements of those companies.

The inability of the Company to handle the qualified opinions contained in the issued financial statements will negatively and materially affect the Company's business, financial position and prospects.

2.1.36 Risks related to the Financial Performance of Aventus Trading Company (Subsidiary)

Aventus Trading Company Revenues decreased from 16.7 million Saudi Riyals in the period ending on March 31, 2020G to 6.1 million Saudi Riyals in the period ending on March 31, 2021G. Then, the revenues increased to 13.6 million Saudi Riyals in the period ending on March 31, 2022G. The achieved gross profit by Aventus decreased by 63.4% from 7.3 million Saudi Riyals in the period ending on March 31, 2020G to 2.7 million Saudi Riyals in the period ending on March 31, 2021G, then increased by 149.3% to 6.6 million Saudi Riyals in the period ending in March 31, 2022G. Although Aventus Trading Company achieved a gross profit during the previous three years, it achieved net losses of 3.8 million Saudi Riyals, 7.0 million Saudi Riyals, 5.9 million Saudi Riyals, during the period ending on March 31, 2020, 2021 and 2022, respectively. These losses are due to the following reasons:

- Lack of statistics for each store
- Lack of customer data collection
- Not activating electronic platforms
- Lack of a flexible pricing strategy
- Absence of purchasing policies
- Delay of closing the losing branches

On May 9, 2022G, Aventus Global Trading Company signed an agreement with (Nextbite Trading) Company registered in the United Arab Emirates to acquire the business of Aventus Trading Company. The company aims to exit from Aventus Trading Company as part of the restructuring strategy. It is noteworthy that on October 4, 2022G, Aventus Global Trading Company obtained the necessary approvals from the stakeholders and relevant bodies to complete the process of transferring franchise rights and lease contracts. Accordingly, the process of transferring the assets and liabilities related to the commercial operations of Aventus Global Trading Company and the procedures for selling the Company's stock to the buyer (Next Byte Trading Company) were completed.

2.1.37 Risks related to the Results of Integrated Production Company for Audio and Visual Media Production (Subsidiary) and the Decrease in its Profitability

Integrated Production Company for Audio and Visual Media Production (Subsidiary) produces media and advertising materials, films and documentaries for a number of ministries, companies and T.V stations. The produced films and advertisements by the aforementioned Company can be classified into two main categories: commercial advertisement production, series production, and media content.

Integrated Production Company for Audio and Visual Media Production Revenues decreased by 12% from 27.1 million Saudi Riyals in the period ending on March 31, 2021G to 23.9 million Saudi Riyals in the period ending on March 31, 2022G. The gross profits decreased from 7.6 million Saudi Riyals in the period ending on March 31, 2020G to 1.8 million Saudi Riyals in the period ending on March 31, 2021G, and then increased to 3.0 million Saudi Riyals in the period ending on March 31, 2022G. The cost of these films is relatively high, as the reason for decreasing the performance is due to the decrease in the gross profit from these contracts, to achieve a total loss of approximately 3.0 million Saudi Riyals in the period ending on March 31, 2022G. The losses resulted mainly from adjusting the agreed scope of work during the implementation phase which was not taken into account in the costing prepared by the sales team at the time. In addition, the production of programs and series decreased significantly between 2020G and 2021G due to the low demand for recorded content during the Corona pandemic period and the high costs related to the implementation of these productions.

The above resulted in a decrease in the gross profits of the high-quality production segment as shown in the table below:

Table No. (4): The decrease in the total profits of the high-quality production sector

Gross Profit Margin for Each Segment	The Period Ending on March 31, 2020G	The Period Ending on March 31, 2021G	The Period Ending on March 31, 2022G
Producing commercial advertisements	36.8%	13.8%	29.5%
Producing TV series and media content	-	18.4%	-36.8%
Other	-	15.4%	49.6%
Total	**36.8%**	**6.7%**	**-12.6%**

It is worth noting that the continued decrease in the executed productions and the Company's miscalculation of production costs, will lead to a material damage to its financial position or the results of its operations and future prospects.

2.1.38 Risks related to the Poor Collection Process and the Efficiency of Registering the Accounts Receivable Provision for Integrated Production Company for Audio and Visual Media Production (Subsidiary)

A portion of the accounts receivable balances in the period ending on March 31, 2022G, amounting to 14.3 million Saudi Riyals (constituting 63.2% of the total receivable balance) has aged more than 360 days compared to a normal credit period ranging from 30 to 90 days. The delay in collecting overdue balances is largely due to poor liquidity levels of the Company's clients. Furthermore, the vast majority of past due balances are old outstanding receivables of more than 5 years. The Company has submitted 10 court petitions against clients who are late in paying their dues within the pre-determined periods between 2020G and 2022G. The Company is currently studying 3 out of 10 cases by the competent authorities as of the period ending on March 31, 2022G, and the value of the claims related to these three cases is 1.7 million Saudi Riyals.

The provision for doubtful receivables is calculated separately for each division/subsidiary by the expected credit loss method in line with International Financial Reporting Standard (IFRS 9). However, the Company did not calculate the allowance for doubtful accounts receivable for Tihama Education Company, which has receivables amounting to 0.2 million Saudi Riyals and outstanding for more than one year as in the period ended on March 31, 2022G. In addition to receivables, other receivables included contractual asset balances of 1.9 million Saudi Riyals and 2.3 million Saudi Riyals for the period ended on March 31, 2021G and 2022G. Noting that the Company has not made any prescription provisions or provision for credit losses in the budget for this balance.

Proceeding with the procedures for following up on these claims and filing lawsuits to collect these amounts will incur additional judicial and operational costs for the Company, which will incur financial burdens for the Company, which will negatively and materially affect the Company's business, financial position, results of operations and future prospects.

The Company also does not guarantee the collection of these late balances, nor does it guarantee the profit of cases filed against clients who are late in paying their dues. In the event that a large part of the existing and future receivable balances is not collected, it would have a material impact on the Company's cash flow, its financial position, the results of its operations and its future prospects.

2.1.39 Risks related to the Life of Other Claims as on March 31, 2022G

The Company has accrued expenses and other claims as on March 31, 2022G, including existing expenses of 22.7 million Saudi Riyals, which will result in future cash outflows as follows:

- Due cash dividends of 8.8 million Saudi Riyals as on March 31, 2022G: These dividends were approved and were not collected or claimed by the eligible shareholders before 2009G, as electronic cash distribution was not available at that time.
- An interest-free loan balance of 13.9 million Saudi Riyals as of March 31, 2022G: The amount represents the assignment of a debt right on the Company in favor of a Company owned by the former chairman of the board of directors for a good loan previously granted to the Company in previous years before September 30, 2015G. During the financial year ending on March 31, 2022G, the Company's appeal against the judgment that the Company paid the amount in favor of the plaintiff was rejected, and therefore the judgment became enforceable against the Company.

It is worth noting that it is not possible to ascertain the timing of raising the cash dividend claims by the Company's shareholders who are entitled to those cash dividends. In the event that they claim those cash dividends in one or similar time periods, this will affect the Company's cash levels, which will negatively and materially affect its financial position, results of operations and future prospects.

The payment of these dues would have a material impact on the Company's cash flow, financial position, results of operations and future prospects.

2.1.40 Risks related to the Company's Limited Ability to obtain Bank Loans

Due to the increase in the Company's debt to equity ratio from 46% in the period ending on March 31, 2021G to 247.4% in the period ending on March 31, 2022G and its inability to repay some debts during the past years and the consequences of some cases with banks and financing authorities at that time in addition to the Company's ongoing losses, it limited the Company's ability to obtain financing from banks. It is worth noting that cash and non-cash loans were obtained against a high value of guarantees, represented by bank deposits, promissory notes, and mortgaged assets as follows:

Table No. (5): Cash and non-cash loans

Bank	Promissory Note	Cash and Cash Equivalents	Account Receivables and its Equivalent	Properties and Machinery	Inventory	Real Estates
Saudi National Bank (SNB)	22.0	20.0	-	-	-	-
Riyad Bank	0.6	-	0.1	-	-	-
Emirates NBD	-	-	-	0.2	-	-
RAKBANK	4.9	2.0	-	0.5	1.5	2.8
Total	**27.5**	**22**	**0.1**	**0.7**	**1.5**	**2.8**

Source: The Company

In addition to the above-mentioned guarantees, agreements have been signed with banks that contain additional restrictive clauses. For example, the agreements of Riyad Bank and RAKBANK include terms that allow banks to deduct amounts retained from the Company and its subsidiaries in the accounts of those banks.

The Company does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises. Therefore, the Company's inability to obtain the financing it needs from financiers, or financing with acceptable preferential terms that are commensurate with the Company, will have a negative impact on the Company's performance, operations and future plans.

2.1.41 Risks related to High Depreciation of Fixed Assets

The depreciation of the subsidiary Company's assets recorded an increase during the period ending on March 31, 2022G, as the depreciation percentage for billboards, cars, machinery, equipment and computers reached 94.2%, 84.2%, 92.5% and 93.8%, respectively.

It is worth noting that impairment losses amounting to 0.7 million Saudi Riyals and 3.5 million Saudi Riyals were recorded during the period ending on March 31, 2021G, to reflect the decrease in the value of projects under implementation and unused assets as well as billboards.

Any unexpected failure that occurs to the fixed assets would disrupt the Company's activity and weaken its ability to continue to comply with its contractual requirements for its clients. In the event that the Company wants to replace the fixed assets with high depreciation due to their obsolescence or the inability to exploit them due to the non-utilization of them, the Company does not guarantee the replacement of fixed assets with the same efficiency and at a cost that suits the Company. This will negatively and materially affect the Company's business, results of operations and future prospects.

2.1.42 Risks related to Non-marking of Company Equipment

The Company has not added any tags to distinguish the Company's property and equipment, such as Company billboards. Moreover, no verification of the existence of such machinery and equipment for the Company is carried out on a regular basis. Accordingly, the existence of property and equipment cannot be guaranteed in the absence of such controls and procedures.

The absence of signs and tags that distinguish the Company's assets or its periodic follow-up may expose the assets to theft or the absence of proof of ownership of the Company, which may affect, if it occurs, to the Company incurring financial losses, which will negatively and fundamentally affect the Company's business, results of its operations and future prospects.

It is worth noting that the net book value of the Company's property and equipment as on March 31, 2022G, mostly includes the equipment of airport branches and work in progress at new branches at airports, in addition to a real estate unit owned by a subsidiary Company in the United Arab Emirates.

2.1.43 Risks related to Inventory

Provisions for slow moving and/or obsolete inventories amounted to 22.7 million Saudi Riyals, 26.4 million Saudi Riyals and 30.5 million Saudi Riyals as on March 31, 2020G, 2021G and 2022G, respectively. The recorded provisions have been estimated based on impairment estimates made by the Company internally, as the Company does not keep comprehensive aging reports for slow moving items.

The Balance of the Impaired Inventory Provision Balance was linked to the "Libraries" and "Distribution" sectors, where the provision related to the libraries and distribution sector amounted to 24.6 million Saudi Riyals and 6.7 million Saudi Riyals, respectively.

As for the subsidiaries of Aventus Global Trading Company and Tihama Education Company, the inventory consists mainly of food-related items, fast-moving stationary items and other convenient products that are sold at a high turnover rate. Therefore, the Company considers that it is not necessary to review it at the end of each year to verify the existence of any decrease in the value of the inventory for this type of product. As the Company carries out periodic reviews throughout the year and on an ongoing basis, according to which the value of the inventory is adjusted and losses are recorded directly on the damaged or expired goods directly on a regular basis.

Further, the Company monitors the recession provision to cover the gaps between the actual inventory and the recorded inventory values to take any necessary adjustments. Also, the estimated useful life of the products is monitored regularly and the expired products shall be returned to the suppliers (without the Company bearing the costs of transporting those expired goods if the supply agreements stipulate that the supplier bears the costs of returning the expired goods),

As for the goods for which there are no agreements with suppliers that enable the Company to return those goods to the supplier, the Company shall bear losses in the value of those expired goods, which incurs additional expenses for the Company. This will negatively and materially affect the Company's business, results of operations and future prospects.

It should be noted that there is no confirmation on the inventories related to Aventus Global Trading Company submitted by the external auditor for the period ended on March 31, 2022G. Also, the external auditor of Aventus Global Trading Company was unable to attend the actual inventory and was unable to implement the alternative procedures required to assess and ensure the existence, completeness and presentation of the inventory reported in the financial statements. It is worth noting that the Company's external auditor included this as a conservative opinion in the financial statements for the period ending on March 31, 2022G.

The inability of the Company and its subsidiaries to estimate and manage inventory, in addition to carrying out periodic inventory and determining the differences, will affect the Company financially, which will negatively and materially affect the Company's business, results of its operations and future prospects.

2.1.44 Risks related to the Decline in the Performance of the Advertising Sector

The advertising sector, which mainly includes outdoor advertising activities, recorded a significant decrease in revenue and profitability during the period ending on March 31, 2020G, 2021G and 2022G. Revenues decreased from 15.7 million Saudi Riyals during the period ending on March 31, 2020 AD to 7.2 million Saudi Riyals during the period ending on March 31, 2021 AD, while the revenues of this activity reached 6.3 million Saudi Riyals during the period ending on March 31, 2022G. The Company recorded a total profit from the advertising sector of 2.0 million Saudi Riyals during the period ending on March 31, 2020G. While the advertising sector recorded total losses of 6.0 million Saudi Riyals and 0.8 million Saudi Riyals during the period ending on March 31, 2021G and 2022G, respectively. The advertising sector recorded a net loss of 0.7 million Saudi Riyals, 20.9 million Saudi Riyals and 3.9 million Saudi Riyals during the period ended on March 31, 2020G, 2021G and 2022G, respectively.

The decline in the advertising sector is due to the lack of funds to support the implementation of new projects. It should be noted that billboards are located in the leased areas of municipalities and other government authorities. Thus, securing and/or renewing contracts usually requires high bank guarantees that are difficult for the Company to provide at the present time due to its low liquidity (for more information, Please review Risk No. (2.1.10) "**Risks related to the Availability of Financing in the Future**" of this section) as part of the bidding process. Given the liquidity constraints that the Company is currently facing, the majority of the Company's contracts have not been renewed and therefore the number of newly signed contracts has decreased significantly between 2020G and 2022G.

The continuation of negative results in the advertising sector or/and the Company's lack of success with its expansion plans in the sector will affect the future profitability of the Company in general, which will negatively and fundamentally affect the Company's business, financial position and future prospects.

2.1.45 Risks related to Supplier Agreements and Claims

The Company does not maintain any agreements with suppliers of books and stationery and does not depend on a fixed price that governs its relationship with suppliers due to the constant fluctuation of prices. Fixed pricing under long-term

contracts does not serve the interests of the Company or suppliers. As a result, these actions are performed by purchase orders only. On the other hand, the Company signs contracts and agreements regarding books and leased advertising sites with government authorities, including municipalities, commercial markets and airports.

The Company deals with a large number of suppliers inside and outside the Kingdom as it relies heavily on Houghton Mifflin Harcourt Company as a supplier of textbooks and educational solutions. In total, purchases from Houghton Mifflin Harcourt Company constituted 20.0%, 21.2% and 27.3% of the total purchases in the period ended on March 31, 2020G, 2021G and 2022G, respectively. These percentages reflect a noticeable concentration in dealing with the supplier (Houghton Mifflin Harcourt Company). Accordingly, in the event that the Company is unable to continue with this resource, or the Company fails to find other suppliers as an alternative to this resource and on appropriate commercial and contractual terms for the Company, this will negatively and fundamentally affect the Company's business and thus the results of its operations and financial performance.

In terms of credit balances to suppliers, the aging of credit balances that exceeded 365 days as in the period ended on March 31, 2022G amounted to 33.5 million Saudi Riyals (equivalent to 71.2% of the total credit balances to suppliers), while the credit policy approved by the Company to pay the balances of suppliers ranging from 60 days -90 days. The table below shows the age of the commercial claims as of the period ended on March 31, 2022G:

Table No. (6): Durations of Commercial Claims:

0 Days -90 Days	90 Days -180 Days	180 Days -365 Days	More than 365 Days
7.2 million Saudi Riyals	2.4 million Saudi Riyals	4.0 million Saudi Riyals	33.5 million Saudi Riyals

The main reason for the delay in the payment of these claims is the poor liquidity levels of the Company. It is worth noting that 3 court memoranda were filed against the Company by the suppliers regarding the non-payment of their claims amounting to 14.6 million Saudi Riyals in the period ending on March 31, 2022G. A final judgment was issued in one of the cases obligating the Company to pay an amount of (11,769,914) Saudi Riyals. The rest of the claims, estimated at (2,820,621) Saudi Riyals, are still being considered by the courts (For more information, Please See Section No. (10.11) "**Disputes and Lawsuits**" in this Prospectus).

The Company's continued delay in paying the due credit balances to suppliers will affect its relationship with existing suppliers and potential suppliers, which will affect its ability to attract new suppliers or maintain existing suppliers due to its deteriorating credit reputation. Consequently, it has a negative and material impact on the Company's business, financial position, results of operations and future prospects.

2.1.46 Risks related to depending on rights issues to finance the Company's operations and settle its losses

The Company's accumulated losses as on March 31, 2020G, amounted to (39,180,857) Saudi Riyals, which represents (52.2%) of its capital, which at that time amounted to seventy-five million (75,000,000) Saudi Riyals. On 24/11/1441H (corresponding to 15/07/2020G), the Company's extraordinary general assembly agreed to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals to one hundred and seventy-five million (175,000,000) Saudi Riyals for issuing rights issue with a value of one hundred million (100,000,000) Saudi Riyals. On March 31, 2021G, the accumulated losses amounted to (114,166,642) Saudi Riyals, which represents (65.2%) of its capital and amounted to one hundred and seventy-five million (175,000,000) Saudi Riyals. On December 31, 2021G, the accumulated losses amounted to (141,627,942) Saudi Riyals, which represents (80.93%) of the Company's capital and at that time amounted to one hundred and seventy-five (175,000,000) Saudi Riyals. It is also worth noting that the Company recorded an increase in cash from operating activities during 2020G, amounting to 30.0 million Saudi Riyals. While the Company recorded (negative) cash in operating activities amounting to 21.2 million Saudi Riyals during 2021G, as this is due to the Company recording losses during 2020G and 2021G. In addition, the factors referred to below cast doubt on the Company's ability to continue as a going concern:

- Freezing cash and cash equivalents amounting 25.6 million Saudi Riyals as on March 31, 2022G in relation to units in a local Murabaha fund in which the Company has invested and cash balances with RAKBANK in return for a non-cash facility secured by Aventus Trading Company (Subsidiary), in addition to a deposit against the facilities of the Saudi National Bank (SNB) as on March 31, 2022G.
- The Company's current liabilities exceeded its current assets by 50.3 million Saudi Riyals as on March 31, 2022G.
- Working capital assets focus on trade and other receivables as there is a significant delay in the collection of these receivables while working capital liabilities (trade liabilities and employee salaries) are not governed by credit policies that ensure the integrity of the Company's position on these liabilities
- Failure to pay loans and entering into a number of legal disputes with banks, which made it difficult for the Company to obtain bank loans in the future

As a result of the above, the Company has no financing solutions to continue as a going concern except by increasing its capital by issuing rights shares. For example, the Company increased its capital by 100 million Saudi Riyals in 2021G, raising the capital from 75 million Saudi Riyals to 175 million Saudi Riyals, and the entire revenues were used to finance expansion operations and pay some supplier claims. Accordingly, the capital was reduced in 2021G by an amount of 125 million Saudi Riyals by canceling 12.5 million Saudi Riyals to offset the accumulated losses on the Company, which amounted to 114.2 million Saudi Riyals as on March 31, 2022G, so the capital after the reduction became 50 million Saudi Riyals. The Company cannot guarantee the success of the rights issue shares, and the failure to obtain appropriate financing for the Company's operations and the settlement of its claims will negatively and fundamentally affect the Company's business, financial position, results of operations, continuity and future prospects.

2.1.47 Risks associated with the Audit Committee and the Nomination and Remuneration Committee not performing their duties as required

Each of the Audit Committee was formed on 03/10/2021G after a recommendation from the Board of Directors and with the approval of the General Assembly. The Nominations and Remunerations Committee and the Executive Committee were formed on 17/10/2021G. The failure of the members of these committees to perform their duties and follow a work methodology that ensures the protection of the Company interests and its shareholders will affect the extent of the Company's commitment to the rules governance and the requirements of continuous disclosure issued by the authority, and the effectiveness of the board of directors in supervising the Company's business through these committees. This may negatively affect the Company's business, financial position and future prospects.

It is worth noting that the updated Nomination and Remuneration Committee bylaw was approved by the Board on 02/01/2022G. On 02/01/2022G, the remuneration policy of the Board of Directors, its committees and the executive management was approved, but to date they have not been approved by the general assembly of shareholders. Whereas, the General Assembly, in its meeting held on 08/07/1443H corresponding to 09/02/2022G, rejected the aforementioned Board of Directors decision. As a result, the updated Nomination and Remuneration Committee Regulations, the Remuneration Policy of the Board of Directors, its committees and the Executive Management, which were approved by the Board of Directors on 02/01/2022G, are not valid. The committee is still working in accordance with the approved regulations for the previous session on 16/07/2017G.

The inability of the members of these committees and independent members to carry out the assigned tasks and follow a work methodology that ensures the protection of the interests of the Company and its shareholders will affect the application of the governance law and the efficiency of the Company's board of directors' control over the effective management of its business through these committees. This matter will expose the Company to its non-compliance with the requirements of continuous disclosure after the listing on the one hand, and to operational, administrative and financial risks on the other hand. It is worth noting that the Company's management did not comply with the corporate governance regulations issued by the Authority and the regulations for the Company's management. The work regulation of the Nominations and Remuneration Committee approved by the Company's General Assembly on 16/07/2017G did not include the remunerations of its members. The General Assembly did not approve the remuneration policy for the Board of Directors, the committees emanating from the Board and the Executive Management. The Company has violated some of the requirements of Paragraph (b) of Article No. Sixty, Paragraph (b) of Article No. Sixty-Four, and Paragraph (1) of Article No. Sixty-one of the Corporate Governance Regulations. The Company's Nominations and Remunerations Committee's failure to hold regular meetings at least every six months during the financial year ending on 31/03/2021G. The committee held only one meeting on 31/03/2021G, in violation of some of the requirements of Paragraph (7) of Article No. (50) of the Corporate Governance Regulations. Therefore, the Company's non-compliance will expose it to legal liability from the regulatory authorities, including the Capital Market Authority, by imposing financial penalties and violations on the Company. If the Authority finds that the Company has violated the Capital Market Law or Market Regulations, the Authority may warn it and compel it to take the necessary steps to avoid the occurrence of the violation or take the necessary corrective steps to remedy the results of such violations and impose financial penalties on them.

The Company's continuation of such violations will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.1.48 Risks related to Government Fees applicable to the Employment of Non-Saudi Employees

The government has taken a number of decisions aimed at comprehensive reforms of the labor market in the Kingdom of Saudi Arabia. These decisions included imposing additional fees for each non-Saudi employee working for a Saudi authority as of 01/01/2018G, amounting two hundred (200) Saudi Riyals per month for each non-Saudi employee in 2018G, increasing to four hundred (400) Saudi Riyals per month in 2019G, then six hundred (600) Saudi Riyals per month in 2020G. This will lead to an increase in the government fees that the Company will pay for its non-Saudi employees, and thus an increase in the Company's costs in general. This will negatively affect its business, financial performance and results of operations.

In addition to that, the government has also imposed fees for issuing and renewing iqamas for dependents and companions of non-Saudi employees (Dependents Fees), which became effective on 01/07/2017G. Noting that these fees will gradually increase from two hundred (200) Saudi Riyals per month for each dependent in 2017G, to reach four hundred (400) Saudi Riyals per month for each dependent in 2020G. Therefore, the increase in the fees for issuing and renewing the iqama permit that the non-Saudi employee will bear on behalf of his family may lead to an increase in the cost of living, which may lead him to work in other countries where the cost of living is lower. If such an event occurs, the Company will face difficulty in maintaining its non-Saudi employees, which may force it to bear those costs for non-Saudi employees or part of them directly, or indirectly by raising the wages of its non-Saudi employees. This will lead to an increase in the Company's costs, and therefore will negatively affect its business, financial performance and results of operations.

2.1.49 Risks related to Managing the Working Capital

The Company aims to manage the capital to ensure its ability to continue so that it can continue to provide revenues to the shareholders, and keep appropriate basic capital to support its work. The Company may be exposed to the risk of capital mismanagement and loss of its ability to continue providing revenues to shareholders, and support its business. The Company's management manages the capital by monitoring the revenues on net assets and by monitoring the ratio of the Company's total obligations to its total assets. The Company may make adjustments to the capital in line with changes in economic conditions in the future. For maintaining or adjusting the capital, the Company may increase its capital in the future to ensure the achievement of its objectives and strategic plans. In the event that the Company's management is unable to make the necessary adjustments to the capital, it may face the risks of the Company's non-continuity.

2.1.50 Risks related to Management Decisions

The Company's business results depend mainly on the ability of its management to take the right and appropriate decisions in relation to its business and activities. If the Company's management takes wrong decisions regarding its business, this will negatively affect the Company's performance, results of operations and profitability.

2.1.51 Risks related to increasing the Capital Costs of Executing Future Projects more than the Expected Value

Although the Company has carried out necessary studies to determine the capital costs of future projects, it is possible, due to circumstances beyond the Company's control that those costs rise above the expected economic costs. Moreover, the Company shall find new financing sources to cover this increase, and thus the profitability of these projects will be negatively affected on the Company's profitability and financial position. If the current projects or the Company intends to enter into in the future do not achieve the desired results and expected profits, or if they are exposed to losses, this will negatively affect the results of the Company's operations and its financial position.

2.1.52 Risks related to Imposing a Penalty Due to a Violation of Labor Laws:

The Labor Law and its executive regulations require all employers to have a written employment contract with any employee and worker in two copies The Ministry of Human Resources and Social Development also obligated that the employment contracts shall be documented electronically by uploading and updating information on employees and workers' contracts. The employees and workers shall verify the validity of their contract data by documenting contracts through the electronic services portal of the General Organization for Social Insurance in accordance with the Ministerial Decision No. (156309) dated on 18/08/1440H (corresponding to 23/04/2019G). Noting that all workers' contracts who are contracted immediately after the date of this decision shall be documented. As for those contracting with them in advance, the documentation of their contracts shall be mandatory and over time stages ending at the end of the fourth quarter of 2020G. The Company's failure to comply with this may be considered a violation of the Labor Law and its executive regulations. The Company will be subject to penalty amounting One Thousand (1,000) Saudi Riyals, multiplied by the number of violating workers, in accordance with the stated matters in the table of violations and penalties issued in accordance with the Ministerial Decision No. (178743), dated on 27/09/1440H (corresponding to 01/06/2019G). This may negatively affect the results of the Company's operations and its financial position.

2.1.53 Risks related to applying the Developments of the International Financial Reporting Standards or applying the New International Financial Reporting Standards (IFRS) in the future

Changing the accepted International Financial Reporting Standards (IFRS) to new or revised International Financial Reporting Standards may result in the Company's not being easily comparable to the previous financial statements. The Company's Financial Statements for the financial years and periods that starts after December 31, 2020G, which prepared and presented in accordance with a new or revised International Financial Reporting Standards, may not be easily comparable with those of previous financial periods contained in this prospectus that have been prepared and presented in accordance with currently accepted International Financial Reporting Standards (IFRS). This may negatively affect the results of the Company's operations and its financial position.

2.1.54 Risks related to opening financial regulation procedures

On 06/10/2022G, the Company announced on its page on the Tadawul website that it had submitted a request to open a financial reorganization procedure to the Commercial Court, in accordance with the decision of the Company's board of directors in its meeting held on today 06/10/2022G.

On 06/10/2022G, the Capital Market Authority issued its decision to suspend the trading of the Company's shares from Sunday 10/09/2022G, due to the fact that the company registered a request to open a financial reorganization procedure with the Commercial Court under the bankruptcy law.

On 07/12/2022G, the Company announced on its page on the Tadawul website that a court ruling had been issued by the Commercial Court in Riyadh approving the opening of the Company's financial reorganization procedures and the appointment of Osama Al-Sudais' office as a trustee to carry out the financial regulation work, and that the deadline granted to the Company by the Commercial Court to prepare the proposal It is 150 days from the date of opening the procedure.

On 08/12/2022G, the Capital Market Authority issued its decision to lift the suspension of trading the Company's shares, starting from Sunday 11/12/2022G, due to the issuance of a judicial ruling by the Commercial Court in Riyadh approving the opening of the Company's financial reorganization procedures.

The Company's inability to carry out the proposal submitted to the Commercial Court within 150 days from the issuance by the Commercial Court, which ends on 06/05/2023G, or its failure to comply with the statutory provisions for the financial reorganization; the Company will be subject to the provisions of the bankruptcy procedures. In this case, there are no guarantees that the Company's shareholders will receive any consideration for their contribution, including the capital invested by them in the Company.

2.2 RISKS RELATED TO MARKET AND INDUSTRY

2.2.1 RISKS RELATED TO THE ECONOMIC PERFORMANCE OF THE KINGDOM

The Company's future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and etc. The Kingdom's macro and partial economy depends mainly on oil and oil industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and substantial impact on the plans and growth of the Kingdom's economy in general and on the government spending rates, which would adversely affect the Company's financial performance as its work within the Kingdom's economic system and its impact by the government spending rates.

The continued growth of the Kingdom's economy also depends on several other factors, including the continued growth of the population and investments of the public and private sectors in the infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and thus will adversely and substantially affect the Company's business, financial results and future prospects.

2.2.2 RISKS RELATED TO POLITICAL AND ECONOMIC INSTABILITY IN ME

Many countries in the Middle East suffer from political or security instability at the present time.

There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact the Company's business, results of operations, financial position and prospects.

2.2.3 RISKS RELATED TO COMPANIES LAW, CORPORATE GOVERNANCE REGULATIONS AND CMA RULES

In its management and the conduct of its various business and activities, the Company is subject to the provisions of the Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), and amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). Given that the Company is listed in the market, the Company is subject to the regulations and rules of the authority, including the corporate governance regulation, as the authority's board issued by Resolution No. (8-127-2016(dated 16/1/1438H (corresponding to 10/17/2016G) the regulatory controls and procedures issued In implementation of the Companies Law of Listed and Amended Joint Stock Companies by Resolution of the Board of the Capital Market Authority No. 1-57-2021 dated 06/01/1442H (corresponding to 01/14/2021G). The Authority's Board issued, pursuant to Resolution No. (8-16-2017 (dated 16/5/1438H (corresponding to 13/2/2017G), the Corporate Governance Regulations, as amended by the Authority's Board Resolution No. (3-57-2019(dated 15/09/1440H (corresponding to 20/05/2019G). The Companies Law and Corporate Governance Regulations impose some new requirements related to regulation and corporate governance that the Company must comply with. The Companies Law also imposed stricter penalties for violating its provisions and rules, which are mandatory for all companies. Thus, it is possible for the Company or members of its board of directors or its executive management to be subject to such penalties from financial fines or

imprisonment or both (for example, the Companies Law stipulates that every director, official, member of the board of directors, auditor or liquidator records false statements or misleading, it shall be punished with imprisonment for a period not exceeding 5 years and a fine not exceeding five million Saudi Riyals) and in the event of non-compliance with these provisions and rules. In addition to the rules for Offering securities and continuing obligations, which impose on the listed companies in the market requirements related to disclosure, governance, shareholder rights and other matters. The rules of the Capital Market Authority include detailed and specific obligations on all listed companies and impose penalties for non-compliance with them. It should be noted that the Company is not fully compliant with the regulations of the Authority, including the failure of the Company's management to comply with the corporate governance regulations for listed companies and the regulations for the Company's management of the Company on 16/07/2017G. The approval by the General Assembly of the remuneration policy for the Board of Directors, the committees of the Board and the Executive Management. The Company's Nominations and Remunerations Committee's failure to hold regular meetings at least every six months during the financial year ending 03/31/2021G. The committee held only one meeting on 31 March 2021G. Also, the total penalties and sanctions that were imposed on the Company in the financial year ending on 31 March 2022G amounted to (80,000) Saudi Riyals, for violating Article Thirty of the Offering Rules, and Paragraph (D) of the General Instructions of the Instructions for Corporate Announcements and Paragraph (6) From Article 63 of the Rules on the Offer of Securities and Continuing Obligations, as amended by the Authority's Board Decision No. (3-45-2018) dated 07/08/1439H (corresponding to 23/04/2018G), and Paragraph No. (26) of Article 62 of the Rules for the Offer of Securities Financial and Continuing Obligations, by not disclosing two new fundamental developments as a result of a material event previously announced by the Company on the Tadawul website, in addition to the issuance of judicial rulings that the Company has not disclosed on the Saudi Tadawul website to date. In addition to the above, the Authority has issued warnings and notifications to the Company relating to the governance of the Company. (for more information, please refer to Section (10.12) "**penalties and sanctions**" of this Prospectus).

The Company's failure to implement the Corporate Governance Regulations issued by the Authority may expose it to financial fines under Paragraph (C) of Article (59) of the Capital Market Law issued by Royal Decree No. (M/30) dated 06/02/1424H (corresponding to 31/07/2003G) and amended by Ministerial Resolution No. (52) dated 18/01/1441H (corresponding to 17/09/2019G), which states that the Capital Market Authority may - if it finds that the Company has committed or initiated acts that constitute a violation of any of the provisions of the law or rules issued by the Authority - making all or any of the following:

1. The Company's warning.
2. Obligating the Company to take the necessary steps to avoid the occurrence of the violation, or to take the necessary corrective steps to address the consequences of the violation.
3. Imposing a financial fine by the Board on any person responsible for violating this system and its implementing regulations, the regulations of the market, the depository, the clearing center and its rules, and the imposed fine shall not exceed five million (5,000,000) Saudi Riyals for each violation committed by the violator.

In the event that the Company continues to fail its obligations, or if some or all of the guiding articles in the Corporate Governance Regulations become mandatory, and the Company does not implement and abide by them, this will expose it to violations imposed by the Authority, which will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects. .

2.2.4 RISKS RELATED TO NON-COMPLIANCE WITH EXISTING LAWS AND REGULATIONS AND/OR ISSUANCE OF NEW LAWS AND REGULATIONS

The Company and its subsidiaries are subject to (within Kingdom) the supervision of a number of government agencies in the Kingdom, including but not limited to the Ministry of Media (formerly the Ministry of Culture and Information), Capital Market Authority (CMA), the Ministry of Commerce, the Ministry of Investment, Authority for Competition, etc. Therefore, the Company and its subsidiaries exposed to risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of a number of laws and regulations, meaning that it is more vulnerable to change and development. The costs of complying with these regulations are high. In the event of changes to the existing laws or regulations or the issuance of new laws or regulations, this will lead to the Company incurring additional unexpected financial expenses for the purposes of complying with those regulations and meeting the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities in the event of non-compliance with these regulations and systems on an ongoing basis. This will adversely affect the Company's business, results of operations, financial position and prospects.

2.2.5 RISKS RELATED TO THE COMPETITIVE ENVIRONMENT

The Company and its subsidiaries are working in a strong competitive environment. There is no guarantee that the Company will continue to compete effectively with other companies. The pricing policies of the Company's and its subsidiaries competitors greatly affect its financial performance, and there is no guarantee that the Company will be constantly able to compete with these companies, which leads to a reduction in the Company's market share and thus negatively affect its profits and financial results.

2.2.6 RISKS RELATED TO VALUE ADDED TAX (VAT)

The Kingdom issued a VAT law, which came into effect on 01 January 2018G. This law imposes an added value of (5%) on a number of products and services. This percentage is increased to (15%) from 01 July 2020G. The Company shall pay VAT monthly. This is according to what is stated in the law, and therefore, the relevant establishments must know the nature of value-added tax, the method of its application and how it is calculated. They shall to submit its own reports to the relevant government agencies. Accordingly, the Company must adapt to the changes resulting from the application of the VAT on the business of the Company and its subsidiaries. However, any violation or wrong application of the tax law by the Company's management or any of its subsidiaries will expose them to fines, penalties or damage to their reputation. This will also increase costs and operating expenses, which could reduce the competitive position of the Company and its subsidiaries and the level of demand for their products, which will have a negative and material impact on the Company and its financial position, results of operations and prospects.

2.2.7 Risks related to fluctuations in currency exchange rates

Some of the Company's transactions are by currencies other than the Saudi Riyal, particularly the US dollar. As part of the Kingdom's policy, the Saudi Riyal, until the date of this prospectus, is pegged to the US dollar at an exchange rate of 3.75 Saudi Riyals to 1 US dollar. There are no assurances about the stability of the Saudi Riyal exchange rate against the US dollar, and fluctuations in the value of the Saudi Riyal against foreign currencies (including the US dollar) that the Company uses may lead to an increase in expenses, which will have a negative and material impact on the Company's business, results of its operations, financial position and prospects.

2.2.8 Risks related to coronavirus "Covid – 19" pandemic

With the beginning of the year 2020G, a contagious viral disease known as (Coronavirus "Covid-19") spread, as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, and as a result, the World Health Organization classified it on March 11, 2020 as a pandemic, and called for taking the necessary preventive measures to confront this virus and to limit its spread. Accordingly, the government of the Kingdom of Saudi Arabia hastened to take strict decisions in this regard, which resulted in, for example, but not limited to; imposing a partial or total curfew in some cities and governorates of the Kingdom, closing airports, malls and all activities inside them, except for food stores and pharmacies, reducing the number of working hours for some sectors such as the sector in which the Company operates, where the number of working hours will continue until the start of the partial ban period. When the total ban was imposed, work was limited to home delivery requests only.

The precautionary measures taken by the Kingdom's government to limit the spread of the "Covid-19" virus have greatly affected all economic sectors. Despite the availability of a vaccine for the virus, there is no expected date for the end of the negative effects resulting from this pandemic until the date of this prospectus. The Company cannot estimate the size of the losses caused by the spread of this pandemic or any other infectious disease and does not guarantee the existence of consequences for that in the future that may negatively and materially affect the Company's business, new projects, financial position and future results of operations.

2.3 RISKS RELATED TO OFFERED SECURITIES

2.3.1 RISKS RELATED TO POTENTIAL FLUCTUATIONS IN THE RIGHTS' PRICE

The market price of Rights may be subject to significant fluctuations due to the change in the factors affecting the Company's share. This fluctuation may be large due to the difference between the allowed daily fluctuation percentage (which is represented by 10% up and down from the closing price of the previous day) for rights compared to the daily allowed fluctuation percentage for the Company's shares. The Rights trading price depends on the trading price of the Company's shares and the market's view of the fair Rights price. These factors may adversely affect the Rights trading price.

2.3.2 RISKS RELATED TO POTENTIAL FLUCTUATIONS IN THE SHARE PRICE

The market price of the rights issue during the trading period may not be an indication of the market price of the Company's shares after the Offering. In addition, the Company's share price may not be stable and may be affected significantly due to fluctuations resulting from market conditions related to the Company's current rights issue or shares. These fluctuations may also result from many factors, including but not limited to: stock market conditions, poor performance of the Company, inability to implement the Company's future plans, entry of new competitors to the market, change in the vision or estimates of experts and analysts of the stock market, and any announcement of the Company or any of its competitors relating to mergers and acquisitions or strategic alliances.

The sale of large quantities of shares by the shareholders or the belief that such sale is likely to occur will negatively affect the price of the Company's shares in the market. In addition, shareholders may not be able to sell their shares in the market without negatively affecting the share price. There is no guarantee that the market price of the Company's shares will not be

lower than the Offering price, and if such occur after investors have subscribed to the new shares, the subscription cannot be canceled or modified. Therefore, investors may incur losses as a result. In addition to the above, there is no guarantee that the shareholder will be able to sell his shares at a price equal to or greater than the offer price after subscribing to the new shares.

2.3.3 RISKS RELATED TO NON-PROFITABILITY OR SELLING OF THE RIGHTS

There is no guarantee of profitability per share by trading it at a higher price. In addition, there is no guarantee that it can be sold at all, which indicates that there is no guarantee of sufficient demand in the market to exercise the rights issue or receive compensation from the Company, bearing in mind that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not obtain any consideration if the sale took place during the remaining Offering period at the Offering price.

2.3.4 RISKS RELATED TO FUTURE DATA

The future results and performance data of the Company cannot be actually predicted and may differ from what is contained herein. As the achievements and ability of the Company to develop is what determines the actual results, which cannot be expected or determined. The inaccuracy of the data and results considered one of the risks that the shareholder shall know so as not to affect his/her investment decision. Whereas, in the event that the future results and performance data are fundamentally different from those mentioned herein, such will lead to the loss of part or all of the shareholders' investment in the Company's shares.

2.3.5 RISKS RELATED TO POSSIBILITY OF ISSUING NEW SHARES

The issuance of any new shares by the Company depends on the approval of the Extraordinary General Assembly of the shareholders. In the event that the Company decides to issue new shares as rights issue to increase its capital, and the shareholders' EGM approved this decision, and the shareholders have not exercised their rights by subscribing to the new shares, the ownership of the shares will decrease proportionately in addition to its attachments from the right to vote and obtain profits, which will affect on the market price of the share.

2.3.6 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 rights issue during the trading period, to enable the rights issue holder (whether a registered shareholder or a new investor) to sell the rights issue and make a profit out of it, or to enable him to sell the rights issue at all. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump Offering period. In the event that the investment institutions did not submit offers for the remaining shares at a high price, there may not be sufficient compensation to be distributed to the holders of the rights issue who did not exercise their right to subscribe, or to the holders of fractional shares. there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the rights for these shares, through the residual Offering or through the open market.

2.3.7 RISKS RELATED TO OWNERSHIP RATIOS' DECLINE

If the rights holders do not fully subscribe to the new shares, their ownership and voting rights will be reduced. Also, there is no guarantee in the event that the restricted rights holder wishes to sell his priority rights during the trading period, that the return he receives will be sufficient to fully compensate him for the decrease in his ownership percentage in the Company's capital as a result of the increase in its capital. There is as well no guarantee that there will be a compensation amount distributed to the eligible shareholders who did not exercise their right to subscribe or to the owners of fractional shares in the event that the investment institutions did not submit offers for the remaining shares.

2.3.8 RISKS RELATED TO NON-EXERCISING THE RIGHTS IN A TIMELY MANNER

Subscription Period will start on ••/••/••••H (corresponding to ••/••/••••G) and end on ••/••/••••H(corresponding to ••/••/••••G). Rights holders and the financial intermediaries they represent shall take appropriate measures to follow all necessary instructions prior to the expiry of the subscription period. If eligible shareholders fail to properly exercise the subscription rights by the end of the subscription period, based on their rights issue, there is no guarantee that there will be an amount of compensation distributed to the non-participants eligible shareholders or who did not exercise the subscription properly or to the holders of fractions shares.

2.3.9 RISKS RELATED TO DIVIDENDS TO SHAREHOLDERS

Future earnings per share depend on a number of factors, including the Company's profitability, maintaining its good financial position, capital needs and distributable reserves, the Company's available credit strength, and general economic conditions. An increase in the Company's capital may lead to a decrease in the earnings per share in the future on the grounds that the Company's profits will be distributed to a larger number of shares as a result of the increase in its capital.

The Company does not guarantee that any dividends on the shares will be actually distributed, nor does it guarantee the amount that will be distributed in any particular year. Dividend distribution is subject to certain restrictions and conditions stipulated in the Company's Articles of Association.

2.3.10 RISKS RELATED TO SPECULATION IN RIGHTS ISSUE

Speculation in the Rights is subject to risks that could cause material losses. The permissible daily fluctuation range for the priority Rights trading price exceeds the permissible daily fluctuation range for the market price (which is represented by (10%) up and down from the previous day's closing price). There is also a direct relationship between the Company's share price and the right's indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for Rights trading will be affected by the daily price limits for stock trading. In the event that the shareholder does not sell the Rights before the end of the Trading Period, then he will have two options either to exercise these Rights to subscribe to the New Shares or bear some losses. Therefore, investors should review the full details of the listing and trading mechanism of new Rights and shares and how they operate, and should be familiar with all the factors affecting them, in order to ensure that any investment decision is based on full knowledge and awareness.

2.3.11 RISKS RELATED TO LACK OF SHAREHOLDER'S AWARENESS OF TRADING MECHANISM AND THEIR EXERCISE OF RIGHTS

Despite the publication by the Authority and the Saudi Tadawul of educational materials and special workshops to familiarize investors with rights and the method of raising capital through issuance of rights shares and how to subscribe, trade and others, may be difficult for some shareholders and investors to understand the mechanism of trading rights, especially the method of calculating the final price, Which could miss the opportunity for shareholders to make a timely and appropriate decision. This may also adversely affect shareholders' willingness to invest and trade in them, which would result in a lower percentage of their ownership in the Company, which would harm the investment of those who did not use their rights to underwrite, especially if no compensation was distributed to them.

2.3.12 RISKS OF SUSPENDING TRADING OR CANCELING THE COMPANY'S SHARES AS FAILURE TO PUBLISH ITS FINANCIAL STATEMENTS WITHIN THE STATUTORY PERIOD

In the event that the Company is unable to publish its financial information within the statutory period (30 days from the end of the financial period for the initial financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities shall be applied in accordance with the listing rules approved by the decision of the Board of the Capital Market Authority No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G) and its amended No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) , which stipulates that the market suspends trading of 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 suspended trading session, Tadawul shall announce the re-suspension of the Company's securities until it announces its financial results. In the event that the suspension of trading the Company's shares continues for a period of six months without the Company taking the appropriate measures to correct that suspension, CMA may cancel the listing of the Company's securities. The financial market lifts the suspension after one trading session following the announcement of the Company's financial results. In the event that the Company being late in announcing its financial results, or if it being unable to publish them within the statutory period referred to above, such will cause the Company's shares to be suspended or canceled from the listing, which will negatively and materially affect the interest of the Company's shareholders, the Company's reputation and the results of its operations.

3

Company's Background and Business

3.1 Company Profile

Tihama Advertising, Public Relations and Marketing Company was initially established as a limited liability Company, and it was registered in the Commercial Register under No. (4030008889) on 03/04/1395H (corresponding to 15/04/1975G), and then transferred to a Saudi joint stock Company under the Ministerial Resolution No. (1397) on 29/06/1403H (corresponding to 13/04/1983G). The Company's headquarters is located in the city of Riyadh, Al-Muhammadiyah District, King Fahd Road, Al-Oula Building, Fourth Floor, PO Box 4681 Riyadh 11412, Kingdom of Saudi Arabia, where the headquarters of the Company has been moved from Jeddah to Riyadh, after the approval of the Extraordinary General Assembly on 15/01/1438H (corresponding to October 16, 2016G) to transfer the Company's branch in the city of Riyadh, which is registered in the Commercial Register under No. (1010016722) on 08/07/1398H (corresponding to 13/06/1978G) to the Company's headquarters.

The Company's current capital is fifty million (50,000,000) Saudi Riyals, divided into five million (5,000,000) fully paid ordinary shares with a nominal value of ten (10) Saudi Riyals per share. There are no major shareholders among the Company's shareholders who own 5% or more of the Company's shares as on the date of this Prospectus.

3.2 The Company's history and major developments in its capital structure

- The Company was initially established as a limited liability Company and was registered in the Commercial Register under No. (4030008889) on 03/04/1395H (corresponding to 15/04/1975G), with a capital of two million two hundred and forty-five thousand (2,245,000) Saudi Riyals.
- On 29/06/1403H (corresponding to 13/04/1983G), the Company was transformed into a Saudi Joint-Stock Company in accordance with the Companies Law in the Kingdom of Saudi Arabia and pursuant to Ministerial Resolution No. 1397 dated 29/06/1403H (corresponding to 13/04/1983G). Its capital became two hundred million (200,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares at a nominal value for each share at one hundred (100) Saudi Riyals, of which one million two hundred thousand (1,200,000) shares worth one hundred twenty million (120,000,000) Saudi Riyals is a contribution in kind represented by the net assets of Tihama Advertising and Public Relations Co. (LLC), in which the founding partners of the Company and its employees subscribed, and eight hundred thousand (800,000) ordinary share worth eighty million (80,000,000) Saudi Riyals, in which the founders of Tihama Advertising and Public Relations Co. (a Saudi Joint-Stock Company) subscribed in cash.
- On 11/10/1407H (corresponding to 07/06/1987G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (25%) from two hundred million (200,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals divided into two million (200,000,000) ordinary shares in a nominal value for each share at seventy-five (75) Saudi Riyals to amortize the accumulated losses of the Company. The nominal value of each share of the Company has been adjusted to become seventy-five (75) Saudi Riyals instead of one hundred (100) Saudi Riyals.
- On 16/09/1408H (corresponding to 02/05/1988G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (20%) from one hundred fifty million (150,000,000) Saudi Riyals to one hundred twenty million (120,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares and a nominal value for each share at sixty (60) Saudi Riyals, due to the increase in capital from the Company's need. The nominal value of each share of the Company has been adjusted to become sixty (60) Saudi Riyals instead of seventy-five (75) Saudi Riyals.
- On 14/04/1412H (corresponding to 21/10/1991G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (16.7%) from one hundred twenty million (120,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares in a nominal value for each share at five (50) Saudi Riyals to amortize the accumulated losses of the Company. The nominal value of each share of the Company has been adjusted to become fifty (50) Saudi Riyals instead of sixty (60) Saudi Riyals.
- On 21/04/1415H (corresponding to 26/09/1994G), the Extraordinary General Assembly of the Company's shareholders approved increasing the Company's capital by (50%) from one hundred million (100,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals divided into three million (3,000,000) ordinary shares in a nominal value for each share at fifty (50) Saudi Riyals by issuing one million (1,000,000) new ordinary shares in a nominal value for each share at fifty (50) Saudi Riyals.

- Based on the decision issued by the Capital Market Authority No. 4-154-2006 dated 27/02/1427H (corresponding to 27/03/2006G) and based on the decision of the Council of Ministers to divide the shares of public shareholding companies on that date so that the nominal value of one share becomes ten (10) Saudi Riyals instead of fifty (50) Saudi Riyals. Accordingly, the Company's shares have been divided into fifteen million (15,000,000) ordinary shares in a nominal value for each share at ten (10) Saudi Riyals.
- On 15/01/1438H (corresponding to 16/10/2016G) the Extraordinary General Assembly of the Company's shareholders approved the transfer of the Company's headquarters from Jeddah to Riyadh City under a Commercial Register No. (1010016722) dated 08/07/1398H (corresponding to 13/06/1978G).
- On 16/07/1438H (corresponding to 13/04/2017G), the Extraordinary General Assembly of the Company's shareholders approved the reduction of the Company's capital by (50%) from one hundred fifty million (150,000,000) Saudi Riyals to seventy-five million (75,000,000) Saudi Riyals divided into seven million five hundred thousand (7,500,000) ordinary shares in a nominal value for each share at ten (10) Saudi Riyals to amortize part of the accumulated losses of the Company.
- On 25/04/1441H (corresponding to 22/12/2019G), the Company's Board of Directors recommended to increase the Company's capital by Offering Pre-emptive Rights Shares at a value of one hundred million (100,000,000) Saudi Riyals after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Assembly.
- On 24/11/1441H (corresponding to 15/07/2020G), the Company's Extraordinary General Assembly agreed to increase the Company's capital by issuing Pre-Emptive Rights Shares. The subscription is represented in Offering ten million (10,000,000) new ordinary shares with an offer price of ten (10) Saudi Riyals per one share with a nominal value of ten (10) Saudi Riyals to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals to one hundred seventy-five million (175,000,000) Saudi Riyals and increase the number of shares from seven million five hundred thousand (7,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.
- On 06/07/1443H (corresponding to 07/02/2022G), the Company's Board of Directors recommended to decrease the Company's capital in the value of (125,000,000) Saudi Riyals by (71.43%) from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals through the cancellation of 17.5 million ordinary shares. The capital is then increased by Offering Pre-emptive Rights Shares in a value of three hundred fifty million (350,000,000) Saudi Riyals so the Company's capital after the increase will be four hundred million (400,000,000) Saudi Riyals.
- On 22/07/1443H (corresponding to 23/02/2022G), the Extraordinary General Assembly agreed, based on the recommendation of the Board of Directors, to decrease the Company's capital by (71.43%) from one hundred seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals to restructure the Company's capital to amortize part of the accumulated losses. This is represented in the cancellation of twelve million five hundred thousand (12,500,000) ordinary shares, i.e., (1) share against (1.4) share was canceled.

3.3 Company's Main Activities

The Company operates under Commercial Registration No. (1010016722) dated 08/07/1398H (corresponding to 13/06/1978G), and the license of the Ministry of Media (formerly Ministry of Culture and Information) No. 23232 issued on 12/12/1412H (corresponding to 03/06/1992G).

The Company's activities, as in the commercial register, consist of advertising agencies and institutions.

The Company's activities, as stated in the Articles of Association, are to practice and implement the following purposes:

1. Carrying out advertising works in all its written, visual, and audio means, manufacturing advertising materials of all kinds, developing existing advertising means, developing new means, and marketing these means.
2. Carrying out public relations work, including the organization of conferences, seminars, exhibitions, and others.
3. Media production: such as publishing, preparing books, specialized periodicals, and guides, and producing radio and television programmes.
4. Printing of all kinds for its publications and for the third-party account.
5. Wholesale and retail trade in clerical tools, import and sale of office and school tools and supplies, advertising gifts, non-fiery toys and supplies for children, books, teaching aids, office furniture, engineering devices and tools, computers, accessories and software (application systems and databases), electronic game consoles, memory cards, associated service and maintenance work, clerical machines, telephone communication devices and accessories, sports and scouting tools, cardboard, products made of these

materials, prints, bookbinding materials, photographs, stationery, pasting materials used in stationery or for domestic purposes, artists' materials, paint or coloring brushes, guidance and teaching materials, plastic packaging materials, printing letters, cliché (drawers) as well as clothing and foodstuffs, applying for government tenders to many government and private entities, importing and printing materials that go into the manufacture and printing of indoor and outdoor billboards, including wooden, iron, metal, plastic, electrical and neon materials, inks, paints, films and printing papers and securing the necessary technical labor.

6. Distribution of publications, newspapers, magazines, journals and books. The Company may have an interest in or participate in any way in institutions or companies that carry out works similar to its own, or that may help it to achieve its purpose or be complementary to, or merge into, buy or attach to it.
7. Commercial agencies within the purposes of the Company after obtaining the necessary licenses from the competent authorities and registering them in the register of commercial agencies, all after obtaining the approval of the competent authorities.
8. Training: The Company may practice training and education activity, and in order to achieve this, it may establish specialized centers for the opening of classrooms to teach programs: computer, management, accounting, typewriter and languages, provided it obtains the approval of the Technical and Vocational Training Corporation and the competent authorities.
9. Management and lease of owned or leased (residential) properties.
10. Management and lease of owned or leased (non-residential) properties

The Company practices its business according to the applicable laws and after obtaining the licenses required from the competent authorities, if any. The Company carries out its activities through its headquarters in Riyadh, its network of branches and subsidiaries in the KSA and through its investments in other companies inside and outside the KSA. The Company's key activities are represented in the following sectors:

The Company's main activities are the following sectors:

- ## Advertising Sector

Road advertising activity began with the start of the first Company in 1975 and has evolved over the years in terms of the form and volume of funds invested in this activity in conjunction with the beginning of this activity, the opening of a workshop to serve the means of road advertising. Tihama has focused on expanding the field of road billboards to cover all parts of the Kingdom's cities and main roads. Its widespread reach of this service has contributed to the use of state-of-the-art technology, which is a strong pillar of the Kingdom's advertising industry. The Company is currently one of the largest companies in the field of road advertising and has received many tenders offered through the secretariats.

- ## Library and Retail Sector

Tihama Bookstores 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 the demand for books and a decline in the habit of reading and a decrease in people's orientation towards the printed book. All this led to the publishing sector and libraries facing many difficulties that led to losses.

During the year 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, 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, as well as its subsidiary Company (Aventus Global Trading) has the exclusive rights to distribute the products of the globally well-known trademark, WH Smith, in the United Arab Emirates.

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

- Retail Department: Retail showrooms in Riyadh Boulevard and Al Habib Hospital in Dammam
- Café and Sip in Riyadh.
- 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, as the Company has the right to use the WH Smith trademark, one of the most important trademarks for operators of shops in airports worldwide.

- **Distribution Sector**

The Company is currently managing and operating the exclusive agency contract for the products of Houghton Mifflin Harcourt, during the financial year ending on March 31, 2021G, Tihama Distribution Company extended the exclusive distribution agreement with the Education Technology Company – Houghton Mifflin Harcourt.

The agreement was renewed between Tihama Distribution Company and the Education Technology Company – Houghton Mifflin Harcourt, which is the leading global provider of educational curricula for the educational period from kindergarten to high school, and the agreement grants Tihama the right to exclusive distribution of Houghton Mifflin Harcourt products in the Kingdom of Saudi Arabia. The agreement is valid until December 2023 and includes a clause allowing it to be extended 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.

- **Production Sector**

The Company entered the production of films, commercials, awareness-raising, and documentaries by contributing to the establishment of the 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 programmes, series, and movies.
- Production of commercials and advertising films.
- Production of visual materials intended for display in social media.

3.4 Company's Vision

To be the pioneer and leading Company in the 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.

3.5 Company's 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.

3.6 Company's 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.

3.7 Strengths and Competitive Advantages of the Company

- The pioneering and leading Company in the 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

3.8 Subsidiaries

The Company exercises its activities through (11) subsidiaries, of which (4) are core subsidiaries, shown in the following table below. (For more information about subsidiaries, please see subsection (10.2.1) "**The Company's Subsidiaries**" of section (10) "**Legal information**" of this Prospectus).

Table No. (7): Subsidiaries.

Company's Name	Capital	Place of Incorporation	Main Place of Operations		Activity	Equity
			Country	City		
Core Subsidiaries						
Tihama Modern Bookstores Company	81,671,977 Saudi Riyals	KSA	KSA	Jeddah	Stationery and Libraries	100%
Tihama Distribution Company	3,500,000 Saudi Riyals	KSA	KSA	Riyadh	Publication and distribution	100%
Tihama Education Company*	200,000 Saudi Riyals	KSA	KSA	Riyadh	Retail	100%
Integrated Production Company for Audiovisual Media Production	10,000 Saudi Riyals	KSA	KSA	Riyadh	Film and program production	70%
Non-core Subsidiaries						
Tihama Holding for Commercial Investment***	500,000 Saudi Riyals	KSA	KSA	Riyadh	Business Investment	100%
Estidama International Real Estate Company***	500,000 Saudi Riyals	KSA	KSA	Jeddah	Real Estate Investment	100%
Tihama International Advertising Company***	500,000 Saudi Riyals	KSA	KSA	Riyadh	Advertising	100%
Fast Advertising Company for Advertising***	25,000 Saudi Riyals	KSA	KSA	Riyadh	Advertising	100%
International Company Advertising Services****	1,000,000 Saudi Riyals	KSA	KSA	Riyadh	Advertising	51%
Aventus Global Trading Company*****	AED 600,000	UAE	UAE	Dubai	Retail	100%
Weaving Company for Audiovisual Media Production	100,000 Saudi Riyals	KSA	KSA	Riyadh	Film production	50%
Tihama New Media for Advertising Company******	100,000 Saudi Riyals	KSA	KSA	Riyadh	Media and research	100%

Source: The Company.

* During the Financial year ending on March 31, 2021G, the Company acquired additional shares from Tihama Education Company (a subsidiary Company), representing 51% of the Company's capital, so that the equity of the parent Company became 100% of the subsidiary's capital as on March 31, 2021G. As this transaction relates to the acquisition of an additional share in a subsidiary without a change in control thereover, it was recorded as an equity transaction, and the increase in consideration over the book value of the non-controlling interest amounting to 3,459,628 Saudi Riyals was recognized in the equity of the parent Company.

** During the year ending on March 31, 2019G, the parent Company participated in the establishment of the Integrated Production Company for Audio-visual Media Production, a limited liability Company with a capital of 10,000 Saudi Riyals, owned by 35%, during the financial year ending on March 31, 2021G, the parent Company acquired additional shares representing 35% of the capital of the Integrated Production Company, with an estimated value of 7,250,000 Saudi Riyals. Since this transaction relates to the acquisition of an additional share in a subsidiary without a change in control, it was recorded as a transaction within equity, and the increase in the consideration paid over the book value of the non-controlling interest amounting to 7,231,139 Saudi Riyals was recognized in the equity of the parent Company.

*** It was established for private purposes and is not currently engaged in activities.

**** The partners in the International Advertising Services Co. Ltd.– Intermarkets decided on November 16, 2011, to suspend the Company's activity for a period of six months, subject to renewal, and not to do any new business during the period to avoid loss. Tihama's inability to use its legal right to manage this Company because of stopping the Company's activity since November 16, 2011G, and the Company's inability to obtain any data and financial information that would enable it to unify the Company and the expiration of the commercial registration and licenses necessary for the Company to perform its work, which led to the parent Company losing control of the investee Company. Accordingly, the parent Company decided to stop compiling the financial statements of the International Advertising Services Co. Ltd.– Intermarkets within the Company's consolidated financial statements.

**** During the year ending March 31, 2022G, the partners in the International Advertising Services Co. Ltd.– Intermarkets decided to liquidate the Company and appointed a liquidator to take the legal procedures in this regard.

***** On May 9, 2022G, an agreement was signed between Aventus Global Trading Company operating in the United Arab Emirates and NextByte Trading Company to sell a group of assets and transfer obligations related to the business operations of Aventus Global Trading Company. The agreement is subject to and requires obtaining All necessary approvals from shareholders and relevant bodies to complete the transfer of franchise rights and lease contracts.
On October 4, 2022G, Aventus Global Trading Company obtained the necessary approvals from the stakeholders and relevant bodies to complete the process of transferring franchise rights and lease contracts. Accordingly, the process of transferring the assets and liabilities related to the commercial operations of Aventus Global Trading Company and the procedures for selling the company's stock to the buyer (Next Byte Trading Company) were completed.

****** During the year ending on March 31, 2021G, the Company acquired all the shares of the partner in Tihama New Media Company (an associate Company), and accordingly, the ownership of the Company became 100% of the Company's capital and became a subsidiary Company as of March 31, 2021G.

3.9 Investees

The following table shows the investees by the Company:

Table No. (8): The Investees.

Company's Name	Capital (Saudi Riyal)	Place of Incorporation	Main Place of Operations		Activity	Equity
			Country	Country		
United Advertising Company Ltd.*	500,000	KSA	KSA	Riyadh	Advertising	50%
United Journalists Company **	2,143	UK	Middle East	Cairo	Publication and distribution	50%
Saudi Advertising Materials Company Ltd.***	1,000,000	KSA	KSA	Jeddah	Advertising	42.5%
Tihama Global Dubai****	51,000	UAE	UAE	Dubai	Advertising and Marketing	40%
J Walter Thomson Company – MENA *****	3,750,000	Bahrain	MENA	Manama	Advertising and public relations	30%
Gulf Systems Development Company ******	500,000	KSA	KSA	Riyadh	Financial solutions technology	30%
Renewable Technology Company ******	500,000	KSA	KSA	Riyadh	Financial solutions technology	30%
Qutrob Audio-Visual Media Production *******	10,000	KSA	KSA	Riyadh	Production	35%
National Consolidated Distribution Company ********	12,000,000	KSA	KSA	Riyadh	Distribution	8.3%
Fogo Company *********	3,075,000	USA	USA	Delaware	Advertising	4.0%

Source: The Company.

* On June 30, 2021G, the Company signed an agreement with WBP Group to establish a new company in the Kingdom of Saudi Arabia under the name ICG Saudi Arabia, provided that WBP will own 70% of the new holding company, while the Company's share will be 30%. During the year ending March 31, 2022G, the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before December 31, 2022G, instead of December 31, 2021G, as per the original agreement. Later, the structure of the agreement was modified so that United Advertising Company becomes the new holding company, whereby WPP Group will transfer some of its owned companies to United Advertising Company, and Tihama will waive 20% of its equity in United Advertising Company to WPP Group, so that Tihama's equity in the United Advertising Company after the completion of all relevant official procedures becomes 30%. It should be noted that the period for completing the transfer of legal ownership and all other required regulatory approvals have been extended to be before June 30, 2023G instead of December 31, 2022G, according to the appendix to the agreement. Any financial impact arising from the transaction based on the assets and liabilities on that date will be recorded upon completion, and any potential impact cannot be estimated reliably at this time.
The Partners Agreement between the Company and WPP includes an unconditional, irrevocable option for WPP to require the Company to transfer all of its shares (the "Call Option") at any time after the fifth year after the legal title transfer has been completed and all other regulatory approvals to purchase all of its shares have been met ("Put Option") at any time after the fifth year after the legal title transfer has been completed and all other regulatory approvals have been met, a put option or a put option may be exercised at any time between January 1 and March 31 in any year after the fifth year after the legal title transfer has been completed and all other regulatory approvals. ("Option Execution Period"), provided that WBB or Tihama (as the case may be) gives written notice to the other party through the option window ("Exercise Notice"). The call option may be exercised only if the put option has not been used and vice versa. Once exercise notice has been given, which may not be rescinded without the written consent of the receiving party, the consideration payable to Tihama for all its shares in the Company for the exercise of either option (the "Option Execution Value") shall be calculated as follows:
(a) In the case of a call option, at the discretion of the Company, either on the sales revenue multiple or on the average earnings multiple (based on audited annual accounts), chosen at the discretion of the Company. (b) In the case of a put option, at a multiple of average earnings based on audited annual accounts.

** The United Journalists Company is currently suspended. The Company's investment in the United Journalists Company Limited has been registered as on March 31, 2022G was zero as well as March 31, 2021G was zero, as the accumulated losses of this associate exceeded its capital and the Company does not intend to provide financial support to it in excess of its share in its capital, being a limited liability company, therefore, the Company's share of the change in the net assets of the associate was not recorded for the two years ending on March 31, 2022 and 2021G, and the last financial statements obtained by the Company were on December 31, 2009G.

*** The partners in the Saudi Advertising Materials Company Ltd. decided during the year ending on March 31, 2012G, to start liquidating the same due to its incurring operational losses for consecutive years and its inability to continue its activities. The legal procedures for this decision are still being completed as of March 31, 2022, and the Company's share in the net rights of partners in this associate company as on March 31, 2022G, was zero and as on March 31, 2021G was zero.

**** During the year ending March 31, 2022G, the Company filed a compensation claim against the Company's former director and partner in the associate company in the United Arab Emirates, and a final judgment was rendered in favour of the Company by the Dubai Courts of Appeal after the appeal was dismissed. The former director of the Company submitted a request to quash the judgment, which was rejected by the Dubai Court of Cassation, and accordingly, the ruling became final and enforceable in favor of the Company.

***** The Company's investment in J. Walter Thompson MENA was recorded based on the accounts prepared by the management of the associate company, as the financial statements of that group as of December 31, 2021G, are still under review. On June 30, 2021, the Company signed an agreement with WPP to merge J. Walter Thomson MENA (an associate company of Tihama) with Wonderman Middle East and North Africa to establish Wunderman Thompson Middle East and North Africa (a holding group in the Kingdom of Bahrain). The agreement includes the merger of J. Walter Thompson ("GWT") MENA and Wunderman Thompson MENA, to be consolidated into Wunderman Thompson MENA. Tihama will own 25% of Wunderman Thompson MENA after the completion of the share transfer and all related formalities.
An important share of the results of Wunderman Thompson MENA's business as an associate will be recorded in the financial statements. Any financial impact arising from the transaction will be recorded at completion, based on the assets and liabilities at that date, any potential impact cannot be estimated reliably at present. During the Financial year ending March 31, 2022G, the completion period for the transfer of legal title and all other required regulatory approvals has been extended to before June 30, 2022G, instead of December 31, 2021G, as per the original agreement. It should be noted that the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before February 28, 2023G.

****** The investments in these two associate companies include the Company's investment share in them, as they have not practiced any activities since their establishment and that no financial information was available regarding the Renewable Technology Company until the date of preparing these consolidated financial statements and based on the study of the decline that was conducted, The Company recorded a loss of 100% on these investments during the financial year ended March 31, 2017G.

******* Qutrob Company is a company owned by the subsidiary company Integrated Production for Audiovisual Media Production, which owns 50% of the Company's capital.

******** The Company's share in the National Consolidated Distribution Company (a Saudi limited liability company) is through a subsidiary (Tihama Distribution Company)

********* The Company's share in the capital of Fogo, one of the emerging companies in the United States of America, through a subsidiary company (Tihama New Media Company, which was acquired during the financial year ending on March 31, 2021G).

3.10 Business interruption

There has been no interruption in the business of the Company or any of its subsidiaries that could affect or have had a noticeable impact on the financial position during the last 12 months. Except as may result from the sale by Aventus Global Trading of a range of assets and the transfer of obligations associated with NextByte's business operations.

3.11 Employees and Saudization

As at the date of this Prospectus, the number of the Company's employees at the headquarters in Riyadh, according to the performance report issued by the Qiwa platform, is (22) employees, including (13) Saudi employees and (9) non-Saudi employees. According to the Ministry of Human Resources and Social Development and in accordance with the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Company achieved the required Saudization percentage, and was classified within the "high green" range.

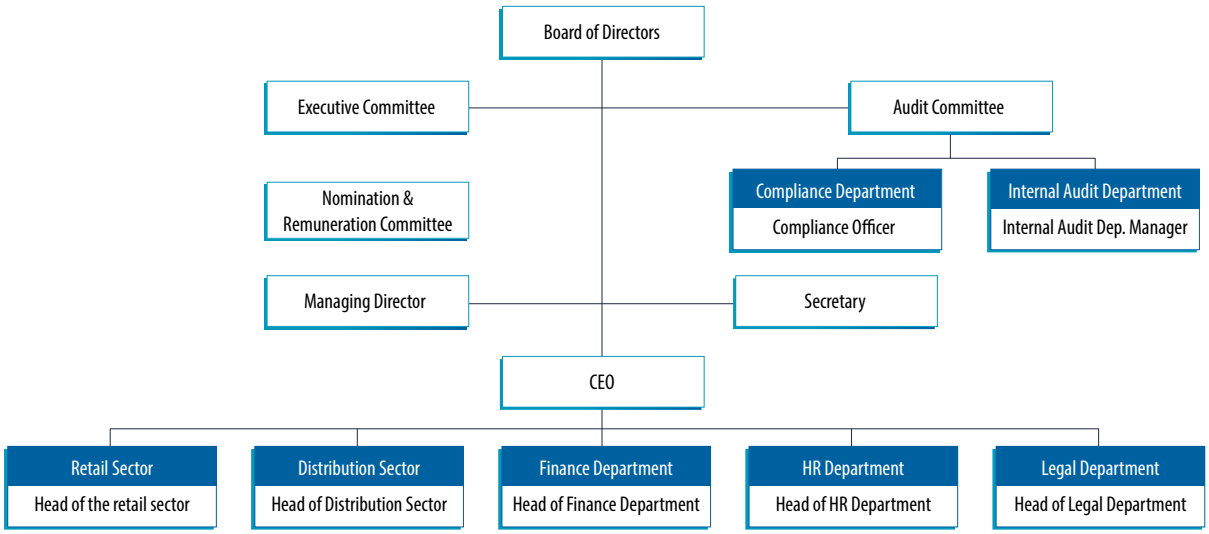
4

Company's Organizational Structure

4.1 Organizational Structure

The following figure shows the organizational structure of the Company:

Figure No. (1): The organizational structure of the Company.



Source: The Company

4.2 Board of Directors

The following table shows the members of the Company's board of directors appointed by the Ordinary General Assembly at its meeting held on 26/02/1443H (corresponding to 03/10/2021G) for the current session, which started on 08/03/1443H (corresponding to 14/10/2021G) and ends on 10/04/1446H (corresponding to 10/13/2024G):

Table No. (9): Members of the Company's board of directors.

The Company's Board of Directors appointed on 14/10/2021AD*								
Name	Position	Membership status	Nationality	Age	Owned shares			
					Direct		Indirect	
					No.	%	No.	%
Sultan Salahuddin Abdulazzim**	Chairman	Independent	KSA	42	-	-	-	-
Ibrahim Mohammed Ibrahim Al-Shabib ***	Deputy Chairman	Non-executive	KSA	50	-	-	-	-
Saudi Riyalsi bin Ibrahim Al-Mayouf	Board Member	Independent	KSA	43	-	-	-	-
Salman Mohammed Nasser Al-Asmari	Board Member	Non-executive	KSA	44	-	-	-	-
Abdulaziz Najeeb Al-Suwailem****	Board Member and Managing Director	Executive	KSA	31	-	-	-	-
Al-Mu'tasim Billah Zaki Allam	Board Member	Independent	KSA	37	-	-	-	-

Source: The Company
The Ordinary General Assembly, in its meeting held on26/02/1443H (corresponding to 03/10/2021G), approved the election of the above-mentioned members of the Board of Directors for the current session, which started on 08/03/1443H (corresponding to 14/10/2021G) and ends on 10/04/1446H (corresponding to 13/10/2024G).

** The Company's Board of Directors decided in its meeting held on 27/02/1440H (corresponding to 17/10/2021G) to appoint Mr. Sultan Salahudin Abdulazim as Chairman, and Mr. Ibrahim Mohammed Ibrahim Al-Shabeeb as Vice Chairman of the Board of Directors.

*** On 02/01/2022G, the Board of Directors approved the assignment of a member of the Board of Directors, Mr. Ibrahim bin Muhammad Al-Shabib, as a managing director of the Company and amended the membership capacity to be an executive member as of 02/01/2022G.

**** On November 30, 1443H corresponding to 06/29/2022G, the Board approved the appointment of the Secretary of the Board of Directors, Mr. Nayef bin Ahmed Al-Ghamdi, as Secretary of the Board of Directors for a period of one year, and the decision is effective from the date of its issuance.

**** On 04/11/1442H corresponding to 06/14-/021G, the Board of Directors approved the assignment of Mr. Mazen Al-Asmari with the duties of the CEO, and the decision is effective from the date of its issuance. And the approval of the Board of Directors was issued in its meeting held on 2/01/2022G to appoint Mr. Mazen bin Muhammad Al-Asmari as CEO, which will take effect from 02/01/2022G.
As on 06/08/1443H corresponding to 03/09/2022G, the Board of Directors approved the acceptance of the resignation of Mrs. Asmaa Fattani, a member of the Board of Directors (independent member), provided that it is effective as of 06/08/1443H corresponding to 03/09/2022G.

**** On 01/03/1444H (corresponding to 27/09/2022G) the Board of Directors decided to appoint a member, Mr. Abdulaziz Najeeb Al-Suwailem as a managing director of the Company and to amend the membership capacity to be an executive member as of 07/10/1444H (corresponding to 03/10/2022G).

4.3 Company Committees

The Company's committees, responsibilities and current members of each committee are described below:

4.3.1 Audit Committee

At its meeting held on 26/02/1443H (corresponding to 03/10/2021), the Regular General Assembly approved the formation of the Audit Committee, the determination of its functions, the controls of its work and the remuneration of its members for the new session from 14/10/2021G until the end of the session on 13/10/2024G. The Governing Council approved the Committee's Regulations of 23/05/2017G.

Table No. (10): Members of the Audit Committee.

Name	Job
Al-Mu'tasim Billah Zaki Allam*	Committee Chairman (independent member)
Abdulaziz Awajan Al-Rashidi	Member (from outside the board)
Karim Abdel Aziz Shnior	Member (from outside the board)

Source: The Company

* On 17/10/2021G, the Board of Directors approved the resignation of Mr. Sultan Salahuddin Abdulazzim from his duties as Chairman of the Audit Committee due to his election as Chairman of the Board of Directors. The Board of Directors approved the appointment of Mr. Al-Mu'tasim Billah Zaki Allam as Chairman of the Audit Committee, on 08/07/1443H corresponding to 09/02/2022G The Ordinary General Assembly approved the Board of Directors' decision to appoint Mr. Al-Mu'tasim Billah Zaki Allam as Chairman of the Audit Committee instead of the previous committee member Mr. Sultan Salahuddin Abdulazzim, and this appointment is effective from the date of the decision issued on 17/10/2021G until the end of the current committee's work period on 13/10/2024G.
The Company announced on the Tadawul website that a member of the Audit Committee, Mr. Abdul Salam Majid Al Banna, has resigned from his membership in the Company's Audit Committee, which he submitted on 06/09/2022G. The Board of Directors issued a resolution by passing on 07/09/2022G to approve the submitted resignation, provided that it takes effect from 07/09/2022G.

Duties and Responsibilities of the Audit Committee

- The Committee shall be directly responsible for appointing, fixing the fees and supervising the work of the independent auditors (including resolving disputes between management and the independent auditors regarding financial reporting) for the purpose of preparing the audit report or related work thereto.
- Review the scope and work plan in place by the independent auditors for each financial year based on the recommendation of the independent auditors.
- Review and approve all audit services provided by independent auditors.
- Review and approve fees and other work conditions related to the work of the independent auditors.
- Review and approve the disclosures required to be included in the financial statements in accordance with the regulatory requirements.
- Ensure the independence of the independent auditors.
- Review and discuss the Company's quarterly and annual financial statements with management, the internal audit department, and independent auditors, including the disclosures made in the "Company Management Activity Report" and the independent auditors' review of the financial statements before they are presented to shareholders, any government entity, or the stock market or the public.
- Regular and continuous review with the executive management, independent auditors, and the internal audit department on the following:
  - Any dispute between the executive management and the independent auditors or the internal audit department regarding the preparation of the financial statements.
  - Any difficulties during the review process (including any limitations on scope of work or access to requested information).
  - Considering changes to the accounting principles and financial disclosure practices in the Company and approving it when necessary, according to the proposals of the independent auditors, the executive management, or the internal audit department.
  - Review with executive management, independent auditors, the internal audit department, and the Company's legal management, as needed, any legal, regulatory or compliance issues that could have a significant impact on the Company's financial statements, including significant changes in accounting standards or rules.

- Discuss all of the following on a regular basis with the independent auditors (without the presence of the executive management):
  - Their opinions on the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reports.
  - Completeness and accuracy of the Company's financial statements.
- Approve the appointment and/or replacement of the Director of the Internal Audit Department.
- Review the performance of the internal audit department on an annual basis.
- Review the scope and work plan to be performed by the internal audit department, based on the recommendation of the independent auditors and the director of internal audit.
- In consultation with the independent auditors and the Internal Audit Department, the Committee shall:
  - Review the adequacy of the Company's internal control system and procedures designed to ensure compliance with applicable laws and regulations.
  - Discuss the responsibilities, budget and staff needs of the internal audit department.
  - Dealing with internal audit projects implemented by auditors from outside the Company.
- Review and approve all related party transactions.
- Review and approve any change in the Code of Conduct and Business Ethics for Board Members or Executive Directors.
- Review and evaluate the appropriateness of the annual report of the Board of Directors and recommending any change that the Committee deems appropriate.
- Evaluate its performance annually and submit a report on the evaluation results to the Board of Directors. This evaluation includes an evaluation of the commitment and performance of each member of the committee to perform the tasks and responsibilities assigned thereto.
- Perform any duties or responsibilities that may be entrusted to it by the Board of Directors from time to time, within the scope of the Committee's general purposes.

4.3.2 Nomination and Remuneration Committee

The Board of Directors decided on 27/8/1438H (corresponding to 23/5/2017G) to form the Nominations and Remunerations Committee, and the Board decided to combine them together to form the Nominations and Remunerations Committee. It was approved by the general assembly of shareholders held on 22/10/1438H (corresponding to 16/07/2017G) to update its bylaw that includes its tasks, work regulations and the remuneration of its members. The current session of the Nominations and Remunerations Committee began with the new session of the Company's Board of Directors from the date of October 14, 2021G until the end of the session on the date of 13/10/2024G. The following table shows the members of the Nomination and Remuneration Committee:

Table No. (11): Members of the Nominations and Remunerations Committee.

Name	Position
Sari bin Ibrahim Al-Mayouf*	Chairman
Salman bin Mohammed Al-Asmari**	Member
Sultan Salahuddin Abdulazzim ***	Member

Source: The Company

* On 10/02/2022G, the Board of Directors approved the appointment of Eng. Sari bin Ibrahim Al-Mayouf as Chairman of the Nominations and Remunerations Committee, and the appointment decision is effective from its date.

** On 03/09/2022G, the Board of Directors approved the acceptance of the resignation of Ms. Asmaa Fattani, a member of the Nominations and Remunerations Committee, provided that it is effective as of 06/08/1443H corresponding to 09/03/2022G. On 17/03/2022G, the Board of Directors approved the appointment of Mr. Salman bin Muhammad Al-Asmari as a member of the Nomination and Remuneration Committee, and the appointment decision is effective from its date.

*** On 17/10/2021, the Board of Directors approved the appointment of Mr. Sultan Salahuddin Abdulazzim as a member of the Nominations and Remunerations Committee, and the appointment decision is effective from its date.

The Committee recommended to the Board of Directors in its meeting held on 29/12/2021G to adopt the updated Nomination and Remuneration Committee bylaw, and to approve the remuneration policy for the Board Members, members of the committees and the executive management, on 29/05/1443H corresponding to 02/01/2022G. Nominations and remunerations by approving the regulations of the Nominations and Remunerations Committee and approving the remuneration policy for the Board Members and its committees and the executive management. A decision of the Board of Directors was also issued to include in the agenda of the General Assembly voting to approve the remuneration policy for the Board of Directors, its committees, and the executive management.

The General Assembly, held on 08/07/1443H corresponding to 02/09/2022G, rejected the Board of Directors' decision to adopt the bylaws of the Nominations and Remunerations Committee, and the remuneration policy for Board Members, its committees, and the executive management.

On 17/10/2021G, the Board of Directors approved the formation of the Nominations and Remunerations Committee from the Board Members, Mr. Ibrahim bin Muhammad Al-Shabib, Mr. Sultan Salahuddin Abdulazzim, and Mrs. Asmaa Ahmed Fatani.

On 02/01/2022G, the Board of Directors approved the acceptance of the resignation of Mr. Ibrahim Al-Shabib from the membership of the Nomination and Remuneration Committee, and he was appointed to the position of the designated Managing Director.

It was found that the Company's management did not comply with the corporate governance regulations for listed companies and the regulations for the Company's management, as the work list of the Nomination and Remuneration Committee approved by the Company's general assembly on 16/07/2017G did not include the remuneration of its members, and the general assembly did not approve the remuneration policy for the Board of Directors, the committees emanating therefrom and the executive management, in violation of some of the requirements of Paragraph (B) of Article 60, Paragraph (B) of Article 64, and Paragraph (1) of Article 61 of the Corporate Governance Regulations. In addition, the Company's Nominations and Remunerations Committee did not commit to holding meetings on a regular basis every six months at least during the financial year ending on 31/03/2021G, as the Committee held only one meeting on 03/31/2021G, in violation of some of the requirements of Paragraph (7) of Article 50 of the Corporate Governance Regulations.

Duties and Responsibilities of the Nomination and Remuneration Committee

- Ensure the independence of the independent members on a continuous basis. If the committee finds that one of the members has lost the conditions for independence, it must submit the matter to the Company's board of directors.
- Prepare and reviewing the policy for granting remunerations, benefits, incentives, and salaries for the Company's board members and employees on an annual basis, and the committee must verify that the remunerations and benefits granted to the senior executive management of the Company are reasonable and commensurate with the Company's performance.
- Determine the Company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
- Prepare the Company's human resources and training policy, monitor its implementation, and review the same annually.
- Organize and follow up the procedures for nomination for membership of the Board of Directors in accordance with the applicable laws and regulations and the provisions of the Company's Articles of Association.
- The committee shall consider any other matters referred to it by the Company's board of directors.

4.3.3 Executive Committee

On 17/10/2021G, the Board of Directors decided to form the Executive Committee.

Table No. (12): Members of the Executive Committee*

Name	Position
Vacant**	Member
Al-Mu'tasim Billah Zaki Allam	Member
Sari Ibrahim Al-Mayouf	Member
Salman bin Mohammed Al-Asmari	Member

Source: The Company

* Ms. Asmaa Fatani is no longer a member of this committee after her resignation from the Company's board of directors on 08/06/1443H (corresponding to 09/03/2022G) and the seat is still vacant until the date of this Prospectus.

** The Committee has not yet been activated and has not held any meeting since the Committee's date of formation, and the working regulations have not been approved to date.

4.4 Executive Management

The following table shows the Company's executive management details:

Table No. (13): The Company's executive management.

Name	Position	Nationality	Age	Date of Appointment	Owned shares			
					Direct		Indirect	
					No.	%	No.	%
Mazen Muhammad Nasser Al-Asmari	CEO	Saudi	51	14/06/2021G	-	-	-	-
James Wallis Graham Morey	Senior Executive Vice President	British	62	01/10/2015G	-	-	-	-
Majid Muhammad Hassan Balkhi	Head of the Retail Sector	Saudi	42	18/12/222G	-	-	-	-
Ayman Muhammed Abdul Rahman Suleiman	Finance Manager	Egyptian	45	01/10/2012G	-	-	-	-
Faisal Mohsen Hussein Al-Attas	Director of Legal Affairs	Saudi	31	06/12/2022	-	-	-	-
Vacant*	Head of HR & Administrative Affairs	-	-	-	-	-	-	-

Source: The Company

* The company is in the process of appointing a head of human resources and administrative affairs.

4.5 Compensation and Remuneration of Board Members and Senior Executives

The responsibility for proposing compensation and remuneration for board members and senior executives rests with the Nominations and Remuneration Committee. The following table shows the value of salaries, bonuses and allowances paid to Board members and senior executives over the past three years:

Table No. (14): Compensation and Remuneration of Board Members and Senior Executives.

In Saudi Riyals	Financial year ended March 31, 2020G*	Financial year ending March 31, 2021AD**	Financial year ended March 31, 2022***
Board of Directors	2,117,822	129,000	140,264
Senior Executives	4.912.602	5.288.435	6,801,481
Total	**7,030,424**	**5,417,435**	**6,941,745**

Source: The Company

* The compensation of the Board Members for the financial year ending on 31/03/2020G consists of salaries and other in-kind benefits for board members and does not include any remunerations.

** The compensation of the Board Members in the Financial year ending on March 31, 2021G consists of allowances for attending the meetings of the Board of Directors in accordance with the policy of remuneration and compensation for Board Members and Senior Executives and has not been disbursed. It also includes compensation and remunerations for senior executives during the financial year ended on March 31, 2021, an amount of 596,429 Saudi Riyals represents provisions made for periodic remuneration in accordance with the policy of remuneration and compensation for Board Members and Senior Executives and not been disbursed.

*** The compensation of the Board Members in the financial year ending on 31/03/2022G consists of the expenses of the Board Members and the committees and does not include any remunerations.

On 06/09/2021G, the Board of Directors issued a resolution approving the remuneration policy for the Board Members, its committees, and the executive management, and recommending that the policy be presented to the general assembly of shareholders for approval. On 03/10/2021G, the Ordinary General Assembly refused to approve the remuneration policy for Board Members, its committees, and the executive management. On 09/02/2022G, the Ordinary General Assembly refused to approve the remuneration policy for Board Members, its committees, and the executive management.

5

Employees

5.1 Existing Employees Equity Programs Prior to Submission of the application for registration and Offering the securities subject to this Prospectus

As of the date of this Prospectus, the Company does not have any Equity Programs allocations for its employees.

5.2 Arrangements that involve employees in the capital

As of the date of this Prospectus, there are no arrangements involving employees in the Company's capital.

6

Financial information and Management Discussion and Analysis

6.1 Introduction

The Financial Information and Management Discussion and Analysis section includes an analytical review of Tihama Advertising and Public Relation's performance and financial position during the financial years ending on March 31, 2020, 2021 and 2022 (hereinafter referred to as the "analysis period"), which is based and should be read in conjunction with ("**Summary of Financial Information**") section and the audited financial statements of the Company. The Company's financial information for the financial years ending on March 31, 2020G, 2021G and 2022G has been extracted from the financial statements for the years 2020, 2021G and 2022G, respectively, and this information has not been subject to any material modification unless otherwise indicated.

The Company's financial statements for the years March 31, 2020, 2021 and 2022G, were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom and the standards and other issuances issued by the Saudi Organization for Auditors and Accountants, and were audited by the auditors, namely "Al-Azem, Al-Sudairy and Al-Sheikh Offices (Accountants and Certified Auditors)" for the year 2020G, while the same was reviewed for the years 2021G and 2022G by "Al Kharashi & Partners Company (Chartered Accountants)" – as mentioned in the audit reports issued thereby.

The chartered accountants, themselves or through any of their related companies, do not have any contribution or interest of any kind in the Company as at the date of this Prospectus. The chartered accountants also provided their written consent to use their name, logo, and affidavit that they did not withdraw as on the date of this Prospectus in connection with the reference in this Prospectus to their role as auditors of the Company for the financial years ending on March 31, 2020G, 2021G and 2022G.

Kindly note that the numbers shown in the tables of this section are in Saudi Riyals, unless otherwise stated, and the percentages are rounded to the nearest decimal, so calculating the percentage increase/decrease using the numbers in the tables (displayed in thousands of riyals and rounded) may not give to the nearest whole number) exactly with the percentages mentioned in the tables.

This section may include forward-looking statements related to the Company's future expectations based on management's current plans and expectations regarding the Company's growth, results of operations, and financial position, which may involve risks and uncertain scenarios. The Company's actual results may differ materially from the results indicated or included in these forward-looking statements due to various factors and future events, including those discussed below and elsewhere in this Prospectus, in particular in the "**Risk Factors**" section of this Prospectus.

6.2 Declarations of Directors Regarding Financial Information

The Board members declare that:

1. The financial information contained in this Prospectus has been extracted from the financial statements without making any material modification thereto, and that it includes financial information presented on a consolidated basis in a form consistent with the financial statements.
2. The Company and its subsidiaries do not have any holdings in contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which may adversely affect the assessment of the financial position.
3. Except for what was disclosed in this Prospectus, there was no material negative change in the financial and commercial position of the Company during the three financial years ending on March 31, 2020, 2021 and 2022, immediately preceding the date of submitting an application for registration and Offering of securities subject to this Prospectus, in addition to the end of the period covered by the chartered accountant's report until the adoption of this Prospectus.
4. The Company and its subsidiaries do not have any seasonal factors or economic cycles related to the activity that may have an impact on the business and financial position of the Company and its subsidiaries, except for what has been disclosed in this section and in other sections of this Prospectus.

5. The Company and its subsidiaries are not aware of any information related to governmental, economic, financial, monetary or political policies or any other factors that affect or have a material impact (directly or indirectly) on their operations, except for what is disclosed in this section and in other sections of this newsletter.
6. The Company and its substantive subsidiaries have not witnessed any capital adjustments during the three years immediately preceding the date of submitting the application for registration and Offering the securities subject to this Prospectus, except for what has been disclosed in this section and in other sections of this Prospectus.
7. The Company or its subsidiaries does not have any capital covered by an option right as of the date of this Prospectus.
8. Except as disclosed in this section, the Company and its substantial subsidiaries do not have any loans or other indebtedness, including overdrafts from bank accounts, and they acknowledge that they do not have any security obligations (including personal or non-personal guarantees). secured by mortgage or unsecured) or obligations under acceptance, acceptance credit or rental purchase obligations except as disclosed in this section of this Prospectus.
9. To the best of their knowledge, there are no mortgages, rights, or any burdens or costs on the property of the Company and its subsidiaries as on the date of this Prospectus, except for what has been disclosed in this section and in other sections of this Prospectus.
10. The Company and its subsidiaries do not have any potential obligations, guarantees, or any important fixed assets to be purchased or leased other than as disclosed in this section.
11. No commissions, discounts, brokerage fees or non-cash compensation were granted by the Company and its subsidiaries to any of the board members, senior executives, those Offering or Offering securities or experts during the three years immediately preceding the date of submitting the application for the issuance of priority rights shares subject to this Prospectus.
12. Except for what was disclosed in relation to accumulated losses, there was no material negative change in the financial or commercial position of the Company during the three financial years preceding the date of issue of the right of priority shares and up to the date of this Prospectus.

6.3 Summary of significant accounting policies

A summary of the most important accounting policies adopted:

The accounting policies applied are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and other issuances issued by the Saudi Organization for Certified Public Accountants.

3/1- New standards or amendments in effect in 2021G and subsequent years

The following are a number of standards, amendments and interpretations of standards issued by the International Standards Board:

New requirements currently in effect:

Valid from	New standards and amendments
January 1, 2021G	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Reform – Phase Two
April 1, 2021G	Corona pandemic rental concessions after June 30, 2021G – Amendments to IFRS 16

The group assessed the financial impact of the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Reform - Phase Two, and there was no Significant impact on the consolidated financial statements for the financial year ending on March 31, 2022.

Amendment to IFRS 16 "Leases" in response to the effects of COVID-19 on lessees

The Group has applied the amendments to IFRS 16 "Lease Contracts" in response to the effects of COVID-19 on lessees, which were approved on June 1, 2020, and the additional amendment issued on March 31, 2021G, to extend the date from June 30, 2021 to June 30, 2022G.

Effective June 1, 2020, IFRS 16 has been amended to provide a practical means for tenants calculating rental concessions that arise as a direct result of the COVID-19 pandemic and only if all of the following conditions are met:

a. The change in lease payments results in a modified lease consideration that is substantially the same as, or less than, the lease consideration immediately prior to the change;
b. Any reduction in rent payments affects only the payments due, commencing on or before 30 June 2021 (date extended to 30 June 2022 as amended above), and
c. There is no material change in the other terms and conditions of the lease

Rental concessions that meet these criteria may be counted as practical, which means that the tenant does not need to assess whether the rental concession meets the definition of a lease adjustment. Lessees apply other requirements in IFRS 16 in the concession account.

New standards or amendments in effect in 2021 and subsequent years

The Company has elected to benefit from the amendment of IFRS 16 "Leases Contracts" in response to the impacts of COVID-19 on lessees. For all rental concessions that meet the conditions. The amendments were applied retroactively, meaning that they were applied to all eligible rental concessions, which occurred in the case of the Company from March 2020G to March 2022G.

Accounting for lease concessions as the lease adjustments would have caused the Group to re-measure the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability being recorded against the right-of-use assets. By applying the adjustments, the Group does not have to determine the revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition giving rise to the lease concession occurs.

New requirements that will be implemented later:

The issuances listed below are effective for subsequent annual periods and early application is permitted. The Group has not early adopted the new or revised standards in preparing these consolidated financial statements. The impact of these standards on the Group is not expected to be material when the standards and amendments listed below are applied:

Valid for annual periods beginning on or after	New standards and amendments
January 1, 2022G	Expected Loss Contracts - Contract Completion Cost (Amendments to IAS 37)
	Annual Improvements to International Financial Reporting Standards (2018 - 2020 cycle)
	Real estate, machinery and equipment: Proceeds before intended use (amendments to IAS 16),
	References on the Conceptual Framework (Amendments to IFRS 3)
January 1, 2023G	Amendments to IAS 1 Presentation of Financial Statements Relating to Classification of Liabilities as Current / Non-Current
	Amendments to International Accounting Standard No. (8) regarding the definition of material
Available for optional application / Indefinitely deferred effective date	The sale or contribution of assets between an investor and its associate or joint venture. (Amendments to IFRS 10 and IAS 28).

The group estimated that the application of the new standards and amendments did not have a material impact on the consolidated financial statements of the group as at March 31, 2022.

Consolidation Principles

The consolidated financial statements include the financial statements of the parent Company, Tihama Advertising, Public Relations and Marketing, a Saudi joint stock Company and its subsidiaries (together referred to as the "Group") as at March 31, 2022. Control over the investee business is achieved when it has the right to receive returns. different as a result of its participation in the investee Company, and has the ability to affect these returns by exercising its influence over the investee Company. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (for example: it has a right that gives it the current ability to control the relevant activities of the investee).
- It is exposed to risks and has the right to receive variable returns as a result of its participation in the investee Company.
- The ability to use its influence over the investee Company to affect its returns.

In general, there is an assumption that the majority of voting rights will result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances when assessing whether the Group has power over an investee. These facts and circumstances include the following: :

- Contractual agreements with the voting rights holders of the investee Company.
- Rights arising from other contractual agreements.
- Group voting rights and potential voting rights.
- Any additional facts or circumstances that indicate that the Group has, or does not have, the current ability to control activities related to the time that a decision is required, including voting cases at previous shareholders' meetings.

The Group performs a reassessment to ascertain whether or not it exercises control over the investee when facts and circumstances indicate that there has been a change in one or more of the elements of control. Consolidation of a subsidiary begins when the group gains control of the subsidiary and ceases when the group relinquishes the exercise of such control.

The assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which control is transferred to the Group and until the Group relinquishes the exercise of such control.

Income and each component of comprehensive income relate to the shareholders of the parent and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All group intermediate accounts such as assets, liabilities, equity, income, expenses and cash flows arising from intra-group operations, are eliminated in full on consolidation of the financial statements.

Any change in the ownership interest in the subsidiary, without loss of control, is treated as an equity transaction. In the event that the group loses control of the subsidiary, it ceases to recognize the related assets and liabilities, non-controlling interests and other components of equity, and the resulting gain or loss is recognized in the condensed consolidated interim profit or loss statement, and the investment retained is recognized at fair value.

If the Group loses control of the subsidiaries, it:

- Assets (including goodwill) and liabilities associated with a subsidiary are derecognised at their carrying amounts over which control is lost.
- Exclusion of the present value of any non-controlling interest.
- Excluding the cumulative balance differences recorded in equity.
- Recognize the fair value of the assets received.
- Recognize the fair value of any remaining investments.
- Recognize any surplus or deficit in profits or losses.

Reclassification of the parent Company's share in subsidiaries previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as it becomes a requirement in the event that the group disposes directly of assets and liabilities.

Associates

Associates are companies over which the Group exercises significant influence, but not control or joint control, generally when the Group owns 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method.

Equity method

Based on the equity method, investments are primarily recognized at cost and are subsequently adjusted to reflect the Group's contribution to profits or losses after acquisition as profits and losses arising from the investment in the investee. The Group's contribution to comprehensive post-acquisition income is also recognized in the consolidated statement of profit or loss. After the interest in the investee has been reduced to zero, the liability is recognized only if there is an obligation to support the operations of the investee or any payments made on behalf of the investee. Dividends received or receivables from associates are recorded to reduce the net value of the investment.

Goodwill relating to the associate or subsidiary is included in the carrying amount of the investment, and is tested for impairment separately.

The consolidated statement of profit or loss reflects the group's share of the results of operations of the associate, any change in the comprehensive income of those investees is recognized as part of the group's comprehensive income. In addition, if a change is recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity of unrealized gains and losses arising from transactions between the Group, the associate and the joint venture to the extent of the share Group in the associate or joint venture. The financial statements of the subsidiaries and joint ventures are prepared in the same financial year as the group.

When necessary, the accounting policies of subsidiaries and joint ventures are presented to be consistent with the Group's policies. After application of the equity method, the Group ascertains whether it is necessary to recognize any impairment loss on its investment in its associate. At the date of each financial statements, the Group ensures that there is objective evidence that the investment in an associate is impaired. When such evidence exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognizes the loss as "share of loss of an associate" in the consolidated statement of profit or loss.

When significant influence over the associate is lost, the Group measures and recognizes the investment held at fair value. The difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal will be recognized in the consolidated statement of profit or loss.

Non-Controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and separately from shareholders' equity. Losses applicable to the minority in excess of the minority interest are allocated against the interest of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. A change in the Group's interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. In the event that the merger is achieved in stages, the retained part of the acquired Company is calculated at fair value, provided that the difference is calculated in the profit and loss account.

When the Group acquires a business, the pledged financial assets and financial liabilities are estimated for appropriate classification and allocation in accordance with the contractual terms, economic conditions and conditions prevailing at the acquisition date. This includes separating the derivatives included in other financial instruments in the main contracts by the acquiring Company.

Any potential future obligation of the buyer will be added to the fair value on the acquisition date. All contingent liabilities (except those classified as equity) are measured at fair value and changes in fair value are recognized in profit or loss. Contingent liabilities classified as equity are not reassessed or settled and any subsequent payments are accounted for on an equity basis.

Goodwill is originally measured at cost (which is the excess of the total consideration transferred and the amount of non-controlling interest recognized and any interests held, over the net identifiable assets acquired and liabilities assumed). In the event that the fair value of the net assets acquired exceeds the total consideration transferred, the Group re-estimates to ensure that it has correctly identified all the assets acquired and all the liabilities that have been pledged, and reviews the procedures used to measure the amounts to be recognized at the date of acquisition. If this reassessment still results in an excess of the fair value of the net assets acquired over the total consideration transferred, the gain is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses and for the purpose of impairment testing, goodwill acquired in the combination from the date of acquisition is allocated to the cash-generating unit of the Group that is expected to benefit from the business combination regardless of other assets or liabilities. Considered by the Company acquiring these units, a "cash-generating unit" is the smallest group of assets that generates cash inflows from continuing use and is largely independent of cash flows from other assets or groups. The cash-generating unit is consistently determined from period to period for the same assets or types of assets, unless the change is justified.

Table No. (15): Subsidiaries and the Company's contribution to its capital

Subsidiary name	Country of incorporation	Activity	Capital (Saudi Riyals)	Equity Directly and indirectly
				March 31, 2022
Tihama Holding Company for Commercial Investment (B)	KSA	Holding Company	500,000	100%
Tihama Distribution Company (A)	KSA	Publish and distribute	3,500,000	100%
Tihama Modern Bookstores Company (B)	KSA	Selling stationery and books	81,671,977	100%
Estidama International Real Estate Company (B)	KSA	Real estate investment	500,000	100%
- Tihama International Advertising Company (B)	KSA	road ads	500,000	100%
Tihama Education Company (c)	KSA	retail	200,000	100%
- Express Advertising Company (D)	KSA	advertisements	25,000	100%
Integrated Production Company for Audiovisual Media Production (H)	KSA	Produce	10,000	70%
- Aventus Global Trading Company (f)	UAE	General Trading	616,409	100%
Weaving Imagination Company for Audiovisual Media Production (g)	KSA	Produce	100,000	50%
Tihama New Media Company (H)	KSA	Media and research	100,000	100%

Date of the consolidated financial statements report

The consolidated financial statements include the financial statements of the parent Company, Tihama Advertising, Public Relations and Marketing, and its subsidiaries (together referred to as the "Group"). The financial year of the subsidiaries begins on January 1 of each Gregorian year and ends on December 31 of the same year, with the exception of Aventus Company. Global Trading, as its financial year begins on the first of April of each Gregorian year and ends on March 31 of the following year. The financial statements of the subsidiaries are consolidated on the basis of the financial statements for the period ending on March 31, due to the existence of significant events and transactions that took place in the period from January 1 to March 31.

Lease contracts

The group as a tenant

At the commencement of the contract, the Company assesses whether the contract contains lease arrangements. For such lease arrangements, the Company recognizes right-of-use assets and lease liabilities with the exception of short-term leases and contracts of low value assets as follows:

A. Right to use assets

The Group recognizes the right to use the assets on the commencement date of the lease (the date the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated impairment losses and accumulated depreciation, and adjusted for any reassessment of the lease liability. The cost of right-of-use assets comprises the amount of the lease liability recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain of obtaining title to the leased asset at the end of the lease term. Right-of-use assets recognized is amortized on a straight-line basis over the estimated useful life or the lease term, whichever is shorter. The right-of-use assets are subject to impairment.

B. Lease Obligations:

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be paid over the term of the lease. Lease payments include fixed payments (including embedded fixed payments) less lease incentives receivable and variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option that the Group is reasonably certain to exercise and the payment of penalties for terminating the lease, if the lease reflects that the Group is 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 fulfills the payment condition occurs.

In calculating the present value of lease payments, the Group uses the borrowing rate at the commencement date of the lease if the rate of return implicit in the lease is not readily determined. After the commencement date, the amount of the lease liability is increased to reflect the accrual of financial expenses and reduced lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is a modification, change in the lease term, a change in the fixed lease payments included, or a change in the purchase valuation of the underlying asset. Contract.

The main assumptions used for the purposes of calculating the present value of the lease payments were as follows:

Discount rate for cash flow	4-8%

C. Short Term Leases:

The Group applies the exemption granted to short-term leases to short-term leases (ie those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are expensed on a straight-line basis over the term of the lease.

D. Important provisions in determining the lease term for contracts that include renewal options:

The Group defines the lease term as the non-cancellable term of the lease, together with any periods covered by the option to extend the lease if that right can reasonably be exercised, or any periods covered by the option to terminate the lease, if it is reasonably certain not to exercise this right.

The Group as a Lessor

When the Group is a lessor, it determines at the inception of the lease whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes a comprehensive assessment of whether the lease transfers all of the risks and rewards of ownership of the underlying asset. If this is the case, then the lease is a financing contract, if not, then it is an operating contract. As part of this assessment, the Group considers indicators such as whether the lease term represents the major part of the economic life of the asset.

For a contract that has a lease component with one or more lease or non-lease components, the lessor must allocate the consideration in the contract by applying IFRS 15.

The Group recognizes lease payments received under operating leases as revenue on a straight-line basis over the term of the lease in the consolidated statement of profit or loss.

Real Estate Investments

Initially, investment properties are measured at cost. The fair value is determined based on an annual valuation by an accredited, independent external valuer, applying the valuation method recommended by the Standards Committee of the International Valuation Standards Board.

Construction work in progress is stated at cost less impairment losses, if any. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects, if the recognition criteria are met. If significant parts of property and equipment are required to be replaced in stages, the Company depreciates those parts independently over their useful lives. Conversely, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss when incurred. The present value of the expected cost of removing an asset after its use is included in the cost of the relevant asset if the recognition criteria for provision are met.

Investments in real estate are held to obtain rentals, or an increase in their value, or both, rather than being sold in the ordinary course of business or for use in production or for administrative purposes. This real estate is not used to generate sales revenue through normal business operations. Investments in real estate are initially recognized at cost and the cost model is used for measurement after recognition (post-measurement).

Investment properties are derecognised in the event of sale or disposal when it is transferred or transferred to development properties. Any gain or loss resulting from derecognition of the property is immediately recognized in the consolidated statement of profit or loss.

Gains or losses on the sale or disposal of investment properties, which are the difference between the net sale proceeds and the book value, are included in the statement of profit or loss in the period in which the sale/disposal occurs, except for those relating to sale and leaseback arrangements.

Based on the issuance of the Capital Market Authority's decision of the Board of Commissioners on Muharram 15, 1438H corresponding to October 16, 2016 that obliges listed companies to apply the cost model when measuring property, equipment, real estate investments and intangible assets when adopting IFRS for a period of 3 years starting from the date of applying IFRS Financial, while continuing to comply with the requirements of disclosure of International Financial Reporting Standards approved in the Kingdom of Saudi Arabia that require or urge disclosure of fair value.

Property and Equipment

Recognition and Measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any, excluding land and construction work in progress.

Cost includes expenditures that are directly attributable to the acquisition of the assets and the cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the assets to the condition in which they are used and for the purpose for which they were acquired, costs of dismantling and removing materials and returning the site in which they are located, and capitalized borrowing costs.

The gain or loss on selling an item of property and equipment is determined by comparing the proceeds from the sale to the carrying value of the property and equipment and is stated net in the consolidated statement of profit or loss.

Derecognition

An item of property and equipment is derecognised when it is sold or when no future economic benefits are expected from its use or sale. Gains or losses arising from derecognition of an item of property and equipment are included in the consolidated statement of profit or loss.

Post-acquisition costs

The cost of replacing a component of an item of property and equipment is included in the carrying amount of the item when it is probable that future economic benefits will flow to the group and its cost can be measured reliably and the carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of property and equipment is recognized in the consolidated statement of profit or loss as incurred.

Consumption

Depreciation is based on the asset's cost less its residual value. Significant components of individual assets are estimated, and if a component has a useful life that differs from the rest of that asset, that component is depreciated separately.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of each component of an item of property and equipment. Depreciation methods, useful lives and residual value are examined at the date of each consolidated financial position, and adjusted as appropriate. Depreciation of the asset begins when it is available for use, and its depreciation ceases on the date on which the asset is classified as held for sale or is derecognised, whichever is earlier.

Improvements to buildings on leased land and buildings constructed on leased land are depreciated over their economic useful lives or the unexpired lease period, whichever is less.

The following are the estimated useful lives for the current and comparative periods:

Buildings	5-33 Yrs.	Computers	4-8 Yrs.
equipment	5 - 20 years	cars	4 -5 years
Advertising boards and equipment	3 - 10 years	Furniture and fixtures	4 - 10 years
Buildings on leased land over the term of the contract			

Expenses for maintenance and normal repairs that do not materially extend the estimated useful life of an asset are recognized in the consolidated statement of profit or loss when incurred. Major renewals and improvements, if any, are capitalized and replaced assets are eliminated.

Borrowing Cost

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

Intangible Assets

Intangible assets of specific ages are amortized over its economic useful lifetime and reviewed when there is an indication that their value may be decreased. The amortization period and method for intangible assets that have a specified useful lifetime are reviewed at least once at the end of each financial period. Changes in expected useful lifetime or expected pattern of consumption of future economic benefits included in the asset are calculated by changing the period or method of amortization, whenever appropriate, and addressed as changes in accounting estimates. Amortization expenses of intangible assets of specific lifespan are included in the consolidated income statement in expenses category compatible with the function of intangible assets.

Intangible assets that do not have specified useful lifetime are not amortized but are tested annually to ensure that there is no decrease in its value either individually or at the level of the cash-generating unit. The unspecified useful lifetime is reviewed annually to ensure that the estimation made for it is still supported, and if not, the change in the useful lifetime from unspecified to specified is made on the basis of the probability of occurrence.

Profits and losses arising from de-recognition of an intangible asset are measured as the difference between net sale proceeds and the book value of the asset and they shall be included in the consolidated list of profits and losses upon the de-recognition of the asset.

3/8- Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of an organization and a financial obligation or instrument of ownership rights of another organization.

Non-derivative Financial Assets

Accounts and other receivables and deposits are initially included on the date on which they established. All other financial assets are initially included on the date of trading on which the Group becomes a party to the contractual provisions of the financial instrument.

Non-derivative financial assets include investments in traded securities, accounts and other receivables and cash in banks.

Financial Assets

Initial Recognition and Measurement

The group classify its financial assets upon initial recognition. The classification is based on the nature of the group's business to manage the financial assets and the contractual terms of cash flows.

classification

Financial assets are classified into the following measurement categories:

Those that are subsequently measured at fair value (either through consolidated comprehensive income, or through consolidated profit or loss).

Those that are measured at the cost of amortization.

For assets measured at fair value, profits and losses are recorded in the consolidated profit or loss statement or consolidated comprehensive income. As for the investments in proprietary instruments, it depends on whether the group has chosen the method of initial recognition of equity investments at fair value through consolidated comprehensive income.

Measurement

Upon initial recognition, the group measures financial assets at fair value, in the event that the financial assets are not at fair value through profit or loss, included costs incurred and directly related to procurement process. The procurement costs of financial assets shall be recorded in the consolidated profit or loss statement at fair value and are recognized as an expenditure upon their occurrence.

Debt Instrument

The subsequent measurement of debt instruments depends on the nature of the group's use in managing assets and cash flows resulting from using that asset. The group classifies debt instruments at amortized value based on the following:

a. The asset is retained within the business activity in order to obtain the contractual cash flows.
b. The contractual terms indicate specific dates for cash flows which are payments of principal and interest calculated on the amount outstanding.

The amortized cost is calculated after taking into account any deduction or bonus on the purchase and fees or costs that form an integral part of the actual interest rate. Employee and shareholder loans shall be included in the joint venture companies at amortized cost.

Equity Instrument

If the Group chose how to display the fair value of profits and losses of equity investments in the consolidated comprehensive income statement, the fair value of profit or loss may not be reclassified later in the consolidated profit or loss statement. Dividends from such investments shall be recognized in the consolidated profit or loss statement as other income when the group's right to receive payments arises. There are no requirements to calculate a decrease in value of equity investments measured at fair value through the consolidated comprehensive income. Changes in the fair value of financial assets shall be recognized as profits or losses in the consolidated profit or loss statement.

Derecognition of Financial Assets

The group de-recognize the financial asset upon the termination of contractual rights to cash flows or upon the transfer of the financial asset, risks and benefits associated with its ownership to another party. If the group does not transfer or retain all risks and benefits from owning the asset and continues to control the transferred asset, so the group shall demonstrate its retained share in the related assets and liabilities for the amounts it might be forced to pay. If the group retains all risks and benefits of the de-recognized asset, then the group continues to recognize the financial asset and recognize the secured borrowing of the received proceeds.

Asset impairment

The Group applies the expected credit loss model to measure and prove the loss due to impairment of financial assets and credit risk exposure for debt instruments and shall be measured at the amortized cost such as loans, deposits, and receivables.

Expected credit losses are as a weighted estimate of the probability of credit losses (i.e., the current value of all cash deficits) divided by the expected lifetime of the financial asset. A cash shortage is the difference between the due cash flows in accordance with the contract and the cash flows that the group expects to receive. The expected credit losses take into account the amount and time of the payments and thus credit losses arise even if the group expects to receive the payment in full but later than the maturity date specified in the contract. The method of expected credit losses requires the assessment of credit risk and defaults and the time of its collection since the initial recognition. This requires recognition of the provision for expected credit losses in the consolidated profit or loss statement as well as for newly created or acquired receivables.

Impairment of financial assets is measured by either expected credit losses for 12 months or expected credit losses over the asset lifetime, depending on whether there was a significant increase in credit risk since the beginning of the asset. The expected credit losses over 12 months represent expected credit losses resulting from defaults that may be possible within 12 months after the end of the financial year. The expected credit losses during the life of the debt represent any expected credit losses that may result from all possible late payments over the expected lifetime of the financial asset.

Receivables are short-term and usually less than 12 months, so the provision for credit loss is calculated in a manner that is not less than 12-month period, which is the expected lifetime of the receivables. The group uses the practical mean in IFRS 9 ("Financial Instruments") to measure the expected credit losses of receivables by using a provision matrix based on the aging of the receivables.

The group uses the past and historical experiences and loss rates based on the basis of the past 36 months where historical loss rates are modified to reflect information about the current conditions and the expectations of future economic conditions. Loss rates vary based on the lifetime of the due amounts and are usually higher as the receivables lifetime increases.

Income Recognition

Interest Income

As for all financial instruments measured at the amortized cost and financial assets bearing interest, interest income shall be recognized using the effective interest rate, which is the rate that deducts future cash receipts estimated over the expected lifetime of the financial instrument or for a shorter period, to the net book value of the financial asset.

When the value of loans and receivables decreases, the group lowers the book value to the recoverable value, which is the estimated future cash flows discounted at the instrument's original interest rate and the group continues to cancel the deduction as interest income. Interest income on financial assets that have fallen lower in value shall be recognized using the original interest rate.

Dividend

Dividends received from financial instruments are recognized in the consolidated profit or loss statement only when the right to receive payments is proven, and also when future economic benefits associated with dividends are likely to flow and can be accurately measured.

Financial Liabilities

Non-derivative Financial Liabilities

All financial liabilities are initially included on the date of trading on which the group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are set-off and the net amount is included in the consolidated financial position statement only when there is a statutory right of the group to set-off the realized amounts and when the group has the intention to settle the assets with liabilities on a net basis or to sell the assets and settle the liabilities at once.

Non-derivative financial liabilities include term loans, payables, and other credits. Such financial liabilities shall be initially included at fair value plus any transaction costs directly attributable to it. After the initial recognition, such financial liabilities are measured by the amortized cost using the prevailing (actual) interest rate method. The group de-recognize a financial liability when the obligation specified in the contract is performed, cancelled, or expired.

Derecognition of Financial Liabilities

A financial liability is de-recognized when the obligation specified in the contract is performed, cancelled, or expired, and when an existing financial liability is replaced by another liability from the same lender and under fundamentally different conditions or the conditions of the existing financial liability have been substantially modified and such replacement or modification shall be addressed as a derecognition of the original liability and recognition of the new liability, and differences in the relevant book value shall be included in the consolidated profit or loss statement.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset, and the net amount is included in the statement of financial position if there is a currently enforceable legal right to offset the realized amounts and there is an intention to settle on a net basis, to sell the assets and settle the liabilities at once.

- On the date of each consolidated financial position, the group evaluates the book value of non-financial assets except the inventory to know if there is any indication of a decrease in their value. If such indications exist, the recoverable value of the asset shall be estimated. Goodwill and intangible assets that do not have specific useful lifetimes are tested annually to know if there is a decrease in their value. The loss of the decrease is included if the book value of an asset or the unit generating cash exceeds its recoverable value.
- A non-current asset is considered low value if its book value is higher than its recoverable value. In order to determine the loss of decrease, the group compares the book value of the non-current asset with the undiscounted estimated cash flow of the used asset. In the event that the book value exceeds the undiscounted estimated cash flow of the asset used, the group estimates the current value of the estimated future cash flows of the asset. The increase of the book value over the current value of estimated future cash flows is considered as loss of decrease.
- The loss of decrease is immediately included in the consolidated profit or loss statement. If the loss of the decrease in value is subsequently reversed, the book value of the asset is increased to the modified estimate of its recoverable value, so that it does not exceed the book value that could have been determined if no loss of the decrease in the value of the asset had been proven in previous years. The reversal of impairment loss is recognized immediately in the consolidated statement of income.

Investments

Investments in Associate Companies

Associates are entities over which the group exerts significant influence, and The Company is not under its control and generally accompanied by an ownership share of between 20% and 50% of voting rights. The group's investments in associates are calculated in an equity method and are initially proven at cost. The book value is increased or decreased to prove the investor's share in the profit or loss of the invested Company on the date of acquisition. The group's investments in associate companies include the goodwill that is determined at the time of purchase.

If the ownership share in an associate Company is reduced but the significant impact is still retained, then only the prorated share of the previously proven amount in the consolidated comprehensive income is reclassified into the income statement whenever appropriate.

The group's share in the post-purchase profit or loss shall be included in the consolidated profit or loss statement, and its share in the post-purchase movement shall be included in the comprehensive income with a corresponding adjustment to the book value of the investment.

If the group's share of losses in an associate Company is equal to or exceed its share in that Company, including any unsecured receivables, the group shall cease to prove the additional losses unless it incurs a statutory or inferred obligation or payments made on behalf of the associate.

On the date of each consolidated financial position, the group determines whether there is any objective evidence of a decrease in the investment value of the associate Company. In the event of such a decrease, the group calculates the amount of the decrease as a difference between the recoverable value of the associate and its book value and includes the amount on the consolidated profit or loss statement. Profits and losses arising from ascending and descending transactions between the group and its associates shall be included in the consolidated financial statements of the group only to the extent of the investor's unrelated shares in the Associates. The accounting policies of the associates have been changed, whenever necessary, to ensure compliance with the policies applied by the group.

Investing in Equity Instruments at Fair Value Through Other Comprehensive Income

Upon initial recognition, The Company can make an irreversible decision (on an instrument-by-instrument basis) where the decision classifies investments in equity instruments at fair value through other comprehensive income. It is not allowed to classify these investments at fair value by other comprehensive income if they are retained for trading.

A financial asset or financial liability is retained for trading in the following cases:

- When they are acquired or incurred primarily for the purpose of selling or re-buying them in the near term.
- Upon initial recognition, this is part of a specific financial instruments portfolio that is managed together and for which there is evidence of a real pattern of short-term profit-taking.
- When the asset is derived except for a derivative of a financial or certain security contract and an effective hedging instrument.

Initially, investments in equity instruments are measured at fair value through other comprehensive income as well as transaction costs.

Next, the investments are measured at fair value with recognition of profits or losses resulting from changes in fair value in other comprehensive income accumulated in other reserves. Profits or losses on equity instruments shall not be reclassified into the consolidated profit or loss statement and no decrease in the consolidated profit or loss statement is proven. Investments in unlisted equity which were previously registered at cost in accordance with International Accounting Standard No. 39 approved in the Kingdom of Saudi Arabia are now measured at fair value. The accumulated profit or loss will not be reclassified into the profit or loss statement when the investments are sold.

Dividends on such investments shall be proven in the consolidated profit or loss statement when the right of The Company to receive dividends is established in accordance with International Accounting Standard No. 18 adopted in the Kingdom of Saudi Arabia, unless the dividends clearly represent the recovery of part of the cost of the investment.

The investment revaluation reserve includes the net cumulative change in the fair value of the equity investment measured at fair value through other comprehensive income. When such financial instruments are excluded, the amount accumulated in fair value transfers the reserve to retained earnings.

Capital Work in Progress

The cost of capital works under implementation consists of the value of the contract and of the costs that are directly attributable to the development and processing of the assets of the project to the site and the necessary condition that enables them for operation and for the purpose for which they were acquired. The costs of capital works under implementation are converted into classifications of tangible assets and intangible non-current assets when they reach operating status and when they are available for their purpose. The book value of capital works under implementation is reviewed to see if there is a decrease in their value when events or changes in circumstances indicate that the book value may not be recoverable. In the case of such an indicator and when the book value exceeds the estimated recoverable value, the value of the assets is reduced to the recoverable value.

Inventory

Inventory is valued at cost or net realizable value, whichever is lower. The cost is determined on the basis of the weighted average. Net realizable value is the price at which it can be sold in the normal business cycle after allowing the cost to be realized and, where appropriate, after allowing the cost of conversion from its current state to its final state. A provision is made to meet obsolete, slow-moving and defective inventories, when necessary.

Goods are recorded on the road based on the cost of the goods received.

Provision for Inventory of Obsolete and Slow-Moving Goods

Inventory is valued at cost or realizable net value, whichever is lower. Adjustments are made to reduce the cost of the goods to their realizable value on the basis of an estimate made each financial period, if necessary, at the product level with respect to the estimated surplus, obsolescence balances and low value balances. Factors influencing such adjustments include changes in demand, material degradation and quality problems. Accordingly, the necessary provisions are made and reviewed periodically and continuously by the management in each financial period.

Commercial Receivables and Other Debit Balances

Receivables are initially recorded at market value and are subsequently measured at amortized cost using the actual interest method minus the provision for decrease in the value of financial assets for the decrease in financial instruments.

Short-term Deposits

Short-term deposits include deposits with banks and short-term investments characterized by a higher degree of liquidity but not more than one year from the date of purchase.

Cash and Cash Equivalents

Cash and the like in the consolidated financial position statement include cash at local and foreign banks and cash at the Fund.

Specific Employee Benefit Obligations

The employee benefit liability provision for their service periods shall be avoided on the date of the consolidated financial position statement, and the employee benefit liability provision shall be monitored in accordance with the expected unit method in accordance with International Accounting Standard No. (19) Employee Benefits taking into account the Saudi Labor Law. The provision is recognized based on the current value of the specified benefit obligations.

The current value of the specified benefit obligations is calculated using assumptions of the average annual percentage of salary increase, average years of work of employees and an appropriate discount rate. The probabilities used are calculated on a fixed basis for each year and reflect the best management estimates. The discount ratio is determined based on the best available estimates of market returns currently available at the date of the report.

Changes in the liabilities determine the fair value and benefits shall be recognized and all accounting profits and losses are recognized directly through the consolidated comprehensive income statement in order to reflect the net asset or Company obligation recognized in the consolidated financial position statement.

Commission on Loans

All term loans are initially included at the fair value of the consideration received plus the transaction costs directly attributable to it, and later term loans that carry a commission are measured at the amortized cost using the prevailing commission rate method. The expenses of arranging loan facilities are included as the transaction cost of the loan to the extent that there is a probability that some or all of the facilities will be withdrawn.

Commercial Payables and Other Credit Balances

Obligations of future payments shall be recorded for supplies or services received, whether or not invoices have been issued to the group.

Provisions

Provisions are recognized when the group has an existing obligation (statutory or implied) as a result of a previous event, and it is likely that an external flow of resources representing economic benefits will be required in order to pay the obligation, and a reasonable estimate of the amount of the obligation is possible to made when the group expects to compensate some or all of the provisions, for example in accordance with an insurance contract, the amounts of compensation are recognized as a separate asset but only when the payment is actually confirmed. Expenses associated with any provision are presented in the net profit or loss statement free of any compensations.

If the effect of the time value of money is substantial, the provisions are determined by deducting the expected future cash flows using the current pre-tax rate which reflects, where appropriate, the current market valuations of the time value of the cash and risk identified for the obligation, and the reversal of the deduction is recorded as financing costs.

Costs of restoring the primary asset or location on which it is located	A provision for site restoration costs is recorded at the current value of the expected costs of settling the obligation and is included in the cost of the concerned asset. It shall be deducted at a pre-tax rate that reflects the risks associated with the relevant obligation. The increase in the discount is recorded as financing costs and the expected costs related to site restoration shall be reviewed annually and adjusted as appropriate.
Contracts expected to be lost	The provision for contracts expected to be lost is measured at the current value of the expected cost of termination of the contract and the net expected cost of continuing the contract, whichever is lower, which is determined on the basis of the additional costs necessary to fulfill the obligation according to the contract. Before creating the provision, the group records any loss of decrease in the value of the assets associated with this contract.
Restructuring	A restructuring provision is recorded when the group adopts a detailed and formal restructuring plan, and when the restructuring has been initiated or publicly announced.

Possible Obligations

Potential liabilities are not recognized in the consolidated financial statements, but they are disclosed unless an outflow of resources involving economic benefits is unlikely to occur. Potential assets are not included in the consolidated financial statements but are disclosed when the flow of economic sources into the group is probable.

Zakat and Tax

Zakat

The Company and its subsidiaries in the Kingdom of Saudi Arabia shall be subject to Zakat in accordance with the regulations issued by the Zakat, Tax and Customs Authority (the "Authority"). The Zakat provision is calculated on the basis of the Zakat pool for each individual Company. Zakat is imposed at a fixed rate of 2.5% of the adjusted Zakat profit or the Zakat pool, whichever is higher. The Management shall form the appropriate provisions on the basis of the amounts expected to be paid to the Authority and shall conduct a periodic assessment of the position of the Zakat Declarations in the event of any differences. Additional Zakat liabilities, if any, relating to the linkage over previous years issued by the Authority shall be calculated in the periods in which the linkage arises based on management's estimations of the provision to be formed to cover the potential obligation. The Zakat provision is included on the consolidated profit or loss statement.

Value Added Tax

Revenues, expenses, and assets are recognized at net of value added tax, except the following

- If value added tax is due on the acquisition of assets or services, that is not recoverable from ZATCA. In this case, the value added tax is recognized as part of the cost of purchasing assets or as part of expenses, as the case may be.
- Receivables and payables are shown inclusive of value added tax.

- The net value added tax that can be recovered from or paid to ZATCA is included in other assets or other liabilities in the statement of financial position.

Withholding Tax

The group shall form a provision for withholding tax on payments to non-resident parties within the Kingdom of Saudi Arabia in accordance with the income tax system in force in the Kingdom of Saudi Arabia and pay it to the Zakat, Tax and Customs Authority in accordance with the regulations issued by the Authority.

Sector Reports

Business Sector

The business sector is a Group of assets, operations or facilities as follows:

1. They work in activities that generate revenues,
2. The management is constantly analyzing the results of its operations in order to make decisions related to the distribution of sources and evaluation of performance,
3. There is financial information independently available.

Geographical Sector

The geographical sector is a set of assets, operations or facilities that carry out activities that generate revenues in a specific economic environment that is subject to different risks and returns from those that operate in other economic environments.

Transfer of Transactions in Foreign Currencies

Transactions that take place in foreign currencies during the year are transferred into the Saudi Riyal according to the prevailing exchange rates at the time of the transactions on the date of each consolidated financial position. The balances of assets and liabilities of a critical nature registered in foreign currencies are transferred into the Saudi Riyal according to the prevailing prices of exchange on that date. The profits and losses resulting from transfer and settlement are included in the consolidated profit or loss statement. On the date of preparing the consolidated financial position statement, the assets and liabilities are transferred into foreign subsidiaries into the Saudi Riyal according to the prevailing exchange rates on that date. Equity elements are transferred on the prevailing transfer rates on the date of the emergence of each element. Revenues and expenses for these foreign companies are transferred into the Saudi Riyal on the basis of the weighted average of transfer rates during the year. With respect to the accumulated amendments to the translation of the resulting foreign currencies, if any, they are included as an independent item within the property rights of the consolidated financial position statement, and when part of an investment is excluded in these associate companies, these accumulated amendments are included in the statement of profit or unified loss as part of profit or loss when excluding.

Revenue from Contracts with Customers

The Group's revenues are mainly consisting of renting road ads, media advertisements, fixed artistic paintings, distribution of educational materials, bookstore trade, books, and the sale of products for travelers, foods, drinks, films, series, commercial and awareness advertisements.

The Group proves revenues from contracts concluded with customers under the International Financial Reporting Standards (IFRS) No. 15 using the five-step form below:

Step 1: Determine the contract with the customer	The contract is defined as an agreement between two or more parties that establish rights and liabilities that can be implemented and specify the controls that shall be fulfilled for each contract.
Step 2: Determine performance obligations	Performance commitment is a contract with a customer to transfer a capacity or service to the customer.
Step 3: Determine the sale price	The price of the transaction is the amount of the compensation in which the Group expects to have the right in exchange for transferring goods, any services undertaken to the customer, with the exception of the amounts collected on behalf of other parties.
Step 4: Customize the transaction price	With respect to the contract, which contains more than one performance commitment, the Group dedicates the price of the transaction to each performance obligatory with an amount that describes the amount of the compensation in which the Group expects to have the right in exchange for fulfilling every performance commitment.
Step 5: Proof of revenue	The Group proves revenues when (or whenever) fulfilled the commitment of the performance by transferring the price or services that the customer promised under the contract

Determine the Contract with the Customer:

The Group evaluates the terms and conditions of contracts with its customers because the revenues are proven only when the performance obligations are fulfilled in contracts with customers. The change in the scope or price of the contract (or both) is considered as an amendment to the contract and the Group determines whether this change will be considered a new contract or will be counted as part of the current contract.

Determine Performance Obligations

Once the Group specifies the contract with the customer, it evaluates the contractual conditions and the usual commercial practices to determine all the services agreed within the contract and determine which of these agreed services (or a set of agreed services) will be dealt with as separate performance liabilities.

Determine the Transaction Price

The Group determines the price of the transaction as an amount expected to be obtained. It includes an estimate of any variable compatibility and the impact of a fundamental financing component (i.e. the time value of money) and the fair value of any non -cash and the effect of any paid or worthy of a customer (if any). The variable is limited to the amount according to which there is a high possibility that an important reflection of the accumulated revenue amount is proved when later clarification cases are clarified.

The amount of the consideration is determined based on the price of the transaction agreed with customers and there are no other promises in the customer contract that are determined as separate performance obligations, which part of the transaction price shall be dedicated thereto. When the price of the transaction for services is determined, the Group took into account the effects of the variable consideration, and the presence of important financing components, the non-cash and the compensation due to pay the customer (if any) and concluded that there are no such considerations included in the transaction price.

Contract amendments, for example change orders, are calculated as part of the current contract, with a cumulative adjustment of revenue. With respect to the essential contract amendments, a separate contract can be recognized, based on the management evaluation of the following:

- The scope of the contract increases due to the addition of the distinguished commodities or services that are distinguished.
- The price of the contract rises by the amount of the collection of the price of the Group to sell the commodities or additional contractors and any appropriate adjustments at this price to reflect the conditions of the contract.
- There were no fundamental amendments to the contracts during the financial year ending on March 31, 2022.

Customize the Transaction Price:

When determining the performance of the obligations and the price of the transaction, the price of the transaction is allocated to the performance obligations, which is usually commensurate with its independent selling prices (i.e. on the basis of the relative independent selling price). When determining independent selling prices, the Group shall use observable information, if any, and if independent selling prices are not directly notable, the Group uses estimates on the basis of information available.

Proof of Revenue:

The Group proves revenues in accordance with the terms and conditions mentioned in the contracts concluded with customers to the extent in which the performance obligations related to customer contracts are fulfilled by the Group as follows:

Distribution and Retail Sectors

Retail sales performance obligations are met directly at the sales points. The obligations of the performance of the distribution of educational materials are fulfilled when the goods are delivered to customers and the revenues are recognized in the event of converting control of products to the customer, or when the products are delivered to the customer, or that the customer has the freedom to act completely in the methods and price of selling products, and that there is no commitment that can affect the customer's receipt of the products. The delivery is based on the contractual conditions when the risks of goods and loss defects are transferred to the customer or that the customer has accepted the products according to the sale contract, and that the right to deliver goods has become effective, or that the Group has objective evidence that all the criteria for receipt have been fulfilled. The recognized revenues are measured at the sale price as agreed in the sale contract.

The sale price is modified according to any potential variable, such as price privileges, discounts, recovered amounts, credit facilities, and others. The Group estimates the expected value of the variable consideration to adjust the potential selling price. The price of the transaction, some or each variable amount is included by the Group only to the extent that it is likely that there will be no fundamental consideration in the value of the accumulated revenues and when there is a state of non-confirmation associated with the changing and related consideration of the future solution. It is possible that economic benefits will flow to the facility and that the amount of revenue can be reliably measured.

Production Sector

The Group participates in the production of films and commercial ads for customers. With regard to the production of films, commercial advertisements and content for customers, performance obligations are fulfilled at a point of time when the Group delivers the agreed materials within the contractual conditions of customers.

Advertising Sector

Roads and services advertising panel rents are registered as revenues based on the fixed installment over the period in which the service is provided. Performance obligations are fulfilled, and revenue is recognized from renting advertising and services on a time period that represents the time period for displaying advertising materials to customers on advertising panels for the agreed contracts on the basis of "readiness". Performance obligations are ready liabilities, and it is usually agreed that the nature of the promise in the ready commitment that the customer will get a commodity or service. The standard describes ready-made commitment as a promised service consisting of staying at a level of readiness to provide goods or services or make goods or services available to the customer to use it when he decides to do so.

Other Revenues

Other revenues are included on the basis of the principle of accounting entitlement. The profits and losses were calculated from the sale of property, machines and equipment in the consolidated profit or loss statement.

Explaining how the payment conditions comply to the timing of fulfillment of performance obligations

Distribution and Retail Sectors

Practically, the Group records revenues from selling goods upon delivery. The control of the goods is met when we deliver goods to customers, accordingly, the risks of the defect and loss are transferred to the customer once the goods are accepted. Our commitment to performance ends with the sale of goods when we deliver goods to the customer. Retail revenues are collected immediately accordingly we have no timing differences between our performance obligations and payment of payments. With respect to the sale of educational materials, the commercial receivables represent the Group's right in return, it is necessary to pass only before the entitlement to pay the consideration according to the agreed payment conditions. The terms of payments for the sale of educational materials in general are 90 days from the date of the bill, which are made after fulfilling performance obligations. If the customer paid a consideration before the Group transferred the goods to the customer and meets the performance commitment, the contract is recognized.

Production Sector

Performance obligations are fulfilled regarding the production of films to customers when we deliver the agreed materials, and the customer accepts materials (documentaries, short films, series and commercial advertisements). Some contracts concluded with customers include payment conditions related to satisfaction with the commitment of performance, which is the delivery of agreed materials and the customer's acceptance. If the group executes the performance commitment by transferring services to the customer before the customer pays the consideration or before the payment is due, the original contract is recognized in exchange for the subjective acquired consideration. When achieving the stages of preparing the bills, if any, according to the contractual conditions and acceptance of the services that the customer receives, the recognized amounts are reclaimed as contract assets to the receivables.

Advertising and Other Services

Advertising revenue is billed according to the terms of the contract. Payments are generally due on terms of 30-90 days and only time is required before payment is due. These services are recognized as a performance obligation that shall be fulfilled over a period of time.

Determination of the Transaction Price

The Group shall determine the transaction price in respect of each of its contracts with customers. In making such a judgment, the Group assesses the effect of any variable consideration in the contract. In determining the variable consideration, the Group uses the "Weighted Amount" method in which the transaction price is determined by reference to the weighted amount in the range of possible consideration amounts.

Determining the timing of the performance obligations fulfillment

The Group concluded that revenue from advertising and other services shall be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group has determined that the output method is the best way to measure the progress of advertising and other services, using the basis of direct measurements of the value the customer has obtained from the transferred services to date relative to the remaining services promised under the contract, such would meet the criteria set for the transfer of a performance obligation when we provide service to a customer. We recognize revenue only when we provide the service to the customer and he accepts the service provided, which satisfies the specified conditions for the possibility of the flow of economic benefits and the reliable measurement of revenue according to the service provided and acceptable to the customer.

Revenue from film production and sale of merchandise is recognized at a particular point of time because the customer does not simultaneously receive and consume the benefits provided by the Group. In practice, the Group records revenue when we deliver the goods. The change of control of the goods is satisfied when we deliver the goods to the customers and accordingly the risk of defect and loss is transferred to the customer at that time.

Determining whether the Group or part thereof is acting as principal or attorney

IFRS 15 principles are applied to revenue from customer contracts by identifying each particular good or service pledged to the customer in the contract and by assessing whether The Company retains control of the specific good or service before transferring it to the customer. This assessment requires judgment on the basis of specific facts and circumstances.

The International Financial Reporting Standards (IFRS) No. 15 are applied to revenue from customer contracts by identifying each particular good or service pledged to the customer in the contract and by assessing whether The Company retains control of the specific good or service before transferring it to the customer. This assessment requires judgment on the basis of specific facts and circumstances.

Use of Practical Means

The Group uses practical expedients to recognize the incremental costs of obtaining a contract as an expense as incurred since the amortization period of the asset that The Company would otherwise have recognized is one year or less. As a practical expedient, the Group does not adjust the promised amount of consideration against the effects of the significant financing component as the period between the Group's transfers of the promised good or service to the customer and when the customer pays for that good or service in one year or less.

Contract Assets

The contract assets relate to the Group's right in return for services that have been completed and transferred to customers but have not yet been invoiced at the reporting date (unbilled receivables). Contract assets are recognized against the conditional earned consideration. Upon fulfillment of the billing terms, if any, in accordance with the contractual terms and acceptance of services received by the customer, the amounts recognized as contract assets are reclassified to trade receivables. Contract assets are subject to impairment in accordance with the International Financial Reporting Standards (IFRS) No. 9.

Contract Liabilities

Contract liabilities consist of the advanced payments received from customers or collections in excess of revenue recognized and deferred revenue. Contracts sometimes include payment terms that precede the provision of services. Contract liabilities are recognized as revenue when the Group satisfies the performance obligations for contracts with customers.

There were no material adjustments resulting from a change in the contract progress measure, a change in the estimate of the transaction price (including any changes in the assessment of whether the estimate of the variable consideration is restricted) or a contract modification.

Recognition of Expenses

All expenses incurred in operating the business and maintaining property and equipment in a state of efficiency are charged to the consolidated statement of profit or loss. Allocation between cost of revenue, general and administrative expenses and selling and marketing expenses is made on a consistent basis. Expenses incurred for the purpose of acquiring, extending or improving assets of a permanent nature through which to continue the business or for the purpose of increasing the earning capacity of the business are treated as capital expenses.

Investment Dividends

Dividends are recorded in the consolidated financial statements when they are announced and approved in the general assembly by the shareholders of the investee Company.

Leasing Contracts

Rental income under operating leases is recognized in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

Transactions with Related Parties

Disclosure was made regarding commercial transactions between parties who were identified as related parties under International Accounting Standard No. (24)- Related Party Disclosure as approved by the Saudi Organization for Chartered and Professional Accountants.

6.4 Factors affecting the Company's Activity and Course of Action

Macroeconomic Factors

The Company's financial performance may be directly affected by the general economic conditions within the Kingdom of Saudi Arabia, which affects the purchasing power of consumers and reduces the spending power of consumers. The spending power of consumers has a direct impact on their average purchases.

Furthermore, any activities undertaken by the government to relieve financial pressure, including but not limited to additional reduction of government subsidies on fuel or other public services or imposition of new taxes on residents and others, may affect business. Reducing or eliminating government subsidies may increase the prices of public services, fuel, and commodities, which may affect consumer spending and increase the cost of doing business for the Company. In addition, any new taxes/ fees for expatriates may have a direct impact on the total number of transactions in the Company's stores and centers and may also lead to an increase in expenses. Moreover, the social events that take place in the Kingdom (such as the Riyadh and Jeddah seasons, etc.) and new changes in the policies applied in the country (such as the issuance of tourist visas, etc.) also affect economic activity.

Business Seasonality

The Company's business does not witness a noticeable fluctuation between seasons but is mainly affected by the start of the school season, where the sales volume usually rises in the second or third quarter of the year in preparation for the academic year.

Infectious Disease Outbreak

In general, an outbreak of infectious disease or a similar threat to public health or fear of such events may have an impact on the Company's business, financial condition, results of operations and future prospects.

A new type of coronavirus (Covid-19) was discovered in Wuhan, Hubei Province, China in December 2019. This disease has spread in most countries of the world, which has led many countries, including Saudi Arabia, to take multiple measures to limit the spread of the Corona virus, which included imposing temporary restrictions such as banning travel and imposing curfews and obligating people from other countries to quarantine for a specified period of time. The Company was also affected by preventive restrictions that had previously been imposed by the relevant authorities on business movements within Saudi Arabia, as this resulted in the temporary closure of some sites in the project services sector.

Competition

The competition is one of the factors that affect a number of aspects of the Company's workflow and management decisions. The effects of said competition appear on more than one level within the normal course of business. One of the forms of competition that The Company deals with is geographical competition, where the Company's ability to compete varies from one region to another.

In addition to geographical competition, the effects of competition appear through the sales and profits of the various products that The Company sells, as the profit margins of the different products that The Company sells are usually affected by the prices and offers offered by the competing companies.

Number of Shops and Malls Fluctuates Periodically

The Company's revenues are relatively affected by the number of operating shops and malls annually. This number fluctuates periodically as a result of opening new sales centers and closing other branches. The Company's marketing team periodically evaluates the market situation in order to study business opportunities and identify the places and markets that constitute commercially profitable options and that can constitute a fertile sales environment for the Company.

6.5 Qualified Opinion of the Legal Auditor on the Financial Statements

Basis for qualified opinion for the financial year ending on March 31, 2020

- The Group's investment in United Advertising Company Ltd, Tihama Contemporary Media Company, Tihama New Media Company and J. Walter Thompson MENA, which are associate companies acquired in previous years, and are accounted for using the equity method, was recorded in the amount of 3.3 million Saudi Riyals, 0.2 million Saudi Riyals and 40.8 million Saudi Riyals, respectively, in the consolidated statement of financial position of the Group as on March 31, 2020G. The Group's share of the net income of the above companies is included based on financial statements prepared by the management, which amounts to a profit of 2.8 million Saudi Riyals, 0.1 million Saudi Riyals, 0.2 million Saudi Riyals and 4.2 million Saudi Riyals, respectively, in the consolidated statement of profit or loss for the year ended on that date. An appropriate review evidence was not obtained regarding the book amount for the Group's investment in the companies above-mentioned as on March 31, 2020G, and the Group's share in the net Company's net income above-mentioned for the same year, given that the external auditor was unable to access financial and administrative information and the auditors in the companies above-mentioned, and accordingly there was no ability to determine whether it is necessary to make any adjustments to these amounts or not.
- As on March 31, 2020G, the external auditor was not provided with the banking certificates of Aventus Global Trading Company, "an affiliate Company", where the balances that fall under cash with banks amounted to one million Saudi Riyals. The external auditor was not provided with the banking authentication requests sent to the banks. The external auditor was unable to take alternative measures to ensure the authenticity of the bank balances and potential obligations, as was on that date. The external auditor was unable to determine whether any amendment to these balances was necessary or not and whether the disclosure of potential obligations was appropriate or not, as was on that date.
- The consolidated financial statements include an investment in a subsidiary Company represented by the International Advertising Services Company Limited, its financial statements have not been consolidated because the financial statements have not been issued since 2012 due to the suspension of the Company's activity since November 16, 2011G. Thus, the external auditor was unable to obtain sufficient and directly appropriate review evidence or through alternative procedures to determine the validity of the consolidated financial statements disclosed. Consequently, the external auditor was unable to determine whether there was a need to make any adjustments to the consolidated financial statements or not.

- The Company did not prove the fair value of the specific financial assets at a fair value through the comprehensive income (the United National Company) of 1.2 million Saudi Riyals as on March 31, 2020, and therefore there was no ability to carry out alternative measures to ensure the authenticity of the balance of the specified financial assets at a fair value through comprehensive income. As a result, the auditor was unable to determine whether there were any fundamental adjustments or not.

Basis for qualified opinion for the financial year ending on March 31, 2021

- As on March 31, 2021G, we were not provided with the banking authentications of Aventus Global Trading Company, an affiliate Company wholly owned by the Company. Where the balances that fall within the cash of banks amounted to approximately 1.8 million Saudi Riyals, and long-term loans are approximately 0.3 million Saudi Riyals. The external auditor was unable to take alternative measures to ensure the extent of the existence and validity of the completion and display of bank balances and potential obligations, as was on that date. The external auditor was unable to determine whether any amendment to these balances was necessary or not and whether the disclosure of potential obligations was appropriate or not, as was on that date.
- The Group's investment in the United Advertising Company Ltd. and J. Walter Thompson MENA, which are associate companies acquired in previous years and were held accountable for property rights based on financial statements prepared by the management of the two companies, at an amount of 3.7 million Saudi Riyals and 28.0 million Saudi Riyals, respectively, in the Group's consolidated financial position statement, as on March 31, 2021G. The Group's share of the comprehensive income of the above two companies was included based on financial statements prepared by the management of the two companies, which is a profit of 0.4 million Saudi Riyals and a loss of 6.4 million Saudi Riyals, respectively, in the statement of the consolidated profits or losses for the Group at the end of that date, amounted to zero Saudi Riyals and a loss of 3.0 million Saudi Riyals in the consolidated comprehensive loss statement for the Group at the end of that date. The external auditor was unable to obtain sufficient review evidence in a direct way or through alternative review procedures on the Group's investment balances in the two companies above-mentioned as on March 31, 2021G, as well as the Group's share in the net comprehensive loss of the above two companies for the same period, and accordingly there was no ability to determine whether it is necessary to make any adjustments to these amounts or not.

Basis for qualified opinion for the financial year ending on March 31, 2022

- As on March 31, 2022G, the independent auditor of Aventos Global Trading Company, an affiliate Company wholly owned by The Company were unable to attend inventory, as required in accordance with the international review standards approved in the Kingdom of Saudi Arabia. The independent auditors were unable to take alternative measures to ensure the extent of the existence of the completion and the presentation of the stocks of inventory. Inventory was evaluated by the Aventos management, "an affiliate Company", according to its records, in the amount of 1.5 million Saudi Riyals, as on March 31, 2022G.
- The Group's investment in the United Advertising Company Ltd. and J. Walter Thompson MENA, which are associate companies acquired in previous years and were held accountable for property rights based on financial statements prepared by the management of the two companies, at an amount of 7.1 million Saudi Riyals and 29.7 million Saudi Riyals, respectively, in the Group's consolidated financial position statement, as on March 31, 2022G. The Group's share of the comprehensive income of the above two companies was included based on financial statements prepared by the administration of the two companies, which is a profit of 3.4 million Saudi Riyals and 4.8 million Saudi Riyals, respectively, in the statement of the consolidated profits or losses for the Group at the end of that date, amounted to zero Saudi Riyals and another comprehensive income in the amount of 76,926 Saudi Riyals in the consolidated comprehensive loss statement for the Group at the end of that date. Effective review evidence was not obtained in a direct way or through alternative review procedures regarding the Group's investment balances in the two companies above as on March 31, 2022G, as well as the Group's share in the other comprehensive income of the above two companies for the same period, and accordingly there was no ability to determine if it was necessary to make any adjustments to these amounts or not.

6.6 Key Performance Indicators (KPIs)

The following table shows the Company's KPIs for the years ending 31 March 2020G, 2021G, and 2022G.

Table No. (16): Key Performance Indicators (KPIs)

	Unit of Measurement	The Financial Year Ending 31 March		
		2020G Audited	2021G Audited	2022G Audited
Total profit	Thousand Saudi Riyals	30.195	10.633	21.881
Gross Profit Margin	%	31.2%	14.5%	24.3%
General & administrative expenses as a percentage of revenues	%	31.1%	37.6%	32.2%
Operating Net Profit Margin	%	37.3%	(80.3%)	(46%)
Loss Margin	%	(30,1%)	(109.7%)	(41.9%)
Return on Assets	%	(14,5%)	(34.8%)	(17,9%)
Return on Equity	%	(95,1%)	(180,0%)	(589,1%)
Debt to Total Equity	One-time	0,6	0,5	3,2
Current Assets/ Current Liabilities	One-time	0,6	0,9	0,7
Total Assets/ Total Liabilities	**One-time**	**1,2**	**1,2**	**1,0**

Source: Management Information

6.7 Results of the Operations of the Financial Years Ending 31 March 2020G, 2021G, and 2022G

6.7.1 Consolidated Profit or Loss Statement

The following table shows the results of the Company's operations in the financial years ending 31 March 2020G, 2021G, and 2022G

Table No. (17): Consolidated Profit or Loss Statement

Thousand Saudi Riyals	The Financial Year Ending 31 March			Increase/ (decrease)		CAGR
	2020G Audited	2021G Audited	2022G Audited	31 March 2021G	31 March 2022G	2020-2022G
Revenue	96.810	73.250	89.995	(24.3%)	22.9%	(3.6%)
Cost of revenue	(66.615)	(62.616)	(68.114)	(6.0%)	8.8%	1.1%
Gross profit	**30.195**	**10.633**	**21.881**	**(64.8%)**	**105.8%**	**(14.9%)**
Operating expenses						
Sale and marketing expenses	(36.252)	(38.517)	(45.863)	6.3%	19.1%	12.5%
General and administrative expenses	(30.083)	(27.468)	(28.993)	(8.7%)	5.6%	(1.8%)
Operating loss for the year	**(36.141)**	**(55.351)**	**(52.976)**	**53.2%**	**(4.3%)**	**21.1%**
Non-operating revenue/ (expenses)						
Financing costs	(4.554)	(4.126)	(4.100)	(9.4%)	(0.6%)	(5.1%)
Share in the business results of an Associate	7.041	(6.509)	8.110	N/A	N/A	7.3%
Intangible Assets Impairment Losses	(2.461)	-	-	N/A	N/A	N/A
Property and Equipment Impairment Losses	-	(4.160)	-	N/A	N/A	N/A
Provision for cases and claims	-	(5.320)	-	N/A	N/A	N/A

Thousand Saudi Riyals	The Financial Year Ending 31 March			Increase/ (decrease)		CAGR
	2020G Audited	2021G Audited	2022G Audited	31 March 2021G	31 March 2022G	2020-2022G
Losses from the disposal of an Associate	-	(862)	-	N/A	N/A	N/A
Losses of Offering for capital increase	(597)		-	-	-	-
Other net income	9.724	6.073	11.955	(37.6%)	96.9%	10.9%
Losses for the year before Zakat	**(26.989)**	**(70.255)**	**(37.371)**	**160,0%**	**(46,7%)**	**17.7%**
Zakat	(2.132)	(10.079)	(348)	372.8%	(96.6%)	(59.6%)
Net losses for the year	**(20,119)**	**(80.334)**	**(37.719)**	**175.9%**	**(53.1%)**	**13,8%**
Total loss for the year due to:						
Shareholders of the parent Company	(25.586)	(72,177)	(35,500)	(182.1%)	(50.1%)	17.9%
Non-controlling equity	(3.534)	(8.157)	(2.219)	(130.8%)	(72.8%)	(20.8%)
Basic and reduced loss of share	**(2.1)**	**(11,8)**	**(8,3)**	**(461.9%)**	**(29.7%)**	**89.9%**

Source: Management Information

The Company's revenue decreased by 24,3% from 96,8 million Saudi Riyals in 2020G to 73,3 million Saudi Riyals in 2021G as a result of decreased revenues from the advertising sector, bookstore and retail sector. Decreased revenue was affected by several factors, including decreased number of implemented projects and the outbreak of the coronavirus pandemic, which has resulted in the shutdown of a significant number of the stores and sale centers run by the Company. The Company's revenue increased by 22,9% from 73,3 million Saudi Riyals in 2021G to 90,0 million Saudi Riyals in 2022G. This rise happened because commercial activities recovered their normal level due to reduced precautionary measures of the coronavirus pandemic and the opening of several stores and new sale centers in supermarkets, airports, and other areas.

Cost of revenue decreased by 6,0% from 66,6 million Saudi Riyals in 2020G to 62,6 million Saudi Riyals in 2021G. This was because of the decline in the costs of purchasing commodities and materials, which was consistent with the decline in revenues and businesses during the outbreak of the coronavirus. After that, the cost of revenue increased by 8,8% from 62,6 million Saudi Riyals in 2021G to 68,1 million Saudi Riyals in 2022G. This was due to the rise in the cost of production and materials as a result of the increased volume and value of the materials purchased to keep up with the re-surge of activities and secure the needs of the new centers and stores opened during 2022G.

The Company recorded a decline of 64,8% in gross profit from 30,2 million Saudi Riyals in 2020G to 10,6 million Saudi Riyals in 2021G. This decline was impacted by the decline in the performance of several stores run by The Company in addition to the decline of the advertising sector performance as a result of increased costs of the projects made with TV channels and ministries. On the other hand, gross profit increased by 105,8% from 10,6 million Saudi Riyals in 2021G to 21,9 million Saudi Riyals in 2022G, which was consistent with increased revenue. It should be noted that increased total profit is basically related to the profit achieved by Tihama Education and Aventus Company. The total profit achieved by these two companies was affected by the opening of several new stores in supermarkets and airports.

Sale and marketing expenses increased by 6,3% from 36,3 million Saudi Riyals in 2020G to 38,5 million Saudi Riyals in 2021G. This rise resulted from the increased expenses of depreciation, amortization, and marketing expenses. The sale and marketing expenses re-increased by 19,1% from 38,5 million Saudi Riyals in 2021G to 45,9 million Saudi Riyals in 2022G as a result of increased amortization costs due to the opening of new showrooms by Aventus Company and Tihama Education.

General and administrative expenses decreased by 8,7% from 30,1 million Saudi Riyals in 2020G to 27,5 million Saudi Riyals in 2021G, because of the decreased number of employees and working hours. Therefore, salaries decreased during the coronavirus pandemic (COVID-19). General and administrative expenses achieved an additional increase of 5,6% from 27,5 million Saudi Riyals in 2021G to 29,0 million Saudi Riyals in 2022G as a result of increased salaries after the commercial activities and businesses recovered their normal levels and the costs reduction measures taken to face the impacts of the coronavirus pandemic were suspended.

Financing costs are mainly represented in the interest cost related to the different loans obtained by the Company. Financing costs are paid on a quarterly basis. The principal of finance is paid on the maturity date. Financing costs are calculated according to the rates prevailing in the Kingdom of Saudi Arabia plus the agreed margin. The Company guarantees bank loans by 100% through the bonds deposited in these banks. Financing costs decreased by 9,4% from 4,6 million Saudi Riyals in 2020G to 4,1 million Saudi Riyals in 2021G and remained the same in 2022G. We can say that this decline was affected by the payments made by The Company during these two years. It should also be noted that the financing costs include the costs of the assets procured by The Company under capital leases.

The Company's share of the business results of an Associate was transferred from profits amounting to 7,0 million Saudi Riyals in 2020G to losses amounting to 6,5 million Saudi Riyals in 2021G. The Company's share of the business results of an Associate made profits of 8,1 million Saudi Riyals in 2022G. It should be noted that this movement of profit and losses fluctuates periodically depending on the results achieved by associates.

The provision for cases and claims is related to the legal cases filed against The Company by third parties. This provision is reserved to cover any payments The Company may have to make concerning these cases.

The Company had a decline in other net revenue by 37,5% from 9,5 million Saudi Riyals in 2020G to 6,1 million Saudi Riyals in 2021G. After that, other revenue re-increased by 96,9% from 6,1 million Saudi Riyals in 2021G to 12,0 million Saudi Riyals in 2022G. These revenues fluctuate within the normal course of business as they are not closely related to business activity.

Zakat expense increased by 372,8% from 2,1 million Saudi Riyals in 2020G to 10,1 million Saudi Riyals in 2021G and re-decreased by 96,5% from 10,1 million Saudi Riyals in 2021G to 0,3 million Saudi Riyals in 2022G.

The Company had an increase in the net loss for the year by 175,6% from 29,1 million Saudi Riyals in 2020G to 80,3 million Saudi Riyals in 2021G and re-decreased by 53,0% from 80,3 million Saudi Riyals in 2021G to 37,7 million Saudi Riyals in 2022G. It should be noted that the net loss margin was 30,1%, 109,6%, and 41,9% in 2020G, 2021G, and 2022G respectively. Net losses are generally affected by the different movements in net profit and expenses of The Company during the period from 31 March 2020G to 31 March 2022G. It should be noted that the high loss of 2021G resulted from the high expenses recorded in the same year, which were mainly represented in provisions for legal disputes, additional assets impairment loss, and other losses from the investments in which The Company has a share.

6.7.1.1 Revenue

The following table shows The Company revenue for the financial years ending 31 March 2020G, 2021G, and 2022G

Table No. (18): Revenues

Thousand Saudi Riyals	The Financial Year Ending 31 March			Increase/ (decrease)		CAGR
	2020G Audited	2021G Audited	2022G Audited	31 March 2021G	31 March 2022G	2020-2022G
Advertising	30.149	19.347	6,292	(35.8%)	(67.5%)	(54.3%)
Distribution	28.336	27.691	23.027	(2.3%)	(16.8%)	(9.9%)
Production	27.357	27.145	23.884	(0.8%)	(12.0%)	(6.6%)
Bookstore & Retail	27.311	13.416	37.452	(50.9%)	179.2%	17.1%
Disposals	(16.342)	(14.349)	(660)	(12.2%)	(95.4%)	(79.9%)
Total	**96.810**	**73.250**	**89.995**	**(24.3%)**	**22.9%**	**(3.6%)**

Source: Management Information

The Company's revenue can be classified into more than one category, however, the revenues recorded during the period from 2020G to 2022G are within the following categories:

Advertising:

This includes the ads provided by The Company on the advertising signs placed in the locations rented from municipalities.

Distribution:

This sector mainly includes the selling of books and educational materials. The Company deals in this sector with several schools with American or British curricula.

Production:

This sector is mainly related to media services and the production of media materials, movies, documentaries, and other activities.

Bookstore and Retail:

This sector includes more than one activity. Through this sector, The Company runs several stationeries and stores in markets and airports.

In general, revenues decreased by 24,3% from 96,8 million Saudi Riyals in 2020G to 73,4 million Saudi Riyals in 2022G as a result of decreased revenues from advertising and bookstore and retail sectors. The decline in the revenues from advertising resulted from the decreased number of contracts procured by The Company during the period from 2020G to 2021G. The decreased revenues of the bookstore and retail sector were affected by the decline of revenues from a significant number of stores and sale centers after the outbreak of the coronavirus and increased competitiveness.

The Company's revenue re-increased by 22,9% from 73,3 million Saudi Riyals in 2020G to 90,0 million Saudi Riyals in 2021G after the revenues from the bookstore and retail sector increased as a result of opening several stores and sale centers after the pandemic is partially over.

Details of the movement of revenues from each sector are as follows:

Advertising Sector

As mentioned above, the advertising sector is closely related to the billboard services provided by the Company. The Company rents a number of geographical locations by concluding lease contracts with the municipalities and secretariats concerned, and then The Company installs billboards that are designed according to the specifications agreed with the concerned client. The sizes and specifications of such billboards vary from client to another. Advertising revenues gradually decreased by 35.9% from 30.1 million Saudi Riyals in 2020 to 19.3 million Saudi Riyals in 2021, with a further decrease of 67.4% to 6.3 million Saudi Riyals in 2021. Such decrease is due to the decrease in liquidity generally available with the Company. It should be noted that the acquisition of advertising sites managed by the secretariats is made through entering into tenders organized by these secretariats, as participation in such tenders usually requires the deposit of high sums of money.

Distribution Sector

The distribution activity is closely related to the activity of selling books and educational materials. The Company deals with a remarkable number of foreign schools in Riyadh that mainly follow the American curriculum. The Company's sales in this regard mainly include books, and sales are partially related to a number of programs that The Company offers online. Revenues associated with the distribution activity decreased by 2.1% from 28.3 million Saudi Riyals in 2020 to 27.7 million Saudi Riyals in 2021, with a further decline of 17% to 23.0 million Saudi Riyals in 2022, and the decline in revenues is mainly due to the competition factor, and the said sector currently faces high competition with a number of suppliers operating in the sector. Such suppliers are currently more competitive as they are able to give relatively high discounts that are not available to The Company which is already unable to lower selling prices due to the lack of a great deal of liquidity.

Production Sector

The production sector is mainly related to the activity of Integrated Production for Audio-visual Media Production Company. The Company produces media and advertising materials, films and documentaries for a number of ministries, companies and television channels. Revenues from Integrated Production for Audio-visual Media Production Company decreased by 1.1% from 27.4 million Saudi Riyals in 2020 to 27.1 million Saudi Riyals in 2021, with a further decline of 11.8% to 23.9 million Saudi Riyals in 2022. The reported decline in revenue is due to the high cost of the Company's activity. The films and advertisements produced by the said Company can be classified into two basic categories: films and commercials and films and high-quality advertisements. The cost of these films is relatively high, and it should be noted that the cost of projects implemented between 2020 and 2022 has exceeded the cost estimates set by the Company's management. The lack of necessary liquidity has also contributed to the decline in the number of projects implemented, specifically films classified as high-quality films.

Revenues classified under the production sector in 2020 included revenues from Nassaj AlKhayal for Audio-visual Media Production Company. The said Company did not collect any revenues between 2021 and 2022. The revenues collected during the year 2020 were associated with a film produced by the Company. The film was shown in cinemas and on online platforms, and The Company also received some revenue from a number of companies that appeared in the film. The Company did not produce similar films in 2021 and 2022 due to the lack of necessary liquidity and the lack of suitable projects.

Bookstore and Retail Sector

The following table shows the revenues of the bookstore and retail sector from libraries for the financial years ended 31 March 2020, 2021, and 2022.

Table No. (19): Revenues of the bookstore and retail sector

SAR'000	Financial year ended March 31st			Increase / (decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Unaudited)	31 March 2021G	31 March 2022G	2020G - 2022G
Bookstore	1.181	3.394	615	%187.3	(% 81.9)	(% 27.9)
Education	9.478	3.940	23.227	(58.4%)	489.5%	56.5%
Aventus	16.651	6.082	13.610	(63.5%)	123.8%	(9.6%)
Total	**27.311**	**13.416**	**37.452**	**(50.9%)**	**179.2%**	**17.1%**

Source: Management Information

The revenues classified under the bookstore sector and the sale of retail are associated with two basic types of revenues: revenues obtained from selling books and the relevant bookstore and revenues obtained from the shops run by the Group at airports and commercial markets.

Bookstore

Bookstore sale activities are associated with the Tihama Modem Bookstores Company, which operates libraries spread in the Kingdom of Saudi Arabia. The activity includes the sale of the necessary books and stationery. The revenues recorded by the aforementioned Company increased by 187.3% from 1.2 million Saudi Riyals 2020G to 3.4 million Saudi Riyals in 2021G, then the revenues returned and decreased by 81.9% to 0.6 million Saudi Riyals in 2022G. The rise was mainly influenced by the opening of a new sale center in the Riyadh region (Al -Nakheel Center). On the other hand, the decrease in revenues in 2022G was generally related to the closure of the largest number of stores and sales centers as a result of the absence of profitability, and the decision to close was affected by several factors that include the competition faced by The Company and the effect of the spread of Corona Virus.

It is worth noting that the largest part of the products that are sold in libraries managed by the Tihama Modem Bookstores Company are products that are relatively high selling prices. Additionally, the purchasing power of customers in the areas where these libraries are managed are moderate. On the other hand, these libraries faced high competition by a number of libraries and suppliers who were able to provide competitive prices to customers. The factors referred to led to a noticeable decrease in the profitability of the libraries that The Company runs through its subsidiary (Tihama Modem Bookstores Company). In this sense, The Company made a decision to close the libraries and shops that recorded successive losses and the Company's plan is currently required to reopen a number of libraries and sales centers in new geographical areas in order to follow new sale policies and pricing with a view to competing and profit.

Education

Tihama Education Company operates a number of shops that sell various daily supplies. These stores are mainly managed in major commercial centers and airports. The revenues recorded by The Company decreased by 58.4% from 9.5 million Saudi Riyals in 2020 to 3.9 million Saudi Riyals in 2021G. The aforementioned decrease was mainly affected by the precautionary measures and the various restrictions imposed during the period of the spread of Corona Virus. The said period witnessed the closure of the largest part of the commercial centers and the movement of navigation in the Kingdom's airports for a period that spanned for many months, which significantly affected the revenues recorded in the period between 2020 and 2021G.

The revenues returned and rose by 489.5% to 23.2 million Saudi Riyals in 2022G after opening a number of new stores and the increase in activity in general after the Corona's pandemic declined.

Aventus

As in the case of Tihama Education Company, Aventus's activities are associated with the operation of daily supplies stores in commercial centers and airports. The revenues recorded by the Company decreased by 63.5% from 16.7 million Saudi Riyals in 2020G to 6.1 million Saudi Riyals in 2021G, then returned and decreased by 123.8% to 13.6 million Saudi Riyals in 2022G. As in the case of the revenues of the Tihama Education Company, the decrease was affected in 2021G with the spread of the Corona pandemic, and the rise in 2022G was driven by the return of the work activity after the Corona's pandemic declined and the opening of a number of new stores and sales centers.

On May 9, 2022G, an agreement was signed between Aventus Global Trading Company, operating in the United Arab Emirates, and Nextbite Trading Company in order to sell a set of assets and transfer the obligations related to the commercial operations of Aventus Global Trading Company. The agreement is subject to obtaining all the necessary approvals from the stakeholders and relevant bodies to complete the process of transferring franchise rights and lease contracts. On October 4, 2022G, Aventus Global Trading Company obtained the necessary approvals from the stakeholders and relevant bodies to complete the process of transferring franchise rights and lease contracts. Accordingly, the process of transferring the assets and liabilities related to the commercial operations of Aventus Global Trading Company and the procedures for selling the company's stock to the buyer (Next Byte Trading Company) were completed.

6.7.1.2 Cost of revenue

The following table shows the Company's cost of revenue for the financial years ending on 31st March, 2020G, 2021G and 2022G.

Table No. (20): Cost of revenue

Thousand Saudi Riyals	Financial year ending on 31st March			increase / (decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31st March 2020G	31st March 2021G	31st March 2022G
Direct costs of revenue	31.951	24.261	34.118	(24.1%)	40.6.%	3.3.%
Production and materials	13.130	21.402	24.449	63.0	14.2	36.5
Salaries and benefits	-	3.771	2.446	NA	(35.1%)	NA
amortization of intangible assets	1.846	-	-	NA	NA	NA
Short-term advertising spaces rental costs	613	2.325	-	279.0%	(100.0%)	(100.0%)
Depreciation of property and equipment	3.256	3.126	3.481	(4.0%)	11.3.%	3.4%
Depreciation of right-of-use assets	7.866	6.368	3.015	(19.1%)	(52.6 %)	(38.1%)
Maintenance of advertising places	1.169	881	335	(24.6 %)	(62.0%)	(46.5 %)
printing cost	799	483	270	(39.6 %)	(44.1%)	(41.9%)
Film production	5.985	-	-	NA	NA	NA
Total	**66.615**	**62.616**	**68.114**	**(6.0%)**	**8.8%**	**%1.1**

Source: Management information

The cost of revenue includes direct cost of revenue, production costs and materials. These components shall constitute 67.7%, 72.9% and 86.0% of the total cost of revenue in 2020G, 2021G and 2022G respectively.

Direct cost of revenue consists of the cost of materials and goods purchased by the different subsidiaries. Direct costs decreased by 24.1% from 32.0 million Saudi Riyals in 2020G to 24.3 million Saudi Riyals in 2021G. Then, the costs increased again by 40.6 % from 24.3 million Saudi Riyals in 2021G to 34.1 million Saudi Riyals in 2022G. In general, the cost movement was in line with the movement of revenues and the movement of commercial activity, which witnessed a decline during the outbreak of the epidemic and then recovered later in 2022G.

Production and material costs are related to the costs incurred by Integrated Production Co., as these costs mainly include the costs of films, documentaries and other advertising and media materials that the Company produces. The above-mentioned costs increased by 63.0% from 13.1 million Saudi Riyals in the year 2020G to 21.4 million Saudi Riyals in the year 2021G, with an additional increase of 14.2% to 24.4 million Saudi Riyals in the year 2022G. The above-mentioned rise is due to the high cost of producing documentaries that were made for a number of ministries and media stations. It is worth noting that the high cost was mainly related to the films and documentaries classified within the category of high-quality products, as the projects implemented by the Company were high-value projects that were made for a number of TV channels and ministries. The original cost of the projects exceeded the original cost estimates prepared by the management and high costs were incurred, which led to an increase in costs between the years 2021G and 2022G, which amounting to 21.4 million Saudi Riyals in 2021G and 24.4 million Saudi Riyals in 2022G.

Salaries and related benefits classified under cost of revenue is related to the employees working in the Tihama Company. These salaries and benefits were recorded within the general and administrative expenses in the years prior to the year 2021G. The expenses of employees' salaries and benefits decreased by 35.1% from 3.8 million Saudi Riyals in the year 2021G to 2.4 million Saudi Riyals in the year 2022G. The above-mentioned decrease is due to a number of measures taken by the Company, such as reducing the number of employees and working hours. The above-mentioned procedures aimed to rationalize expenses, particularly in light of the high material expenses incurred by the Company between the years 2020G and 2022G.

The costs of amortizing the intangible assets incurred in the year 2020G, amounting to 1.8 million Saudi Riyals, were related to the fees paid by Tihama Distribution Co. to obtain the right to modify some educational curricula materials and online programs that are modified to harmonize them with Islamic culture in the Kingdom. These fees were amortized by recording an impairment loss in the year 2020G.

The short-term advertising spaces rental costs are related to the rent paid on a number of advertising spaces rented by municipalities and secretariats. These rentals are right of use expenses that the Company pays when the lease is extended for a few months after the expiry of the basic lease period above-mentioned in the concluded contract. The cost of renting the advertising spaces increased significantly by 297.0% from 0.6 million Saudi Riyals in 2020G to 2.3 million Saudi Riyals in 2021G, but the Company did not record any costs related to renting the advertising spaces in 2022G. It is worth noting that the movement of the above-mentioned operating expenses does not follow a specific trend, and the Group does not record the above-mentioned expenses on an ongoing basis.

Depreciation costs of property and equipment are mainly related to billboards and signs. Depreciation costs of property and equipment did not witness any noticeable changes between 2020G and 2021G, then they realized a slight increase by 11.3% amounting to 3.5 million Saudi Riyals in 2022G owing to adding a number of digital billboards obtained in 2022G.

Depreciation of the costs of right-of-use assets are associated with advertising spaces leased by the Company. The duration of the contracts for these sites ranges between two and five years. Depreciation costs gradually decreased by 19.1% from 7.9 million Saudi Riyals in 2020G to 3.0 million Saudi Riyals in 2022G due to the decline in business, and expiry and non-renewal of contracts. As above-mentioned, the decrease in the number of lease contracts resulted from the lack of necessary liquidity, as participation in tenders related to these projects requires depositing high amounts of money.

The advertising spaces maintenance expenses mainly include the cost of maintenance and repair of the billboard used by the Company. Maintenance expenses for advertising spaces decreased from 1.2 million Saudi Riyals in 2020G to 0.9 million Saudi Riyals in 2021G and 0.3 million Saudi Riyals in 2022G after the decline in business and the decrease in the number of billboards used by the Company. It is worth noting that maintenance expenses fluctuate periodically and are affected by the volume and scope of maintenance work that is carried out when required.

The cost of printing includes the cost of printing visual content and advertisements. The cost decreased from 0.8 million Saudi Riyals in 2020G to 0.5 million Saudi Riyals in 2021G and 0.3 million Saudi Riyals in 2022G due to the decrease in the scope of advertising activity in general.

Film production costs are related to the cost of film production implemented by Naseej amounting to 6.0 million Saudi Riyals in 2020G.

6.7.1.3 Gross Profit

The following table shows the gross profit for the financial years ending on 31st March, 2020, 2021G and 2022G.

Table No. (21): Gross Profit

Thousand Saudi Riyals	Financial year ending on 31st March			increase / (decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31st March 2020G	31st March 2021G	31st March 2022G
Advertisements	2.025	(6.002)	(809)	(396.4%)	(86.5%)	NA
Distribution	8.931	9.318	7.417	4.3.%	(20.4%)	(8.9%)
Production	8.242	1.809	(3.011)	(78.1%)	(266.5%)	NA
Bookstores and Retail	10.997	5.508	18.285	(49.9 %)	232.0%	28.9%
Total	**30.195**	**10.633**	**21.881**	**(64.8 %)**	**105.8.%**	**(14.9%)**
Gross profit margin						
Advertisements	6.7%	(30.1%)	(12.9%)			
Distribution	31.5%	33.7%	32.2%			
Production	30.1%	6.7%	(12.6%)			
Bookstores and Retail	40.3%	41.1%	48.8%			

Source: Management information

Advertising sector

The performance of the advertising sector witnessed a significant decrease between 2020G and 2021G, and the total profit of 2.0 million Saudi Riyals realized in the year 2020G turned into a loss amounting to 6.0 million Saudi Riyals in 2021G. This is mainly due to a decrease in revenues from 30.1 million Saudi Riyals to 19.3 million Saudi Riyals between the two years owing to the expiry and non-renewal of a number of contracts with customers. The sector's performance improved again in 2022G, as the total loss decreased to 0.8 million Saudi Riyals and that was mainly due to the significant decrease in the cost of revenue from 25.3 million Saudi Riyals in 2021G to 7.1 million Saudi Riyals in 2022G. The decrease in cost of revenue was in line with the decrease in the number of new contracts executed. Regarding the profit and loss margin, the sector realized a profit margin of 6.7%, then a loss margin of (30.1%) and (12.9%) was realized in the years 2021G and 2022G respectively. The movement of the profit and loss margin was in line with the movement of the gross profit and loss realized by the sector between the years 2020G and 2022G.

Distribution sector

The total profit related to the distribution sector increased from 8.9 million Saudi Riyals in 2020G to 9.3 million Saudi Riyals in 2021G, due to the decrease in the cost of revenues exceeding the percentage of decrease in revenues between the two years. As a result, the gross profit margin increased from 31.5% in 2020G to 33.7% in 2021G.

The total profit decreased again to 7.4 million Saudi Riyals in 2022G owing toa decrease in revenues by 16.8% owing to the non-renewal of a number of contracts with some customers after increased competition. The decrease in the gross profit was accompanied by a decrease in the gross profit margin to 32.2% in the year 2022G.

Production sector

The following table shows the gross profit for the production sector for the financial years ending on 31st March 2020G, 2021G and 2022G.

Table No. (22): Gross profit for the production sector

Thousand Saudi Riyals	Financial year ending on 31st March			increase / (decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31st March 2020G	31st March 2021G	31st March 2022G
Integrated Production Co. for Audio and Visual Media Production	7.631	1.809	(3.011)	(76.3%)	(266.5%)	NA
Nassaj AlKhayal for Audio-visual Media Production Company	611	-	-	(100.0%)	NA	(100.0%)
Total	**8.242**	**1.809**	**(3.011)**	**(78.1%)**	**(266.5%)**	**NA**

Source: Management information

The total profit of the production sector decreased from 8.2 million Saudi Riyals in the Financial year 2020G to 1.8 million Saudi Riyals in 2021G, then the sector realized a loss of 3.0 million Saudi Riyals in 2022G.

With regard to Nassaj AlKhayal for Audio-visual Media Production Company, it did not realize any profits until the year 2020G, when it was able to achieve a total profit of 0.6 million Saudi Riyals through the animation film project that was carried out in the same year.

The decrease in profits and losses realized by the Integrated Production Company for Audiovisual Media Production related to the high costs incurred on projects implemented with TV channels and ministries. It is worth noting that the expenses incurred due to the integrated production projects exceeded the original estimates that were set by the work team, which resulted in losses in the year 2022G. As for the profit margin, the sector realized a profit margin of 30.1% and 6.7% between 2020G and 2021G, compared to a loss margin of (12.6%) in 2022G.

Bookstore and retail sector

The following table shows the gross profit for the bookstores and retail sector for the financial years ending on 31st March, 2020G, 2021G and 2022G.

Table No. (23): Gross profit for the bookstore and retail sector

Thousand Saudi Riyals	Financial year ending on 31st March			increase / (decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31st March 2020G	31st March 2021G	31st March 2022G
Bookstores	287	185	(277)	(35.5%)	(249.6%)	NA
education	3.414	2.656	11.914	(22.2%)	348.6%	86.8%
Aventus	7.296	2.667	6.648	(63.4%)	149.3%	(4.5%)
Total	**10.997**	**5.508**	**18,285**	**(49.9 %)**	**232.0%**	**28.9%**

Source: Management information

Bookstores

The total profit realized by Tihama Modern Bookstores Company between the year 2020G and the year 2021G was slight, then it turned into a loss of 0.3 million Saudi Riyals in the year 2022G. As it was previously mentioned that the Company has incurred consecutive losses during Covid-19 outbreak and after competition increased, which resulted in closure of many branches and stores.

Education

Regarding Tihama Education Company, the gross profit decreased by 22.2% from 3.4 million Saudi Riyals in 2020G to 2.7 million Saudi Riyals in 2021G, and achieved an increase again by 348.6% to 11.9 million Saudi Riyals in 2022G. The movement was fully in line with the revenue movement that decreased during the year 2021G after Covid-19 outbreak, and then increased again after the pandemic has receded and new stores opened.

Aventus Co.

The total profit achieved by Aventus decreased by 63.4% from 7.3 million Saudi Riyals in the year 2020G to 2.7 million Saudi Riyals in the year 2021G, then increased by 149.3% to 6.6 million Saudi Riyals in the year 2022G. As in the case of Tihama Education Company, the gross profit was affected by the revenue movement that decreased in the year 2021G due to Covid-19 outbreak, and then increased again after the pandemic has receded and it opened in the year 2022G.

Profit margin

The gross profit margin related to the bookstores and retail sector increased from 40.3% in 2020G to 41.1% in 2021G, driven by increase in the gross profit margins realized by Tihama Education and Aventus Co. This relative increase was affected by decrease in the gross profit margin of Tihama Bookstores Company from 24.3% in 2020G to 5.5% in 2021G due to the decline in the performance of the stores operated by the Company. The profitability slightly improved from 41.1% to 48.8% between 2021G and 2022G, and this took place after the increase in the gross profit margin realized by "Tihama Education Company" and also by "Aventus Company". The increase in profitability was related to the new stores that were opened after recovery of business activities that occurred after the easing of the precautionary measures related to Covid-19.

6.7.1.4 Sales and marketing expenses

The following table shows sales and marketing expenses for financial years ended on March 31 2020G, 2021G and 2022G.

Table No. (24): Sales and Marketing Expenses

Thousand Saudi Riyals	Financial year ended March 31			Increase / (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G-2022G
Salaries and benefits	17.630	16.829	18.340	(4.5%)	9.0%	2.0%
Advertising and commissions of sales and collection	1.515	1.674	2.226	10.5%	33.0%	21.2%
Rentals	3.737	3.917	3.491	4.8%	(10.9%)	(3.3%)
Impairment of the right of use assets	5.793	7.584	14.025	30.9%	84.9%	55.6%
Depreciation	1.804	2.058	2.644	14.0%	28.5%	21.1%
communications, transportation, water and electricity expenses	1.532	1.580	1.592	3.1%	0.8%	1.9%
Travel expenses	723	249	509	(65.5%)	104.1%	(16.1%)
Maintenance, repairs and insurance	547	914	634	67.1%	(30.7%)	7.6%
Governmental expenses and subscriptions	841	776	964	(7.7%)	24.3%	7.1%
Professional and advisory fees	359	1.103	990	207.5%	(10.3%)	66.1%
Other expenses	559	1.831	450	%227.4	(%75.4)	(10.3%)
Total	**36.252**	**38.517**	**45.863**	**6.2%**	**19.1%**	**12.5%**

Source: Management information

Sales and marketing expenses consist mainly of salaries and benefits, constituting 48.6%, 43.7% and 40.0% of the total costs in 2020G, 2021G and 2022G.

Salaries and benefits represent the salary costs of the Company's marketing, advertising and sales staff. The Company's salaries and benefits decreased by 4.5% from 17.6 million Saudi Riyals in 2020G to 16.8 million Saudi Riyals in 2021G, as a main result of reducing working hours in line with a plan developed by the Company to rationalize all costs post the breakout of COVID-19. Salaries and benefits costs increased by 9.0% to reach 18.3 million Saudi Riyals after suspending all measures taken during the breakout of COVID-19.

Advertising and commissions of sales and collection represent franchise fees and commissions paid to marketing and sales team. Commissions paid to employees are calculated based on eligibility in line with an official incentive policy that specifies the number and value of transactions a seller must achieve to be eligible for the commission. Advertising expenses mainly include franchise costs paid by "Tihama Education" and "Aventus" to a British retailer, headquartered in Swindon, England, that operates a chain of stores in public streets, railway stations and airports. A number of stores are operated under the brand of these stores for a variable franchise fee that fluctuates in line with revenue movement. The Company's advertising and commissions of sales and collection expenses increased by 10.5% from 1.5 million Saudi Riyals in 2020G to 1.7 million Saudi Riyals in 2021G, with an additional increase to 2.2 million Saudi Riyals in 2022G. While the increase in 2021G was affected by commission expenses paid to the said retailer, the increase in 2022G resulted from the increase in revenues.

Impairment of the right of use assets relates to stores leased and operated by the Company's various subsidiaries. The impairment expense of Company's right of use assets increased by 30.9% from 5.8 million Saudi Riyals in 2020G to 7.6 million Saudi Riyals in 2021G, with an additional increase of 84.9% to reach 14.0 million Saudi Riyals in 2022G. This rise resulted from opening new stores rented by "Thama Education" and "Aventus" in shopping centers and airports, especially after the decline in COVID-19 precautionary measures.

Rental expenses are mainly related to a number of warehouses and workshops leased by the Company's subsidiaries. Rental expenses amounted to 3.7 million Saudi Riyals and 3.9 million Saudi Riyals in 2020G and 2021G. Then the expense decreased by 10.9% from 3.9 million Saudi Riyals in 2021G to 3.5 million Saudi Riyals in 2022G. Rental expenses fluctuate in line with term, value and movement of lease contracts (expiration and renewal).

Expenses of conferences and workshops, amounting to 1.2 million Saudi Riyals in 2020G, were related to the number of conferences and training workshops organized in 2020G. No similar conferences were organized in 2021G and 2022G after the breakout of COVID-19 and due to lack of liquidity.

Depreciation cost relates to fixtures and finishes in various retail stores operated by subsidiaries, namely Tihama Education and Aventus. Impairment costs increased by 14.0% from 1.8 million Saudi Riyals in 2020G to 2.1 million Saudi Riyals in 2021G, with an additional increase to 2.6 million Saudi Riyals in 2022G. The increase related to fixtures and finishes in the new stores opened by Tihama Education and Aventus.

Utility expenses include communications, transportation, water and electricity expenses. The stated expenses ranged between 1.5 million Saudi Riyals and 1.6 million Saudi Riyals during the period from 2020G to 2022G. These expenses fluctuate within the normal course of business.

Travel expenses represent accommodation fees and per diem expenses incurred during business trips undertaken by sales and marketing team to promote and monitor business. Travel expenses decreased from 0.7 million Saudi Riyals in 2020G to 0.2 million Saudi Riyals in 2021G after the number and duration of business trips decreased due to COVID-19 restrictions. Expenses rose again from 0.2 million Saudi Riyals in 2021G to 0.5 million Saudi Riyals in 2022G as a result of the relative increase in business trips after declining COVID-19 precautionary measures.

Maintenance, repairs and insurance expenses include the costs of maintenance and repairs to marketing and sales personnel's vehicles, including the costs of insuring those vehicles. It should be noted that these costs fluctuate withing the normal business cycle based on the volume of implemented maintenance and repair works (maintenance and repair works are only carried out on an as-needed basis).

Governmental expenses and subscriptions represent license issuance and renewal fees, permit issuance fees, and membership fees for the Chamber of Commerce and other official bodies. No substantial changes were made to the Company's government expenses and subscriptions between 2020G and 2022G.

Professional and advisory fees include professional and advisory fees paid to advisors engaged to provide strategic and sale-related services. These expenses fluctuate within the normal course of business and are affected by the scope and number of studies and services received by the Company.

Other expenses include miscellaneous expenses, including office stationery expenses, bank fees and VAT. These expenses remained almost constant during the period from 2020G to 2022G.

6.7.1.5 General and administrative expenses

The below table shows the general and administrative expenses for financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (25): General and administrative expenses

Thousand Saudi Riyals	Financial year ended March 31			Increase / (Decrease)		CAGR
	2020G Restated	2021G Restated	2020G-2022G	March 31, 2021G	March 31, 2022G	2020G-2022G
Salaries & Benefits	13.841	10.442	14.492	(24.6%)	38.8%	2.3%
Advertising & Marketing	-	163	45	N/A	(72.6%)	N/A
Professional legal fees	1.974	1.962	3.962	(0.6%)	102.0%	41.7%
Travel expenses	1.548	508	738	(67.2%)	45.3%	(31.0%)
Rentals	1.072	1.024	973	(4.4%)	(5.0%)	(4.7%)
Depreciation of the right to use assets	-	130	758	N/A	481.1%	N/A
Government expenses and subscriptions	1.012	701	1.098	(30.7%)	56.6%	4.2%
Benefits	607	319	254	(47.5%)	(20.4%)	(35.3%)
Maintenance, repairs and insurance	246	244	149	(0.5%)	(38.9%)	(22.0%)
slow-motion inventory provision	4.404	5.864	4.026	33.2%	(31.3%)	(4.4%)
Depreciation and amortizing	191	533	553	178.4%	3.8%	70.0%
Bad debts	1.742	-	-	N/A	N/A	N/A
Board meeting attendance allowance	-	129	-	N/A	N/A	N/A
Provision for expected credit losses	3.023	4.634	999	53.3%	(78.4%)	(42.5%)
Other expenses	423	814	947	92.3%	16.4%	49.6%
Total	**30.083**	**27.468**	**28.993**	**(8.7%)**	**5.6%**	**(1.8%)**

Source: Management information

General and administrative expenses consist mainly of salaries and benefits and provision for slow moving inventories. Both items constituted 60.6%, 59.4% and 63.9% in 2020G, 2021G and 2022G, respectively.

Salaries and benefits are related to administrative employees (from Finance, HR, and IT departments); they also include costs of airfare, vacation allowance and other employee benefits. The Company's salaries and benefits decreased by 24.6% from 13.8 million Saudi Riyals in 2020G to 10.4 million Saudi Riyals in 2021G, then increased by 38.8% from 10.4 million Saudi Riyals to 14.5 million Saudi Riyals in 2021G. While the decline in 2020G was affected by the Company's plan to reduce expenses during COVID-19 breakout. The subsequent increase in salaries was in line with the restoration of business activities to their normal level.

The low-value advertising and marketing expenses recorded by the Company between 2021G and 2022G were related to a number of advertisements published by the Company in a number of newspapers. These advertisements were mainly related to dates of shareholders' general assembly.

Legal and professional fees include external audit, advisory and legal fees. The Company's professional and advisory fees were fixed at 2.0 million Saudi Riyals between 2020G and 2021G. The Company's professional and advisory fees increased to reach 4.0 million Saudi Riyals in 2022G after the increase in legal fees that were paid to an external legal Company that mandated by the Company in order to manage legal affairs related to lawsuits filed by and against the Company and its subsidiaries.

Travel expenses decreased by 67.2% from 1.5 million Saudi Riyals in 2020G to 0.5 million Saudi Riyals in 2021G, and then were fixed at 0.7 million Saudi Riyals in 2022G. These expenses represent airfare and accommodation expenses incurred during business trips of administrative staff. These expenses fluctuate periodically, and the decrease in 2021G was due to the decrease in flights during COVID-19 period breakout and related movement- constraints measures.

The Company's leases include the lease of two main offices rented by "Thama Advertising" and "Integrated Production" companies. No significant change was registered in rental expense between 2020G and 2022G.

The right to use assets expense related to the number of vehicles rented for department's staff. The expense increased by 481.1% from 0.1 million Saudi Riyals in 2021G to 0.8 million Saudi Riyals in 2022G. The movement of the said expense is affected by the number of rented cars, movement, value and term of contracts.

Government expenses and subscriptions mainly include residence renewal fees and visa issuance fees. These government expenses and subscriptions decreased from 1.0 million Saudi Riyals in 2020G to 0.7 million Saudi Riyals during 2021G, before rising again to 1.1 million Saudi Riyals in 2022G. The movement of these expenses is not mainly related to the movement of work, but rather fluctuates within the normal course of work.

Utility expense includes water, sewage, telephone and electricity expenses incurred at the Company's offices. Utility expense decreased from 0.6 million Saudi Riyals in 2021G to 0.3 million Saudi Riyals between 2021G and 2022G. These expenses fluctuate continuously, and it can be said that the decline in 2021G was affected by the reduction of working hours during COVID-19 breakout.

Maintenance, repairs and insurance expenses represent the costs of maintaining and repairing vehicles for administrative staff. The value ranged between 0.1 million Saudi Riyals and 0.2 million Saudi Riyals between 2020G and 2022G. These expenses fluctuate continually and are affected by the scope and number of maintenance and repair procedures that are performed when needed.

The slow-moving inventory provision relates to the amounts held to cover the value of damaged and slow-moving inventory. The value of Company's slow-moving inventory provision increased by 33.2% from 4.4 million Saudi Riyals in 2020G to 5.9 million Saudi Riyals in 2021G, then the slow-moving inventory balance decreased again to reach 4.0 million Saudi Riyals in 2022G. It can be said that the additional provision was mainly related to the stock of bookstores and a number of shops.

The impairment expense, classified under general and administrative expenses, was related to furniture and fixtures used in shops and offices. Impairment expense increased by 178.4% from 0.2 million Saudi Riyals in 2020G to 0.5 million Saudi Riyals in 2021G and 2022G. The rise was due to the additional furniture and fixtures.

Bad debts expense, amounting to 1.7 million Saudi Riyals in 2020G, related to a number of debit balances that remained obsolete for more than ten years. The Company wrote off these amounts due to the inability of colleting the same. It should be noted that the Company had reserved a provision against these debit balances in previous periods.

Board meeting attendance allowances are allowances granted to board and committee members. These allowances fluctuate periodically.

Expected credit loss provision expenses represent the annual increase in provision for disputed and debit balances. It is worth noting that the provision expenses have no specific approach, but rather fluctuate according to the status and movement of debit balances, which are evaluated periodically.

Other expenses are miscellaneous expenses incurred in the normal course of business. These fees include fines, office expenses and other miscellaneous expenses.

6.7.1.6 Financing costs

The below table shows financing costs for financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (26): Financing Costs

Thousand Saudi Riyals	Financial year ended March 31			Increase / (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G-2022G
Loans and other related fees	1.715	2.041	1.093	19.0%	(46.5%)	(20.2%)
Rental - Financing Fees	2.839	1.864	2.135	(34.3%)	14.5%	(13.3%)
Bank fees	-	221	873	N/A	295.5%	N/A
Total	**4.554**	**4.126**	**4.100**	**(9.4%)**	**(0.6%)**	**(5.1%)**

Source: Management information

Loan expenses and other related fees include interest expenses on loans, fees for using credit cards, fees for issuing guarantees, Murabaha expenses and other miscellaneous financing expenses. Loan expenses and other related fees increased by 19.0% from 1.7 million Saudi Riyals in 2020G to 2.0 million Saudi Riyals in 2021G. however, it decreased in 2022G to reach 1.1 million Saudi Riyals.

Rental expenses and financing fees decreased by 34.3% from 2.8 million Saudi Riyals in 2020G to 1.9 million Saudi Riyals in 2021G due to expiration of a number of advertising site rental contracts. However, it increased in 2022G to reach 2.1 million Saudi Riyals.

Bank fees ranged from 0.2 million Saudi Riyals to 0.9 million Saudi Riyals between 2021G and 2022G.

The share in associates' business results relates to the investments owned by the Company in associates using equity method. Associates are companies over which the Company exercises significant influence, but not control or joint control, generally when the Company owns 20% to 50% of the associate. Investments in associates are calculated using the equity method.

6.7.1.7 share in associates' business results

Using the equity method, investments are primarily recognized at cost and are subsequently adjusted to reflect the Company's contribution to post-acquisition profits or losses as gains and losses on investment in the investee. The Company's contribution to comprehensive income after the acquisition is also recognized in the consolidated statement of profit or loss. After the interest in the investee has been reduced to zero, the liability is recognized only if there is an obligation to support operations of the investee or any payments made on behalf of the investee. Dividends received or receivables from associates are recognized to reduce the net value of investments.

Goodwill relating to the associate or subsidiary is recognized in the carrying amount of investment and is verified for impairment separately. The consolidated statement of profit or loss reflects the Company's share in the results of associate's operations. Any changes in the comprehensive income of those investees are recognized as part of the Company's comprehensive income. In addition, if a change is recognized directly in the associate's equity, the Company recognizes its share of any changes, if applicable, in the consolidated statement of changes in equity of unrealized gains and losses resulting from transactions between the Company, associate and joint venture in line with the Company's share in associate or joint venture. Financial statements of subsidiaries and joint ventures are prepared in the same financial year of the Company.

The Company recognized profits from associates' operations that worth 7.0 million Saudi Riyals in 2020G, which turned into a loss of 6.5 million Saudi Riyals in 2021G, before turning again to a profit of 8.1 million Saudi Riyals in 2022G. The movement of these losses or profits does not follow a specific approach, but rather fluctuates continuously according to fluctuation of associates' results.

6.7.1.8 Losses due to impairment of intangible assets

Losses due to impairment of intangible assets were related to a decrease in the carrying value of the right to use e-learning programs and reformulation of the curriculum, amounting to 2.5 million Saudi Riyals. The loss was recognized based on a study of the impairment developed by the Company's management.

6.7.1.9 Losses due to impairment of properties and equipment

Losses due to impairment of property and equipment were associated with impairment of metal structures and billboards that were classified as property and equipment. Metal structures are billboards that have not been installed and are considered unusable. During 2021G, the Company recognized a provision, amounting 0.7 million Saudi Riyals, for a permanent impairment of metal structures and unused assets based on a study conducted by the Company's management, which indicated that these metal structures and unused assets no longer have the ability to provide future economic benefits for the Company as the recoverable amount of these assets was zero as of March 31, 2021G, so they were written off completely.

In addition to metal structures and billboards, the aforementioned impairment losses were related to a number of billboards that were confiscated by Riyadh Municipality. These billboards are seized by Riyadh Municipality till the payment for renting advertising sites, amounting to approximately 12.1 million Saudi Riyals. The Company recognized an impairment provision for these billboards amounting to 3.5 million Saudi Riyals, in the consolidated statement of profit or loss, based on a study of the impairment conducted by the Company's management.

6.7.1.10 Lawsuit and claim provision

Lawsuit and claim provision recognized by the Company, amounted to 5.3 million Saudi Riyals as on March 31, 2022G in 2021G, is related to a final ruling against the Company in two lawsuits filed by a client of a subsidiary Company (Thama Distribution Company). Both rulings obliged the Company to pay 5.3 million Saudi Riyals to plaintiff. During 2022G, the Company filed a petition against the ruling before Court of Appeal, which rejected the petition and the ruling became enforceable.

6.7.1.11 Capital increase Offering expenses

Capital increase Offering expenses represent the expenses incurred in connection with inceasing capital from 75.0 million Saudi Riyals to 175.0 million Saudi Riyals between March 31, 2020G and March 31, 2021G, amounting to 0.6 million Saudi Riyals.

6.7.1.12 Associate disposal losses

During the financial year ended on March 31, 2021G, the Company waived its entire share in Tihama Contemporary Media Company for an amount of 0.5 million Saudi Riyals. Losses resulting from waiving shares in associates, amounting 0.7 Saudi Riyals, were recognized in the consolidated statement of profit and loss for the financial year ended on March 31, 2021G.

During the financial year ended on March 31, 2021G, the Company acquired all shares in Tihama New Media Company, and accordingly, the Company's ownership in Tihama New Media Company's capital reached 100%. Accordingly, Tihama New Media Company was excluded from associate companies and consolidated in the consolidated financial statements for the financial ended on March 31, 2021G. Losses resulting from disposal of investment in associate, amounting 0.1 million Saudi Riyals, were recognized in the consolidated statement of profit or loss for financial year ended March 31, 2021G.

6.7.1.13 Other Income (Net)

The following table shows the other income for the financial years ending on March 31, 2020G, 2021G, and 2022G.

Table No. (27): Other Income, Net

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Rentals Deduction	-	3.252	7.960	Not applicable	144.8%	Not applicable
Settlement of Rental Contracts for Advertising Sites	7.725	-	2.360	Not applicable	Not applicable	(44.7 %)
Advertising and Consulting Services	549	-	-	Not applicable	Not applicable	Not applicable
Unclaimed Credit Balances	-	431	451	Not applicable	4.8 %	Not applicable
Manufacturing Revenues	-	195	-	Not applicable	Not applicable	Not applicable
Net Rentals	(1.404)	222	417	(121.3 % (	87.8 %	Not applicable
Effect of Acquiring Stakes in a Subsidiary	1.366	-	-	Not applicable	Not applicable	Not applicable
Profits from Investments in a Murabaha and Deposit Fund	-	623	160	Not applicable	(74.4 %)	Not applicable
Profit on Disposal of Property and Equipment	-	382	(302)	Not applicable	(178.9 %)	Not applicable
Currency Differences	-	(86)	(136)	Not applicable	58.3 %	Not applicable
Provision no longer required	-	506	-	Not applicable	Not applicable	Not applicable
Other Income and Expenses, Net	1.124	547	684	(51.3%)	25.0 %	(22.0 %)
Total	**9.724**	**6.073**	**11.595**	**(37.5%)**	**90.9 %**	**9.2 %**

Source: Management Information

Other income principally consists of rental deduction and revenue of settlement of rental contracts for advertising sites, net. These elements constituted 79.2%, 53.5% and 89.0% of the total other income in 2020G, 2021G and 2022G, respectively.

The rental discount income relates to the discounts that the Company obtained on rental contracts for advertising sites due to the repercussions of the Corona pandemic on commercial activities. Rental deduction income increased by 144.8% from 3.3 million Saudi Riyals in 2021G to 8.0 million Saudi Riyals in 2022G.

The Company recorded settlement revenues of 7.7 million Saudi Riyals and 2.4 million Saudi Riyals in the years 2020G and 2022G. It should be noted that the initial rental expenses are calculated based on the financial claims received from the rental agencies for the advertising sites. Then, when the Company subsequently obtains the final claim on the rents owed on the actual advertising locations received, the difference is recorded in other revenue. The movement of these revenues does not follow any particular direction, but rather fluctuates continuously, as its value and movement are not related to the Company's main activity.

The advertising and consulting services include the services provided to the "Tihama Contemporary Media Company", which was previously a partner of the Company. Similar services were not provided in subsequent years.

Unclaimed credit balances relate to discounts that the Company has been able to secure in respect of a number of old trade payables. There were a number of old credits that remained obsolete for a long period of time due to the lack of continuous follow-up from suppliers. During the negotiations regarding the process of settling these credits, the Company was able to obtain some discounts on these balances which were recorded as part of other income.

Manufacturing revenues are related to manufacturing revenues amounting to 0.2 million Saudi Riyals recorded in 2021G for a number of sign boards and poles that the Company manufactured for a number of customers.

The net rentals expense, which amounted to 1.0 million Saudi Riyals in 2020G, was associated with one main office operated by the Company in Jeddah. The Company leased the office and then leased it to a third party, and the net rent (from the rent paid and rental income received) amounted to 1.0 million Saudi Riyals in 2020G. On the other hand, the rental income recorded in the period between 0.2 million Saudi Riyals in 2021G and 0.4 million Saudi Riyals in 2022G was related to income from investment properties owned by "Tihama Education Company" in Dubai.

The income from effect of acquiring stakes in a subsidiary Company is the resulting differences between the purchase value and the book value associated with the Company's acquisition of "Aventus Company" in 2020G. The difference between the purchase price and the net book value of the shares acquired amounting to 1.4 million Saudi Riyals was recorded as other income during the same year.

Profits from investments in a Murabaha and Deposit Fund relate to investments held by the Company. The Company recorded profits from investments in a Murabaha and deposit fund of 0.6 and 0.2 million Saudi Riyals during the years 2021G and 2022G. It is worth noting that the companies associated with these investments are the companies over which the Company exercises an influence in decision-making and not control or joint control.

Profit on disposal of property and equipment includes gains and losses on the sale of a number of property and equipment, which mainly include scrap banners and fixed items. It should be noted that the value of these profits/ losses fluctuates regularly depending on the value, condition and number of assets sold.

The provision no longer required represents the income provisions amounting to 0.5 million Saudi Riyals recorded in 2021G, which relate to penalties related to late withholding taxes, as the management reserved provisions for potential penalties that were expected to be imposed on the account of late settlements. However, the Company was later exempted from those penalties.

Other income and expenses, net consist of discounts granted by suppliers due to late delivery, as well as various other income. The Company recorded other income and expenses, net of 1.1 million Saudi Riyals, 0.5 million Saudi Riyals, and 0.7 million Saudi Riyals during the years 2020G, 2021G, and 2022G.

6.7.1.14 Zakat

The Zakat payable by the Company and its subsidiaries was calculated in accordance with the regulations issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. Zakat expenses increased by 380.95% from 2.1 million Saudi Riyals in 2020G to 10.1 million Saudi Riyals in 2021G, then returned to decrease by 97.0% to 0.3 million Saudi Riyals in 2022G. The movement of Zakat expenses is affected by several factors, including the movement of profits and losses, in addition to the movement of Zakat assessments and receipts.

6.7.1.15 Net Loss

The Company recorded consecutive losses of 28.5 million Saudi Riyals, 80.3 million Saudi Riyals and 37.4 million Saudi Riyals in 2020G, 2021G and 2022G, respectively. In general, the losses referred to were generally affected by the high value operating expenses recorded by the Company during the period between 2020G and 2022G. It should be mentioned that the increase in loss from 28.5 million Saudi Riyals to 80.3 million Saudi Riyals between 2020G and 2021G was not only affected by the increase in operating expenses, but was also driven by the recording of a number of provisions and other expenses. These expenses were related to the depreciation of a number of property and equipment, provisions reserved by the management against a number of lawsuits filed against the Company, in addition to the Company's share of losses related to a number of investments owned by the Company. The value of the loss returned to recede relatively in 2022G, after the relative increase in revenues, and the Company recorded profits from investments amounting 8.1 million Saudi Riyals in the same year. With regard to the net loss margin, it increased from 30.1% in 2020G to 109.7% in 2021G before declining again to 41.9% in 2022G. The mentioned movement was in line with the net loss movement during the mentioned period (between the years 2020G and 2022G).

6.7.2 Financial Position

The following table shows the Company's statement of financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (28): Summary of the Statement of Financial Position

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Assets						
Current Assets	95.682	142.284	117.369	48.7%	(17.5%)	10.8%
Non-Current Assets	105.098	88.325	93.402	(16.0%)	5.7%	(5.7%)
Total Assets	**200.780**	**230.609**	**210.771**	**14.9**	**(8.6%)**	**2.5 %**
Liabilities						
Current liabilities	147.740	154.072	167.625	4.3 %	8.8%	6.5%
Non-Current Liabilities	22.475	31.928	36.782	42.1 %	15.2 %	27.9 %
Total Liabilities	**170.215**	**186.000**	**204.407**	**9.3%**	**9.9%**	**9.6%**

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Equity						
Total Equity	**30.565**	**44.609**	**6.364**	**45.9 %**	**(85.7%)**	**(54.4%)**
Total Equity and Liabilities	**200.780**	**230.609**	**210.771**	**14.9**	**(8.6%)**	**2.5 %**

Source: Management Information

Assets balances increased by 14.9% or a value of 29.8 million Saudi Riyals from 200.8 million Saudi Riyals as on March 31, 2020G to 230.6 million Saudi Riyals as on March 31, 2021G as a result of an increase in current assets by 48.7% or 46.6 million Saudi Riyals from 95.7 million Saudi Riyals as on March 31, 2020G, to 142.3 million Saudi Riyals, as on March 31, 2021G. The increase in the assets balance between March 31, 2020G and March 31, 2021G was driven by the increase in the balance of cash and cash equivalents and the balance of accounts receivable and other debit balances. The balance of cash and cash equivalents increased by 412.8% from 11.9 million Saudi Riyals on March 31, 2020G to 60.8 million Saudi Riyals on March 31, 2021G after recording high-value cash flows from financing activities. These flows were linked to the capital raising process carried out by the Company in the year 2021G. On the other hand, debit and other debit balances increased from 28.7 million Saudi Riyals as on March 31, 2020G to 35.6 million Saudi Riyals as on March 31, 2021G as a result of the increase in accounts receivable and the balances of margins for letters of guarantee. It is worth noting that the balance of trade receivables fluctuates continuously, affected by the movement of collection and the movement of commercial activity.

Asset balances decreased by 8.6% from 230.6 million Saudi Riyals as on March 31, 2021G to 210.7 million Saudi Riyals as on March 31, 2022G as a result of the decrease in current assets by 24.9 million Saudi Riyals from 142.3 million Saudi Riyals as on March 31, 2021G to 117.4 million Saudi Riyals as on March 31, 2022G, after the balance of cash and cash equivalents decreased from 60.8 million Saudi Riyals to 34.6 million Saudi Riyals between the two periods. The decline was affected by the transformation of positive cash flow from financing activities to negative cash flow between 2021G and 2020G, due to the absence of any receipts from any financing activities during the year 2022G.

Balances of total liabilities increased by 9.3%, or 15.8 million Saudi Riyals, from 170.2 million Saudi Riyals on March 31, 2020G, to 186.0 million Saudi Riyals on March 31, 2021G, as a result of the increase in current and non-current liabilities. While the balances of current liabilities increased by 4.3%, or 6.3 million Saudi Riyals, from 147.7 million Saudi Riyals as on March 31, 2020G to 154.1 million Saudi Riyals as on March 31, 2021G. Non-current liabilities increased by 42.1%, or 9.5 million Saudi Riyals, from 22.5 million Saudi Riyals as on March 31, 2020G, to 31.9 million Saudi Riyals as on March 31, 2021G.

The increase in the balance of current liabilities between the years 2020G and 2021G was affected by the increase in Zakat expenses, trade payables, and other credit balances and capital lease liabilities. On the other hand, the increase in the balance of non-current liabilities was driven by the increase in loan balances, which increased after the Company acquired new loans to support capital requirements and expansion projects.

The balance of liabilities recorded an additional increase of 9.9% from 186.0 million Saudi Riyals as on March 31, 2021G to 204.4 million Saudi Riyals as on March 31, 2022G, as a result of an additional increase in the balances of current and non-current liabilities between the two periods. While the balances of current liabilities increased by 13.6 million Saudi Riyals from 154.1 million Saudi Riyals as on March 31, 2021G to 167.6 million Saudi Riyals as on March 31, 2022G. Non-current liabilities increased by 15.2% or from 31.9 million Saudi Riyals as on March 31, 2021G to 36.8 million Saudi Riyals as on March 31, 2022G.

While the increase in the balance of current liabilities was related to the balance of loans, which rose from 3.2 million Saudi Riyals to 20.4 million Saudi Riyals between March 31, 2021G and March 31, 2022G, the increase in the balance of non-current liabilities was affected by the increase in the balances of capital lease liabilities.

Equity increased by 45.9%, or by a value of 15.7 million Saudi Riyals, from 30.6 million Saudi Riyals as on March 31, 2020G, to 46.3 million Saudi Riyals as on March 31, 2021G. The aforementioned increase was affected by the increase in the capital balance from 75.0 million Saudi Riyals as on March 31, 2020G to 175.0 million Saudi Riyals as on March 31, 2021G. The Group returned and recorded a decrease in total equity by 86.2% from 46.3 million Saudi Riyals as on March 31, 2021G to 6.4 million Saudi Riyals as on March 31, 2022G. The increase in the capital balance was affected by the increase process that took place in the year 2021G with the aim of providing the Group with financial balances to support the business requirements. On the other hand, the decrease in the equity balance between March 31, 2021G and March 31, 2022G was affected by the capital reduction that was carried out in the year 2022G with the aim of amortizing the successive losses that the Group had recorded.

6.7.2.1 Non-Current Assets

The following table shows the Company's non-current assets for the financial years ended on March 31, 2020, 2021G, and 2022G.

Table No. (29): Non-Current Assets

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Assets						
Non-Current Assets						
Property and Equipment, Net	22.399	20.870	12.657	(6.8%)	(39.4%)	(24.8%)
Right-of-Use Assets, Net	33.940	32.316	40.580	(4.8%)	25.6%	9.3%
Investments in Associates Using the Equity Method	44.286	31.656	36.792	(28.5%)	16.2%	(8.9%)
Financial Assets Designated at Fair Value through Other Comprehensive Income	1.190	428	428	(64.0%)	-	(40.0%)
Intangible Assets, Net	159	88	135	(44.6%)	53.3 %	(7.8%)
Real Estate Investments at Cost, Net	3.125	2.967	2.809	(5.1%)	(5.3%)	(5.2%)
Total Non-current Assets	**105,098**	**88.325**	**93.402**	**(16.0%)**	**5.7**	**(5.7%)**

Source: Management Information

The non-current assets consisted mainly of right-of-use assets and investments in associates, where the two components constituted 74.4%, 72.4% and 82.8% of the total non-current assets as on March 31, 2020G, 2021G, and 2022G.

The balance of non-current assets decreased by 16.0% or amounting to 16.8 million Saudi Riyals from 105.1 million Saudi Riyals as on March 31, 2020G to 88.3 million Saudi Riyals on March 31, 2021G due to the decrease in the value of investments in associates using the equity method. Then, an increase of 5.7% was recorded from 88.3 million Saudi Riyals as on March 31, 2021G to 93.4 million Saudi Riyals as on March 31, 2022G, after the balance of the right-of-use assets increased by 25.6% to reach 40.6 million Saudi Riyals in 2022G.

The decrease in the value of investments in associates using the equity method was due to the sale of an interest in the associate. On the other hand, the increase in the balance of the right-of-use assets was related to the new shops and sales centers that were opened between 2021G and 2020G.

6.7.2.1.1 Property and Equipment

The following table shows the Company's property and equipment for the financial years ended on March 31, 2020, 2021G, and 2022G.

Table No. (30): Property and Equipment

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Owned Buildings	601	570	540	(5.1%)	(5.3%)	(5.7%)
Buildings on Leased Land	1.477	1.108	771	(25.0%)	(30.4%)	(27.7%)
Equipment	533	640	869	20.1%	35.8%	27.7%
Advertising Boards and Equipment	13.343	12.542	1.289	(6.0%)	(89.7%)	(68.9%)
Furniture and Fixtures	2.690	2.999	5.019	11.5%	67.4%	36.6%
Computers	267	740	616	176.9%	(16.7%)	51.8%
Cars	702	450	368	(35.8 %)	(18.3%)	(27.6%)
Capital Work and Unused Assets	4.583	9.788	7.645	113.6%	(21.9%)	29.2%
Net Book Value	**24.195**	**28.838**	**17.119**	**19.2%**	**(40.6%)**	**(15.9%)**
Provision for Impairment	**(1.797)**	**(7.968)**	**(4.461)**	**343.5%**	**(44.0%)**	**57.6%**
Net Book Value	**22.399**	**20.870**	**12.657**	**(6.8%)**	**(39.4%)**	**(24.8%)**

Source: Management Information

Advertising boards and equipment formed the main component of property and equipment between March 31, 2020G, 2021G, and 2022G. Advertising boards and equipment represented approximately 59.6%, 60.1% and 10.2% of the net book value of property and equipment as on March 31, 2020G, 2021G, and 2022G.

Property and equipment decreased by 6.8% or a value of 1.5 million Saudi Riyals from 22.4 million Saudi Riyals as on March 31, 2020G to 20.9 million Saudi Riyals as on March 31, 2021G, with an additional decrease of 39.4% from 20.9 million Saudi Riyals as on March 31, 2021G to 12.7 million Saudi Riyals as on March 31, 2022G. It can be said that the decrease in property and equipment during the two years between 2020G and 2022G was affected by the provisions reserved by the Company to reflect the decrease in the value of a number of advertising boards and capital works.

Buildings

These buildings include real estate units in Dubai that were purchased by Aventus Global for a value of 0.6 million Saudi Riyals in 2020G. These units are mortgaged against non-cash facilities obtained by the subsidiary in 2021G.

Buildings on Leased Land

Buildings on leased land include fixtures and furniture located in workshops, warehouses and other stations operated by the Company and its companies.

Equipment

Equipment mainly includes photocopiers and printers. The balance of equipment did not witness any significant changes in the period between 2020G to 2022G.

Boards and Equipment

Advertising boards and equipment include advertising boards used mainly for marketing. The balance of advertising boards and equipment did not witness a significant change in 2021G, as its value amounted to 12.5 million Saudi Riyals, compared to 13.3 million Saudi Riyals as on March 31, 2020G. Then the balance witnessed a sharp decline of 89.7% to reach 1.3 million Saudi Riyals in 2022G as a result of conducting a number of internal impairment studies, where impairment losses were recorded for these advertising boards.

It was also mentioned previously that the Company recorded a provision for impairment for the permanent decrease in the value of metal structures and unused assets in the amount of 0.7 Saudi Riyals after conducting a study that showed that these metal structures and unused assets no longer have the ability to provide future economic benefits to the Company. The Company also recorded a provision for a decrease in the value of advertising boards amounting to 3.5 million Saudi Riyals as on March 31, 2021G, given that these advertising boards are held by the Riyadh Municipality due to the existence of pending lawsuits between the Municipality and the Company. Accordingly, the Company excluded the net book value of that boards, which amounted to 4.3 million Saudi Riyals as on March 31, 2022G, from the item of property and equipment and recorded it under the item of trade receivables and other debit balances.

Furniture and Fixtures

The balance of furniture and fixtures did not witness any significant movements during the period between March 31, 2020G and March 31, 2021G. This category includes furniture, furnishings and some equipment found in offices, workshops and warehouses. Between March 31, 2020G and March 31, 2021G, the book value of furniture and fixtures increased by 67.4% from 3.0 million Saudi Riyals to 5.0 million Saudi Riyals as a result of some additions to this category that were associated with offices, shops and the many sales centers that opened in 2022G.

Computers

The item of computers includes what is related to computers and their equipment used by the Company's employees. The book value of computers increased by 176.9% from 0.3 million Saudi Riyals as on March 31, 2020G to 0.7 million Saudi Riyals as on March 31, 2021G, then returned to decrease by 16.7% to 0.6 million Saudi Riyals. The decline in the year 2021G was related to some new assets that the Company acquired with the aim of supporting the requirements of daily work. On the other hand, the decline in the year 2022G was affected by continuous consumption within the normal course of work.

Cars

Cars mainly include employee cars and freight trucks. The book value of the cars decreased from 0.7 million Saudi Riyals as on March 31, 2020G to 0.5 million Saudi Riyals and 0.4 million Saudi Riyals as on March 31, 2021G and March 31, 2022G. The decrease was affected by continuous consumption and the absence of any high value additions between 2020G and 2022G.

Capital Works and Unused Assets

Capital work and unused assets include metal structures related to advertising boards that have not yet been installed. The capital work and unused assets witnessed a sharp increase by 113.6% from 4.6 million Saudi Riyals as on March 31, 2020G to 9.8 million Saudi Riyals in 2021G, then the book value returned to decrease by 21.9% to reach 7.6 million Saudi Riyals in 2022G. While the increase on March 31, 2021 was driven by additions related to new projects launched by the Company, the decrease came as on March 31, 2022G, affected by provisions reserved by the Company to reverse the depreciation of the metal structures.

6.7.2.1.2 Right-of-Use Assets

The following table shows the right-of-use assets and lease liabilities of the Company for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (31): Right-of-use assets and Lease Liabilities.

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance as at the beginning of the period/year	31.689	33.940	32.316	7.1%	(4.8%)	%1.0
Additions during the period/ year	17.917	12.459	20.972	(30.5%)	68.3%	8.2%
Rentals Adjustments			5.089	Not applicable	Not applicable	Not applicable
Consumption during the period/ year	(15.666)	(14.082)	(17.798)	(10.1%)	26.4%	6.6%
Balance at the end of the period/ year	**33.940**	**32.316**	**40.580**	**(4.8%)**	**25.6%**	**9.3%**

Source: Management Information

Right-of-use assets are linked to lease contracts for several items of stores, cars, markets and advertising sites owned by the Company and used in its operations. Its lease terms range from one to five years.

It is worth noting that the Company has applied IFRS 16 "Lease Contracts" in order to calculate and record use assets, and lease contracts with a period of less than 12 months and low-value leases have been excluded.

The Company has recognized the right-of-use assets and the associated lease obligations based on the present value of the remaining lease payments at an average discount rate of 4% to 8% based on the cost of debt.

The value of right-of-use assets decreased by 4.8%, or by 1.6 million Saudi Riyals, from 33.9 million Saudi Riyals as on March 31, 2020G, to 32.3 million Saudi Riyals as on March 31, 2021G, as a result of the continuous amortization. The value of right-of-use assets returned to increase between March 31, 2021G and March 31, 2022G, by 25.6% from 32.3 million Saudi Riyals to 40.6 million Saudi Riyals as a result of additions made to property lease contracts and mainly related to the new shops and sales centers that the Company had opened during the year 2022G.

6.7.2.1.3 Investments in Associates Using the Equity Method

The following table shows investments in associates using the equity method for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (32): Investments in Associates Using the Equity Method

Thousands of Saudi Riyals		Financial year ended on March 31			Financial year ended on March 31			Increase/ (Decrease)		CAGR
		2020G Restated	2021G Restated	2022G Restated	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Associate Company Name	**Main Activity**									
United Advertising Company Limited	Advertising and Promotion	50.0%	50.0%	50.0%	3.319	3.705	7.112	11.6%	91.9%	46.4
J. Walter Thompson MENA Company	Advertising	30.0%	30.0%	30.0%	40.790	27.951	29.680	(31.5%)	6.2%	(14.7%)
Tihama Contemporary Media Company	Media and Research	29.0%	-	-	177	-	-	Not applicable	Not applicable	Not applicable
Total					**44.286**	**31.656**	**36.792**	**(28.5%)**	**16.2%**	**(8.9%)**

Source: Management Information

Associates are companies over which the Company exercises significant influence, but not control or joint control. Generally, this occurs when the Company owns a share of 20% to 50% of equity. The investment in the associate Company is accounted for under the equity method after initial recognition of the cost of the investment. Under the equity method, investments are primarily recognized at cost and are subsequently adjusted to reflect the Company's share of profits or losses from the investees. Dividends received, or receivables from associates and joint ventures, are recorded to reduce the net investment value.

Total investments in associates using the equity method decreased by 28.5% or 12.6 million Saudi Riyals from 44.3 million Saudi Riyals as of March 31, 2020G to 31.7 million Saudi Riyals as on March 31, 2021G. Then the balance returned to increase by 16.2% from 31.7 million Saudi Riyals as on March 31, 2021G to 36.8 million Saudi Riyals as on March 31, 2022G. The decline as of March 31, 2021G was affected by several factors, including losses on the disposal of an associate Company, accrued and received dividends and losses resulting from the exclusion of associate companies. On the other hand, the increase in the balance as on March 31, 2022G was affected by the recording of a share of the results of these investments at a value of 8.1 million Saudi Riyals.

6.7.2.1.4 Financial Assets Designated at Fair Value through Other Comprehensive Income

The following table shows financial assets designated at fair value through other comprehensive income as of March 31, 2020G, 2021G and 2022G.

Table No. (33): Financial Assets Designated at Fair Value through Other Comprehensive Income

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance at the beginning of the year	1.190	1.190	428	-	(64.0%)	(40.0%)
Additions	-	751	-	Not applicable	Not applicable	Not applicable
Loss of Change in Fair Value	-	(1.512)	-	Not applicable	Not applicable	Not applicable
Balance At the End of the Year	**1.190**	**428**	**428**	**(64.0%)**	**-**	**(40.0%)**

Source: Management Information

Financial assets designated at fair value through other comprehensive income include the Company's interest in two companies:

- National Consolidated Distribution Co., in which the Company's stake reached 9% through Tihama Distribution Company
- Fogo Co., one of the emerging companies in the United States of America, which was acquired by Tihama New Media Company during the year 2021G.

The balance of financial assets designated at fair value through other comprehensive income decreased from 1.2 million Saudi Riyals as on March 31, 2020G to 0.4 million as on March 31, 2021G and 2022G, after the Company recorded losses of change in the fair value of 1.5 million Saudi Riyals during the year 2021G. The mentioned losses were related to the change in the fair value of the investments in the above mentioned companies.

6.7.2.1.5 Intangible Assets, Net

The following table shows the Company's intangible assets for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (34): Intangible Assets

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance at the Beginning of the Year						
As at the Beginning of the Year	11.598	9.137	353	(21.2%)	(96.1%)	(82.6%)
Additions During the Year	-	35	100	Not applicable	185.7%	Not applicable
Eliminations during the year	-	(8.819)	-	Not applicable	(100.0%)	Not applicable
Impairment Losses	(2.461)	-	-	(100.0%)	Not applicable	Not applicable
Balance at the End of the Year	**9.137**	**353**	**453**	**(96.1%)**	**28.4%**	**(77.7%)**
Accumulated Amortization:						
As at the Beginning of the Year	6.411	8.978	265	40.0	(97.1%)	(79.7%)
Additions During the Year	2.567	106	53	(95.9%)	(49.9%)	(85.6%)
Eliminations during the year	-	(8.819)	-	Not applicable	(100%)	Not applicable
Balance at the End of the Year	**8.978**	**265**	**318**	**(97.1%)**	**20.1%**	**(81.2%)**
Net Book Value	**159**	**88**	**135**	**(44.6%)**	**53.2%**	**(7.8%)**

Source: Management Information

Intangible assets included educational programs and curricula and the Company's website.

Intangible assets are depreciated over their useful economic life and impairment is assessed when there is an indication that the intangible asset may be impaired. The depreciation period of an intangible asset with a finite useful life and its depreciation method are reviewed at least at the end of each financial period. Changes in the expected useful life or the expected manner of exhaustion of future economic benefits embodied in this asset are accounted for by adjusting the amortization period and method, and are considered as changes in accounting estimates. The amortization expense for intangible assets with finite lives is recognized in the statement of profit in the expense category in line with the function of intangible assets.

The net book value of intangible assets decreased from 0.2 million Saudi Riyals as on March 31, 2020G to 0.1 million Saudi Riyals as on March 31, 2021G and March 31, 2022G after recording impairment losses of 2.5 million Saudi Riyals in the year 2020G and recording disposals of 8.8 million Saudi Riyals in year 2021G. The provision for impairment loss and disposals was associated with e-learning programs and curriculum reform, and was recorded based on a study conducted by management to assess the value of intangible assets.

6.7.2.1.6 Real Estate Investments at Cost, Net

The following table shows the Company's real estate investments for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (35): Real Estate Investments at Cost

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Cost						
As at the Beginning of the Year	-	3.152	3.152	Not applicable	-	Not applicable
Additions During the Year	3.152	-	-	(100.0%)	Not applicable	(100.0%)
Balance at the End of the Year	**3.152**	**3.152**	**3.152**	**-**	**-**	**-**
Consumption						
As at the Beginning of the Year	-	27	185	Not applicable	580.5	Not applicable
Additions During the Year	27	158	157	480.5%	(0.3%)	140.6%
Balance at the End of the Year	**27**	**185**	**343**	**580.5**	**85.1%**	**254.9%**
Net Book Value	**3.125**	**2.967**	**2.809**	**(5.1%)**	**(5.3%)**	**(5.2%)**

Source: Management Information

The real estate investments included administrative units owned by Tihama Education Company in a building in Dubai, United Arab Emirates. The rental income from this property amounted to 0.1 million Saudi Riyals, 0.2 million Saudi Riyals and 0.4 million Saudi Riyals in the years 2020G, 2021G and 2022G, respectively. The building was mortgaged to a bank in exchange for a non-cash facility granted to Tihama Education Company. It should be noted that the terms of the facility agreement also include assigning the rental income to the bank in the amount of no less than 0.6 million Saudi Riyals as security for the facility. The Company measured the fair value of the building based on a study conducted by an independent real estate appraiser during 2021G. Based on the results of the study, the fair value of the property was 4.2 million Saudi Riyals as in 2021G.

6.7.2.2 Current Assets

Table No. (36): Current Assets

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Current Assets						
Inventory, Net	52.569	45.792	45.485	(12.9%)	(0.7%)	(7.0%)
Trade and Other Receivables, Net	28.709	35.648	36.296	24.2%	1.8%	12.4%
Required from Related Parties	2.540	-	1.017	Not applicable	Not applicable	(36.7%)
Cash and Cash Equivalents	11.864	60.843	34.570	412.8%	(43.2%)	70.7%
Total Current Assets	**95.682**	**142.284**	**117.369**	**48.7%**	**(17.5%)**	**10.8%**

Source: Management Information

Current assets are concentrated in inventory, trade receivables and other debit balances, as these two components constituted 84.9%, 57.2% and 69.7% of the total current assets as on March 31, 2020G, 2021G and 2022G, respectively.

Current assets increased by 48.7%, or by a value of 46.6 million Saudi Riyals, from 95.7 million Saudi Riyals as on March 31, 2020G to 142.3 million Saudi Riyals as on March 31, 2021G. The increase was concentrated in the rise in cash and cash equivalents, as it rose from 11.9 million Saudi Riyals as on March 31, 2020G to 60.8 million Saudi Riyals as on March 31, 2021G as a result of the capital increase through the issuance of rights issue shares. It is worth noting that the mentioned increase resulted in a cash flow from financing activities amounting to 84.4 million Saudi Riyals in the year 2021G, which led to an increase in the balance of cash and cash equivalents between March 31, 2020G and March 31, 2021G.

Current assets returned to decrease as on March 31, 2022G, by 17.5%, or 24.9 million Saudi Riyals, from 142.3 million Saudi Riyals as on March 31, 2021G to 117.4 million Saudi Riyals as on March 31, 2022G, as a result of a decrease in cash and cash equivalents from 60.8 million Saudi Riyals as in March 2021G to 34.6 million Saudi Riyals as in March 2022G. The decrease in cash and cash equivalents was affected by the negative cash flow from financing activities, which was recorded in the year 2022G.

6.7.2.2.1 Inventory

The following table shows the inventory for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (37): Inventory

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Books, stationery, educational products, entertainment products, accessories and other	75.317	72.239	75.958	(4.1%)	5.1 %	0.4 %
Provision for obsolete and slow-moving goods	(22.749)	(26.447)	(30.473)	16.3 %	15.2 %	15.7 %
Inventory, Net	**52.569**	**45,792**	**45.485**	**(12.9%)**	**(0.7%)**	**(7.0%)**

Source: Management Information

The inventory includes notebooks, stationery, educational products, entertainment products, gifts, accessories and other accessories. Inventory is valued at its low purchase cost (including production overheads) and net realizable value (estimated selling price after cost, and the cost of transferring from its current to its final condition). A provision is made for inventory that is obsolete, slow-moving, and damaged, as often as necessary. Inventory of goods on the road is recorded based on the cost of these goods.

Total net inventory decreased by 12.9%, or by a value of 6.8 million Saudi Riyals, from 52.6 million Saudi Riyals as on March 31, 2020G, to 45.8 million Saudi Riyals as on March 31, 2021G. The balance remained almost constant between March 31, 2021G and March 31, 2020G.

It is worth noting that the (non-net) inventory balance decreased by 4.1% from 75.3 million Saudi Riyals as on March 31, 2020G to 72.2 million Saudi Riyals as on March 31, 2021G as a result of the absence of high-value purchases, due to the absence of liquidity and the decrease in activity in general after the spread of the corona pandemic. The stock balance returned to increase by 5.1% to 76.0 million Saudi Riyals as on March 31, 2022G, after the Company purchased some goods needed for the new stores that were opened in airports and commercial centers.

The following table shows the provision for obsolete and slow-moving goods for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (38): Provision for obsolete and slow-moving goods

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance at the Beginning of the Year	18.345	22.749	26.447	24.0%	16.3 %	20.1%
Made During the Year	4.404	5.864	4.026	33.2%	(31.3%)	(4.4%)
Used from Provision	-	(2.166)	-	Not applicable	(100.0%)	Not applicable
Balance at the End of the Year	**22.749**	**26.447**	**30.473**	**16.3%**	**15.2 %**	**15.7 %**

Source: Management Information

The balance of the provision for obsolete and slow-moving goods fluctuated during the period between 2020G and 2022G. The provision balance increased by 16.3% from 22.7 million Saudi Riyals as on March 31, 2020G to 26.4 million Saudi Riyals as on March 31, 2022G. The provision balance is estimated based on studies conducted based on internal studies that monitor the movement and age of the stock condition on an ongoing basis. As a result, the inventory provision balance does not follow a specific trend, but rather fluctuates constantly, affected by the movement of inventory, which in turn is affected by the sale movement.

6.7.2.2.2 Trade and Other Receivables

The following table shows trade and other receivables for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (39): Trade and Other Receivables

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Trade Receivables	19.741	23.677	22.642	19.9%	(4.4%)	7.1 %
Advance Payments to Suppliers	1.273	1.781	2.815	39.9%	58.1%	48.7%
Insurance of Letters of Guarantee	2.349	9.736	9.757	314.4 %	0.2%	103.8%
Prepaid Expenses and Other receivables	12.315	12.088	13.718	(2.1%)	13.5%	5.4 %
Total	**35.708**	**47.282**	**48.932**	**32.4 %**	**3.5 %**	**17.1%**
Provision for Expected Credit Losses	(6.999)	(11.633)	(12.633)	66.2%	8.6%	34.3 %
Total	**28.709**	**35.648**	**36.299**	**24.2 %**	**1.8 %**	**12.4%**

Source: Management Information

Trade receivables and other receivable balances mainly consist of trade receivables and prepaid expenses, as these two components constituted 89.8%, 75.6% and 74.3% of the total balance of trade receivables and other debit balances as on March 31, 2020G, 2021G and 2022G .

The total net balance of trade and other receivables increased by 24.2%, or 6.9 million Saudi Riyals, from 28.7 million Saudi Riyals as on March 31, 2020G to 35.6 million Saudi Riyals as on March 31, 2021G. The increase was driven by the increase in trade receivable balances and the balance of insurance of letters of guarantee. The value of the trade and other receivable balances on March 31, 2022G amounted to 36.3 million Saudi Riyals, which is attributed to the increase in payments made to suppliers, prepaid expenses and other receivables.

Trade receivables relate to amounts owed to the Company by its customers. The balance of trade receivables increased by 19.9% from 19.7 million Saudi Riyals as on March 31, 2020G to 23.7 million Saudi Riyals as on March 31, 2021G, then returned to decrease by 4.4% to 22.6 million Saudi Riyals as on March 31, 2022G. The movement of trade receivables does not follow a specific direction, but rather fluctuates within the context of the business, since it is not only affected by the movement of commercial activity, but also follows the movement of collection.

The following table shows the movement in the provision for expected credit losses for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (40): Provision for Expected Credit Losses

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance at the Beginning of the Year	3.976	6.999	11.633	76.0%	66.2%	71.1%
Made During the Year	3.023	4.634	1.155	53.3 %	(75.1%)	(38.2%)
Refund of Provisions	-	-	(156)	Not applicable	Not applicable	Not applicable
Balance at the End of the Year	**6.999**	**11.633**	**12.633**	**66.2%**	**8.6%**	**34.3 %**

Source: Management Information

The provision for impairment of receivables is recognized based on assumptions about the risk of default and unanticipated loss rates. The Company uses judgment about these assumptions and determines the inputs to the impairment calculation, based on the Company's historical experience, current market conditions as well as future estimates at the end of each estimation period. The provision for impairment of trade receivables increased by 66.2% from 7.0 million Saudi Riyals as on March 31, 2020G to 11.6 million Saudi Riyals as on March 31, 2021G, with an additional increase of 8.6% amounting to 12.6 million Saudi Riyals as on March 31, 2022G. It should be noted that the aforementioned provisions are mainly related to obsolete balances for a period exceeding five years.

Table No. (41): Aging of Accounts Receivable as on March 2022 ,31G

Thousands of Saudi Riyals	Total	0-90 Days	90-180 Days	180-360 Days	More than 360 Days
Total	22.642	194.0	2.718	5.428	14.302

Source: Management Information

A receivable aging analysis indicates that 14.3 million Saudi Riyals (63.2% of total receivables) has been outstanding for more than 360 days as of March 31, 2022G, compared to a standard credit period of 30 to 90 days. The slowdown in collection is generally due to the lack of liquidity that customers suffer from.

Advances to Suppliers consist of Advances to various foreign and domestic suppliers dealing with the Company. The balance did not record any significant movement between March 31, 2020G and March 31, 2021G, and then increased from 1.8 million Saudi Riyals in 2021G to 2.8 million Saudi Riyals as on March 31, 2022G. It is worth noting that there is no specific policy regarding the value of payments made to suppliers, but rather the size of payments is related to the quality and volume of the goods purchased and the supplier itself. The rise in the year 2022G was affected by the movement of purchases, which rose relatively during the same year, as the Company acquired new goods in order to open modern stores in commercial centers and airports.

The insurance of letters of guarantee includes the cash cover reserved by the issuing banks for some letters of guarantee issued on behalf of the Company by the banks. The value of letters of guarantee increased by 314.4% from 2.3 million Saudi Riyals as on March 31, 2020G to 9.8 million Saudi Riyals. The balance remained stable at 9.8 million Saudi Riyals. The rise between March 31, 2020G and March 31, 2021G was driven by a number of letters of guarantee issued by the Company to a number of airports and commercial centers in which new stores were opened.

Prepaid Expenses and Other Receivables

The following table shows prepaid expenses and other receivables for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (42): Prepaid Expenses and Other Receivables

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Contract Assets	-	1.935	2.304	Not applicable	19.0%	Not applicable
Due by Employees	788	282	288	(64.2%)	2.2 %	(39.5%)
Advance Rents	32	75	132	133.6%	76.9%	103.3 %
Prepaid Insurance Expenses	389	321	475	(17.5%)	48.0%	10.5%
Fees and Subscriptions	280	288	305	2.8%	5.8 %	4.3 %
Other Debit Balances	-	-	1.115	Not applicable	Not applicable	Not applicable
Various Receivables - Riyadh	-	-	4,310	Not applicable	Not applicable	Not applicable
Transfers from Accounts Payable	1.159	1.159	1.159	-	-	-
Other Receivables	9.697	8.028	3,629	(17.2%)	(54.8 %)	(38.8%)
Total	**12.345**	**12.088**	**13.718**	**(2.1%)**	**13.5 %**	**5.4 %**

Source: Management Information

Prepaid expenses and other receivables mainly consist of contract assets and transfers from receivables and others, where these components constituted 87.9%, 82.4% and 43.2% of the total balance of trade and other receivables as on March 31, 2020G, 2021G and 2022G.

Contract assets represent the right to consideration received for services transferred to a customer. If the Company performs services to the customer before the consideration is paid by the customer or before the payment is due, the contract asset is recognized which is the consideration conditional on the fulfillment of the billing stages in accordance with the contractual terms and acceptance of the services by the customer, the amounts recognized as contract assets are reclassified to accounts receivable. The registered contract asset balances were linked to a number of media projects implemented by Integrated Production.

The balance due from employees are receivables from Company employees who have been given advances and loans. It is settled from their monthly salary. As per Company policy, an employee must have worked for at least six months to be a qualified candidate who can be granted a loan. The receivable from the employee balance decreased from 0.8 million Saudi Riyals on March 31, 2020G to 0.3 million Saudi Riyals on March 31, 2021G and March 31, 2022G. It should be noted that the value of employee benefits fluctuates regularly depending on the number and value of loans.

The prepaid rent balance of 0.1 million Saudi Riyals recorded between March 31, 2021G and March 31, 2022G, is linked to one administrative office leased by the holding Company.

Prepaid insurance expenses include medical insurance expenses and asset insurance expenses. The balance decreased from 0.4 million Saudi Riyals on March 31, 2020G to 0.3 million Saudi Riyals on March 31, 2021G, then returned to increase to 0.5 million Saudi Riyals as on March 31, 2022G. The balance fluctuates periodically and is affected by the prices of insurance policies.

Fees and subscription fees represent fees for legal advice, audit fees and financial advice. These expenses remained relatively stable between March 31, 2020G and March 31, 2022G.

Other receivable balances amounting to 1.1 million Saudi Riyals as on March 31, 2022G represent the costs related to the issuance of capital (financial advisor and consultancy costs and other legal costs) that were incurred as part of the preparations for the capital increase expected to occur in 2022G.

Various receivables - Riyadh, these balances represent the net book value of billboards that were previously classified as work in progress. Where the Company filed a lawsuit before the Administrative Court against the Riyadh Municipality to claim compensation for the advertising boards' owed damages that the defendant had recovered in a way that led to their damage.

Transfers from accounts payable, which includes transfers from the credit balance recorded between March 31, 2020G and March 31, 2022G, representing the old advances that were given to sellers. A provision was booked against these amounts of 12.6 million Saudi Riyals on March 31, 2022G.

Other receivables are related to Tihama Education Company and include miscellaneous receivables and advance payments such as value-added tax receivables, refunds, and others. The balance of other receivables decreased gradually from 9.7 million Saudi Riyals on March 31, 2020G to 3.6 million Saudi Riyals on March 31, 2022G.

6.7.2.2.3 Required from Related Parties

The following table shows the amounts required from related parties for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (43): Required from Related Parties

Thousands of Saudi Riyals	Financial year ended on March 31			Nature of Relationship	Nature of Transaction	Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated			March 31, 2021G	March 31, 2022G	2020G - 2022G
Tihama Contemporary Media Company	1.661	-	-	Associate Company	Current Account	Not applicable	Not applicable	Not applicable
Tihama New Media Company	879	-	-	Associate Company	Current Account	Not applicable	Not applicable	Not applicable
Qutrob for Media Production Co.	-	-	299	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
J. Walter Thompson MENA Company	-	-	718	Associate Company	Current Account	Not applicable	Not applicable	Not applicable
Total	**2.540**	**-**	**1.017**			**Not applicable**	**Not applicable**	**(36.7%)**

Source: Management Information

Receivable balances from related parties are associated with transactions with related parties in the normal course of business.

The balance required from related parties decreased from 2.5 million Saudi Riyals as on March 31, 2020G to zero as on March 31, 2021G as a result of payments made by the related parties. The balance returned to increase to 1.0 million Saudi Riyals as on March 31, 2022G. The balance as of March 31, 2022, was related to a number of transactions that were made with Qutrob for Media Production Co. and J. Walter Thomson MENA Company.

6.7.2.2.4 Cash and Cash Equivalents

The following table shows the balance of cash and cash equivalents for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (44): Cash and Cash Equivalents

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Cash with Local and International Banks	11.609	11.532	10.742	(0.7%)	(6.8%)	(3.8%)
Cash at a Local Murabaha fund in Saudi Riyals	-	29.080	3.590	Not applicable	(87.7%)	Not applicable
Deposits with Local Banks	-	20.000	20.000	Not applicable	-	Not applicable
Cash on hand	256	232	238	(9.4%)	2.8%	(3.5%)
Total	**11.864**	**60.843**	**34.570**	**412.8 %**	**(43.2%)**	**70.7%**

Source: Management Information

The Company's cash balances mainly consist of cash with a local Murabaha fund in Saudi Riyals and deposits with local banks.

Cash in banks includes deposits in local and international banks as well as deposits in local Murabaha funds.

Deposits with local banks represent deposits with the Saudi National Bank that are mortgaged against the banking facilities obtained by the Company from the bank.

Cash on hand represents amounts held by accountants and supervisors to manage daily expenses.

The balance of cash and cash equivalents increased by 412.8% or amounting to 49.0 million Saudi Riyals from 11.9 million Saudi Riyals as on March 31, 2020G to 60.8 million Saudi Riyals as on March 31, 2021G, as a result of the increase in cash flows resulting from financing activities, which amounted to 84.4 million Saudi Riyals. In 2021G, after the Company's capital increased from 75.0 million Saudi Riyals as on March 31, 2020G to 175 million Saudi Riyals as on March 31, 2021G.

The total balance of cash and cash equivalents decreased by 43.2% or an amount of 26.3 million Saudi Riyals from 60.8 million Saudi Riyals as on March 31, 2021G to 34.6 million Saudi Riyals as on March 31, 2022G, as a result of the Company recording an outflow from financing activities amounting to 8.0 million Saudi Riyals. The outflow was mainly related to the payment of capital lease obligations.

6.7.2.3 Non-Current Liabilities

The following table shows the non-current liabilities for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (45): Non-Current Liabilities

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Non-current liabilities						
Long-term lease obligations	12.358	8.307	30.603	(32.8 %)	268.4 %	57.4%
Long term loans	4465	17.143	38	284.0%	(99.8 %)	(90.7%)
Employee benefits obligations	5.652	6.478	6.140	14.6 %	(5.2%)	4.2 %
Total Non-current liabilities	**22.475**	**31.928**	**36.782**	**42.1 %**	**15.2 %**	**27.9 %**

Source: Management Information

Non-current liabilities are concentrated in long-term lease and employee benefit obligations. These two components represented 55.0%, 26.0% and 83.2% of the total non-current liabilities as on March 31, 2020, 2021 and 2022.

Non-current liabilities increased by 42.1% or amounted to 9.5 million Saudi Riyals from 22.5 million Saudi Riyals as of March 31, 2020G to 31.9 million Saudi Riyals as on March 31, 2021G. The aforementioned increase was driven by an increase in long-term loans by 284.0% or 12.7 million riyals from 4.5 million riyals as on March 31, 2020G to 17.1 million riyals as on March 31, 2021G. The balance of non-current liabilities continued to increase by 15.2% from 31.9 million Saudi Riyals

as on March 31, 2021G to 36.8 million Saudi Riyals as on March 31, 2022G, as a result of an increase in long-term lease commitments by 268.4% from 8.3 million Saudi Riyals in 2021 to 30.6 million Saudi Riyals in 2022G.

The increase in the loan balance between March 31, 2020G and March 31, 2021G was related to the new loans that the Company had obtained to support business requirements. On the other hand, the increase in lease contract commitments was related to the new shops and sales centers that were opened in commercial centers and airports.

6.7.2.3.1 Current and Non-current Lease Obligations

The following table shows the current and non-current portion of lease obligations for the financial years ending March 31, 2020, 2021 and 2022.

Table No. (46): Current and Non-current Lease Obligations

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance as at the beginning of the period/ year	36.216	38.109	36.354	5.2 %	(4.6%)	0.2%
Additions during the period/ year	17.917	12.458	20.972	(30.5%)	68.3%	8.2 %
Financial costs during the period/ year	2.803	1.864	2.135	(33.5%)	14.5%	(12.7%)
Rental Adjustments	-	-	5.089	Not applicable	Not applicable	Not applicable
Rental Discounts	-	(3.252)	(7.960)	Not applicable	144.8%	Not applicable
Payments of lease obligations during the period/ year	(18.827)	(12.825)	(6.116)	(31.9%)	(52.3%)	(43.0%)
Balance at the end of the period/year	**38.109**	**36.354**	**50.474**	**(4.6%)**	**38.8%**	**15.1 %**
Non-current lease obligations	12.358	8.307	30.603	(32.8 %)	268.4 %	57.4%
Current Lease Obligations	25.751	28.048	19.871	8.9 %	(29.2%)	(12.2%)
Total Rental Obligations	**38.109**	**36.354**	**50.474**	**(4.6%)**	**38.8%**	**15.1 %**

Source: Management Information

The value of lease contract obligations decreased by 4.6%, or by a value of 3.3 million Saudi Riyals, from 38.1 million Saudi Riyals on March 31, 2020G to 36.4 million Saudi Riyals on March 31, 2021G, and then increased by 38.8% from 36.4 million Saudi Riyals on March 31, 2021G to 50.5 million Saudi Riyals on March 31, 2022G.

As it was previously mentioned that the financial lease obligations are mainly related to a number of stores, cars, markets and advertising sites owned by the Company and used in its daily activities. The lease periods for these contracts range from one to five years. The decrease in the balance between March 31, 2020G and March 31, 2021G was related to the amortization and the expiration of the contract period of a number of sites. The increase in the year 2022G was related to the stores that opened in commercial centers and airports.

6.7.2.3.2 Long Term Loans

The following table shows the non-current portion of long-term loans for the financial years ending on March 31, 2020, 2021 and 2022.

Table No. (47): Non-current Portion of Long-term Loans

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Current portion of long-term loans	13.611	3,203	20.378	(76.5%)	536.3 %	22.4 %
Non-current portion of long-term loans	4.462	17.143	38	284.2%	(99.8 %)	(90.7%)
Total	**18.076**	**20.345**	**20.417**	**12.6%**	**0.4 %**	**6.3%**

Source: Management Information

Long-term loans include cash and non-cash credit facilities with local and foreign banks in Saudi Riyals and UAE dirhams. These facilities have been obtained for the purpose of restructuring the Company's financial obligation and providing non-cash facilities for issuing guarantees and financing the purchase of cars.

In general, the balance of total loans gradually increased from 18.1 million Saudi Riyals as on March 31, 2020G to 20.4 million Saudi Riyals as on March 31, 2022G, after the Company obtained new loans obtained to support working capital requirements and the requirements of expansion projects.

6.7.2.3.3 Employee Benefits Obligations

The Company applies the end-of-service benefits system to its employees covered under this system. This system entitles members to receive an amount linked to the length of service and salary at the time of retirement, resignation or death. The employee benefit obligations are calculated by an actuarial expert who conducts actuarial studies in order to calculate the required balance to the employees. The studies that are conducted include a number of assumptions that change periodically.

The following table shows the employee benefit obligations for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (48): Employee Benefits Obligations

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Balance as of April 1	4.115	5.652	6.478	37.3%	14.6 %	25.5%
Current service cost	990	1.042	1.280	5.2 %	22.8 %	13.7 %
Interest cost	187	170	144	(9.4%)	(15.5%)	(12.5%)
Payments	(427)	(1.514)	(2.364)	254.8%	56.2%	135.4 %
Impact of acquiring a subsidiary	747	-	-	Not applicable	Not applicable	Not applicable
Actuarial losses	38	1.127	603	2,830.5 %	-	441.3%
Total	**5.652**	**6.478**	**6.140**	**14.6%**	**(5.2%)**	**4.2 %**

Source: Management Information

The provision for end of service increased by 14.6% or by the amount of 0.8 million Saudi Riyals from 5.7 million Saudi Riyals as on March 31, 2020G to 6.5 million Saudi Riyals as on March 31, 2021G, with a slight decrease to 6.1 million Saudi Riyals as on March 31, 2022G. The gradual movement was affected by the increase in the cost of the current service between 2020G and 2022G, given that the number of Company employees did not witness any noticeable changes between 2020G and 2022G.

6.7.2.4 Current Liabilities

The following table shows the current liabilities for the financial years ended March 31, 2020, 2021 and 2022.

Table No. (49): Current Liabilities

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Trade and other payables	85.588	91.492	93.085	6.9 %	1.7	4.3 %
Required to related parties	1.076	1.070	4.385	(0.6%)	309.8 %	101.9%
Current portion of long-term lease obligations	25.751	28,048	19.871	8.9 %	(29.2%)	(12.2%)
Current portion of long-term loans	13.611	3.203	20.378	(76.5%)	536.3 %	22.4 %
Zakat due	21.714	30.260	29.906	39.4 %	(1%)	17.4%
Total current liabilities	**147.740**	**154.072**	**167.625**	**4.3 %**	**8.8%**	**6.5%**

Source: Management Information

Current liabilities consisted mainly of trade and credit balances, which constituted 57.9%, 59.4% and 55.5% of the total current liabilities as on March 31, 2020G, 2021G and 2022G, respectively.

Current liabilities increased by 4.3% from 147.7 million Saudi Riyals as on March 31, 2020G to 154.1 million Saudi Riyals as on March 31, 2021G, with an additional increase of 8.8% from 154.1 million Saudi Riyals as on March 31, 2021G to 167.6 million Saudi Riyals as on March 31, 2021G, March 31, 2022G. The rise between March 31, 2020G and March 31, 2021 Gwas affected by the increase in the balances of trade and other credit balances, the due Zakat balance and the balance of the current portion of long-term lease obligations. On the other hand, the increase between March 31, 2021G and March 31, 2022G was mainly due to the increase in the balance of current loans after the Company obtained new loans in 2022G.

6.7.2.4.1 Trade Payables and Other Credit Balances

The following table shows trade payables and other credit balances for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (50): Trade Payables and Other Credit Balances

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	March 31, 2021G	March 31, 2022G	2020G - 2022G
Trade Payables	43.194	48.835	47.012	13.1 %	(3.7%)	4.3 %
Dividend Payable	8.809	8.809	8.809	-	-	0.0%
Accrued Expenses and Other Liabilities	33.586	33.766	37.264	0.8 %	10.4 %	5.3 %
Total	**85.588**	**91.410**	**93.085**	**6.9 %**	**1.7%**	**4.3 %**

Source: Management Information

Trade payables and other credit balances are concentrated in trade payables to the Company's suppliers, which constituted 505%, 53.4% and 505% of the total balance of trade and other credit balances as on March 31, 2020, 2021 and 2022.

The Company recorded an increase in the balance of trade and other payable balances by 6.9%, or 5.8 million Saudi Riyals, from 85.6 million Saudi Riyals on March 31, 2020G to 91.4 million Saudi Riyals on March 31, 2021G, after the balance of the trade accounts payable account increased by 13.1% between the two periods.

The balance of trade and other payable balances increased by 1.8% to 93.1 million Saudi Riyals on March 31, 2022G, after the balance of accrued expenses and other liabilities increased by 10.4% to 37.3 million Saudi Riyals as on March 31, 2022G.

Trade payable balances include amounts payable to domestic and foreign suppliers. The balance of trade payables increased from 43.2 million Saudi Riyals as on March 31, 2020G to 48.8 million Saudi Riyals on March 31, 2021G, then decreased to 47.0 million Saudi Riyals as on March 31, 2022G. At the end of 2021G, large quantities of products (books, food, etc.) were purchased to keep pace with the increase in trade after the relative recovery from the consequences of the pandemic and in preparation for the opening of shops and commercial sales centers. While the partial decrease in the balance on March 31, 2022G is due to the payments made by the Company.

Table No. (51): Aging of accounts payable as on March 2022 ,31G

Thousands of Saudi Riyals	Total	0-90	90-180	180-360	More than 360
		Days	Days	Days	Days
Total	47.012	7.201	2.399	3.961	33.451

Source: Management Information

A receivable aging analysis indicates that SAR 33.5 million (71.2% of total receivables as on March 31, 2022) has been outstanding for more than 365 days as on March 31, 2022, compared to a standard credit period of 30 to 90 days. The slow rate of repayment is due to the liquidity problems that the Company has faced in the recent period.

They represent dividends due on previous dividends that were announced before 2009, but were not collected by the previous shareholders, as there was no way at that time to transfer the dividends to the accounts of these shareholders electronically.

Accrued expenses and other liabilities include accrued salaries and benefits, provisions against legal action and other miscellaneous expenses.

Accrued expenses and other liabilities

The following table shows an item of accrued expenses and other liabilities for the financial years ended March 31, 2020, 2021 and 2022.

Table No. (52): Accrued Expenses and Other Liabilities

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	2020G Restated	2021G Restated	2022G Restated
Provisions related to lawsuits	-	5.320	5.320	-	-	-
credit loan	-	13.800	13.900	-	0.7%	-
Salaries and benefits	3.616	2.908	2.490	(19.6%)	(14.4%)	(17.0%)
Accrued expenses and other liabilities	29.969	11.580	15.117	(61.4%)	30.6%	(29.0%)
Total accrued expenses and other liabilities	**33.586**	**33.766**	**37.264**	**0.5%**	**9.6%**	**4.7%**

Source: Management Information

Accrued expenses and other liabilities include a provision for cases and claims in the amount of 5.3 million Saudi Riyals as on March 31, 2022, a provision against a final judgment against the Company in two lawsuits from one of the clients of a subsidiary Company (Thama Distribution Company). The plaintiff, during the year ending March 31, 2022G, the Company filed a petition against the judgment with the Court of Appeal, which rejected the Company's petition, and the judgment became enforceable on the Company.

It includes accrued expenses and other liabilities amounting to approximately 13.9 million Saudi Riyals as on March 31, 2022 as a debt in favor of an individual. The amount represented in the assignment of a debt right on the Company in favor of a Company owned by the former chairman of the board of directors for a good loan previously granted to the Company in previous years before September 30, 2015. During the financial year ending on March 31, 2022G, the Company's appeal against the judgment that the Company paid the amount in favor of the plaintiff was rejected and subsequently, the judgment became enforceable on the Company.

Salaries and entitlements include salaries and benefits accrued (airfare and annual holiday expenses) payable. It should be noted that the movement of these salaries and benefits does not follow a certain trend, but is affected by the timing of payment of salaries and the number of employees.

6.7.2.4.2 Due to Related Parties

The following table shows due to related parties for the financial years ending on March 31, 2020, 2021 and 2022.

Table No. (53): Due to Related Parties

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	2020G Restated	2021G Restated	2022G Restated
Tihama United Media Company	1.076	1.070	4.385	(0.6%)	309.8 %	101.9 %

Source: Management Information

The balance due to related parties includes a credit balance to Tihama New Media Company. The balance is associated with two types of transactions:

- The first type relates to the collections made on behalf of Tihama for the new advertisement and the payments granted to it.
- The second type is linked to financing payments obtained by the Company from Tihama United Media Company in order to support capital requirements and the requirements of expansion projects.

The balance will be paid in the normal course of business when the Company has liquidity.

6.7.2.4.3 Current Portion of Long-Term Lease Obligations

The following table shows the current and non-current portion of the long-term lease commitments ended as on March 31, 2020, 2021G and 2022G.

Table No. (54): Current and non-current portion of lease contract obligations

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	2020G Restated	2021G Restated	2022G Restated
Balance as at the beginning of the period/year	36.216	38.109	36.354	5.2 %	(4.6%)	0.2%
Additions during the period/ year	17.917	12.458	20.972	(30.5%)	68.3%	8.2 %
Financial costs during the period/ year	2.803	1.864	2.135	(33.5%)	14.5%	(12.7%)
Rental Adjustments	-	-	5.089	Not applicable	Not applicable	Not applicable
Rental discounts	-	(3.252)	(7.960)	Not applicable	144.8%	Not applicable
Payments of lease obligations during the period/year	(18,827)	(12.825)	(6.116)	(31.9%)	(52.3%)	(43.0%)
Balance at the end of the period/year	38.109	36.354	50.474	(4.6%)	38.8%	15.1 %
Non-current lease commitments	12.358	8.307	30.603	(32.8 %)	268.4 %	57.4%
Current Lease Obligations	25.751	28,048	19,871	8.9 %	(29.2%)	(12.2%)
Total rental obligations	**38.109**	**36.354**	**50.474**	**(4.6%)**	**38.8%**	**15.1 %**

Source: Management Information

As it was previously mentioned that the financial lease obligations are mainly related to a number of stores, cars, markets and advertising sites owned by the Company and used in its daily activities. The lease periods for these contracts range from one to five years. The decrease in the balance between March 31, 2020G and March 31, 2021G was related to the amortization and the expiry of the contract period of a number of sites. The increase in the year 2022G was related to the stores that opened in commercial centers and airports.

6.7.2.4.4 Current Portion of Long-term Loans

The following table shows the current portion of loans for the financial years ending on March 31, 2020, 2021 and 2022.

Table No. (55): Current portion of long-term loans

Thousands of Saudi Riyals	Financial year ended on March 31			Increase/ (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	2020G Restated	2021G Restated	2022G Restated
Current portion of long-term loans	13.611	3.203	20.378	(76.5%)	536.3%	22.4 %
Non-current portion of long-term loans	4,462	17.143	38	284.2%	(99.8 %)	(90.7%)
Total	**18.076**	**20.345**	**20.417**	**12.6%**	**0.4 %**	**6.3%**

Source: Management Information

The current portion of long-term loans decreased by 76.5% from 13.6 million Saudi Riyals on March 31, 2020G to 3.2 million Saudi Riyals on March 31, 2021G as a result of the repayments made by the Company. The balance of the current part of long-term loans returned and increased to 20.4 million Saudi Riyals on March 31, 2022, after the Company obtained new loans in order to support business requirements.

6.7.2.4.5 Zakat Payable

The following table shows the Zakat payable for the financial years ending on March 31, 2020, 2021 and 2022.

Table No. (56): Zakat Payable

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	2020-2022G
Zakat Payable						
Opening Balance	20.382	21.714	30.260	6.5%	39.4%	21.8%
Allocation for:						
Current Year	2.132	10.079	348	372.8%	(96.5%)	(59.6%)
Paid during the year	(525)	(1.533)	(702)	201.2%	(54.2%)	17.4%
Closing Balance	**21.714**	**30.260**	**29.906**	**39.4%**	**(1.2%)**	**17.4%**

Source: Management Information.

The Zakat payable by the Company and its subsidiaries was calculated in accordance with the regulations issued by the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia.

The Company

- The Company submitted its Zakat declarations for the financial year ended 31 December 2010G to the Zakat, Tax and Customs Authority (ZATCA).
- During the financial year ending on March 31, 2021, the Company received the adjusted Zakat assessments from the Zakat, Income and Customs Authority (ZATCA) for the years ending on March 31, 2015 until March 31, 2019. A provision for the adjusted assessment differences has been recorded in the consolidated statement of profit or loss for the financial year ending on March 31, 2021G. The Company also objected to ZATCA assessments before the General Secretariat of Zakat, Tax and Customs Committees after the Company's objection was rejected by ZATCA.
- During the year ended on March 31, 2022G, the General Secretariat of Zakat, Tax and Customs issued a decision to cancel the ZATCA decision to adjust the Company's declaration for the financial year ended on March 31, 2015G. Accordingly, the Company reversed the provision formed against the adjusted assessment for the year, which amounted to 2,096,038 Saudi Riyals. In the consolidated statement of profit or loss for the financial year ended 31 March 2022G. The Zakat, Income and Customs Authority has submitted an appeal against the decision. On 06/05/1444H (corresponding to 30/11/2022G), the General Secretariat of the Zakat, Tax and Customs Committees issued a decision rejecting the appeal submitted by the Zakat, Tax and Customs Authority against the decision, and accordingly the decision became effective in favor of the Company.
- During the year ending on March 31, 2023G, a decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees rejecting the Company's objection to the amended assessments for the years ending on March 31, 2016G until March 31, 2019G. The Company has submitted an appeal against the committee's decision for the years ending on March 31, 2016G until March 31, 2019. No decision has been issued by the General Secretariat of the Zakat, Tax and Customs Committees regarding the Company's appeal until the date of this Prospectus.
- During the financial year ending on March 31, 2022G, the Company received the adjusted Zakat assessment from the Zakat, Income and Customs Authority for the year ending on March 31, 2020G, the difference between the revised assessment and the Company's declaration is an amount of 429,609 Saudi riyals, a restricted provision against it. The Company has objected before the General Secretariat of the Zakat, Tax and Customs Committees on the items that were not accepted by the Zakat, Income and Customs Authority in the Company's objection.
- No decision has been issued by the General Secretariat of the Zakat, Tax and Customs Committees regarding the Company's objection until the date of this Prospectus. The Zakat, Tax and Customs Authority did not review the Company's submitted returns for the fiscal years ending on March 31 in 2022 and 2021G. Therefore, it is not possible to determine whether it is possible for the Zakat, Tax and Customs Authority to amend the Company's submitted declaration and assess additional zakat amounts for those years.

Substantial subsidiaries that are subject to the regulations issued by ZATCA

Tihama Modern Bookstores Company

- Tihama Modern Bookstores Company has not submitted its zakat returns since its incorporation, noting that the management of the subsidiary company has calculated allocations for zakat annually, as the value of the provision amounts to 20,942,931 Saudi Riyals as of March 31, 2022. During the financial year ending on March 31, 2021G, the Company received the zakat assessments from the Zakat, Tax and Customs Authority for the years ending on December 31, 2011G until December 31, 2019G. The total value of the differences based on the Adjusted assessments from the provision recorded in the books amounted to 3,540,123 Saudi Riyals, and a provision for which was recorded in the consolidated statement of profits or losses for the financial year ending on March 31, 2021G. The company also objected to those assessments before the General Secretariat of the Zakat, Tax and Customs Committees after the Company's objection was rejected by the Zakat, Tax and Customs Authority. During the year ending on March 31, 2022G, a decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees to reject the Company's objection to the amended assessment for the years ending on December 31 in 2017G and 2018G. The company submitted an appeal against the committee's decision, and the appeal was rejected by the General Secretariat of Zakat, Tax and Customs, and accordingly, the amended assessment shall be paid by the Company.
- A decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees to reject the Company's objection to the revised assessments for the years ending on December 31, 2011G until 2016G, and the financial year ending on December 31, 2019G. The Company has submitted an appeal against the decision before the General Secretariat of the Zakat, Tax and Customs Committees, and no decision has been issued to accept or reject the appeal until the date of this Prospectus.
- During the period ending on September 30, 2022G, the Zakat, Income and Customs Authority issued an assessment for the financial year ending on December 31, 2020G. The Company has submitted an objection to the Authority's decision before the General Secretariat of Zakat, Tax and Customs after Zakat, Income and Customs Authority rejected the Company's objection, and no decision regarding the Company's objection was issued by the General Secretariat of the Zakat, Tax and Customs Committees until the date of this Prospectus.

Tihama Distribution Company

- The Company submitted its Zakat Declarations up to the financial year ended on December 31, 2021G to ZATCA and paid the Zakat payable pursuant to its Zakat Declarations.
- During the financial year ending on March 31, 2022G, Tihama Distribution Company received the adjusted Zakat assessments from ZATCA for the year ending on December 31, 2015G. The total value of the differences based on the adjusted assessment is 357,242 Saudi Riyals, with a provision recorded in the consolidated statement of profit or loss for the financial year ending on March 31, 2021 AD. The Company also objected to the assessment before the General Secretariat of the Zakat, Tax and Customs Committees after rejecting the Company's objection by ZATCA. No decision has been issued by the General Secretariat of the Zakat, Tax and Customs Committees regarding the Company's objection until the date of this Prospectus.
- During the financial year ending on March 31, 2022G, Tihama Distribution Company received the adjusted Zakat assessment from ZATCA for the years ending on December 31, 2016G and 2017G. The total value of the differences based on the adjusted assessment is 564,653 Saudi riyals, with a provision recorded in the consolidated statement of profit or loss for the fiscal year ending on March 31, 2022G. The Company also objected to the assessment before the General Secretariat of the Zakat, Tax and Customs Committees after rejecting the Company's objection by ZATCA. A decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees to reject the company's objection to the revised assessments for the years ending on December 31, 2016G and 2017G, and the company submitted an appeal against the decision before the General Secretariat of the Zakat, Tax and Customs Committees, and no decision was issued to accept or reject the appeal until The date of this publication.

Tihama Education Company

The Company submitted the Zakat Declaration for the period from its establishment until December 31, 2021G and paid the Zakat payables according to the Zakat Declaration submitted by the Company. The Company received the Zakat certificate for the financial year ending on December 31, 2021G, and the Zakat, Income and Customs Authority did not issue any adjusted Zakat assessments for the Company as of the date of this Prospectus.

Integrated Production for Audio - Visual Media Production Company

The Company submitted the Zakat Declaration for the period from its establishment until December 31, 2021G and paid the Zakat payables according to the Zakat Declaration submitted by the Company. The Company received the Zakat Certificate for these years, and the Zakat, Income and Customs Authority did not issue any adjusted Zakat assessments for the Company as of the date of this Prospectus.

6.7.2.5 Transactions with Related Parties

The following table provides details of the Company's transactions with related parties for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (57): Transactions with Related Parties

Thousand Saudi Riyals	Nature of Relation	Nature of Transaction	Financial year ended 31 March		
			2020G Restated	2021G Restated	2022G Restated
Tihama Contemporary Media Company	Associate Company	Current Account	3.481	1.663	-
Qutrob for Media Production Company	Associate Company	Current Account	-	-	387
Tihama New Media Company	Associate Company	Current Account	-105	878	-
J. Walter Thompson MENA Company	Associate Company	Production Contracts	-	-	718
United Advertising Company	Associate Company	Current Account	481	6	3.315
Total			**4.067**	**2.548**	**4.420**

Source: Management Information.

As explained above, transactions with related parties included two types of transactions.

The first type is daily transactions in the ordinary course of business. These transactions represent payments made by the Company on behalf of related parties, or collections made by the Company also on behalf of related parties. On the other hand, the Company receives payments from related parties as a kind of financial support to support working capital requirements. This was the nature of the transactions that were conducted with Tihama Contemporary Media Company, Qutrob for Media Production Company and Tihama for New Media Company.

In addition to the above-mentioned transactions, the transactions conducted with J. Walter Thompson MENA Company are related to a number of advertising services and production films provided by the Integrated Production for Audio-Visual Media Production Company to J. Walter Thompson MENA Company.

It should be noted that the transactions conducted with related parties are not governed by concluded contracts, but rather informal correspondence within the normal course of business. Only in the case of the work submitted to J. Walter Thompson MENA Company, the transactions were based on a contract concluded with the Integrated Production for Audio-Visual Media Production Company.

6.7.2.6 Financing Structure

The following table shows the details of loans and indebtedness for the financial years ending on March 31, 2020G, 2021G and 2022G

Table No. (58): Financing Structure

Thousand Saudi Riyals	Financial year ended 31 March		
	2020G	2021G	2022G
White Door Holding Company	17,498	-	-
Saudi National Bank	-	20.345	20.222
Emirates NDB	578	-	194.0
Total	**18.076**	**20.345**	**20.415**

Source: Management Information.

The Company has cash and non-cash credit facilities with local and foreign banks in Saudi Riyals and UAE dirhams. These facilities were obtained for the purpose of restructuring the financial obligations of the Company and providing non-cash facilities for issuing guarantees and financing the purchase of cars. These facilities include financing fees in accordance with the relevant agreements. These agreements are subject to the terms and conditions of bank facilities that apply to all types of facilities offered by banks to their clients. Some of these agreements are secured against promissory notes, pledge of Company assets and other guarantees, as shown in the table below:

Table No. (59): Loan Guarantees

Thousand Saudi Riyals	Promissory Notes	Cash and Cash Equivalents	Property and Equipment
Saudi National Bank	22.000	20.000	-
Emirates NDB Company	-	-	233.0
Total	**22.000**	**20.000**	**233.0**

Source: Management Information.

6.7.2.7 Property Rights

The following table shows the property rights for the financial years ending as of March 31, 2020, 2021G and 2022G.

Table No. (60): Property Rights

Thousand Saudi Riyals	Financial years ended 31 March			Increase / (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	2020-2022G
Capital	75.000	175.000	50.000	133.3%	(71.4%)	(18.4%)
Accumulated Losses	(39.181)	(114.167)	(24.667)	191.4%	(78.4%)	(20.7%)
Reserve for Measurement of Employees Benefit Liability	(186)	(1.292)	(1.912)	595.9%	47.9%	220.8%
Reserve for translation differences in foreign currency	-	(3.042)	(2.965)	N/A	(2.5%)	N/A
Fair value change reserve	-	(1.512)	(1.512)	N/A	-	N/A
Impact of the acquisition of non-controlling interest in subsidiaries	-	(10.691)	(10.691)	N/A	-	N/A
Total shareholders' equity of the Company	**35.633**	**44.296**	**8.254**	**24.3%**	**(81.4%)**	**(51.9%)**
Non-controlling interest	(5.069)	313	(1.890)	106.2%	(801.0%)	(38.9%)
Total Equity	**30.565**	**44.609**	**6.364**	**45.9%**	**(85.7%)**	**(54.4%)**

Source: Management Information.

A. Capital

The capital witnessed an increase of 133.3% or an amount of 100.0 million Saudi Riyals from 75.0 million Saudi Riyals as on March 31, 2020G to 175 million Saudi Riyals as on March 31, 2021G as a result of the issuance of rights shares amounting to 100 million Saudi Riyals.

In February 2022, the Extraordinary General Assembly agreed to reduce the Company's capital by 125.0 million riyals by canceling 12.0 million shares in order to amortize part of the Company's accumulated losses of 125.0 million Saudi Riyals. The Company's current capital is 50.0 million Saudi Riyals, divided into 5 million shares, the value of each share is 10 Saudi Riyals.

B. Accumulated Losses

The accumulated losses increased by 191.4% from SAR 39.2 million on March 31, 2020G to SAR 114.2 million on March 31, 2021G. The increase was mainly driven by an increase in annual net losses from SAR 29.1 million in 2020G to SAR 80.3 million in 2021G. Accumulated losses decreased by 78.4% from SAR 114.2 million on March 31, 2021G to SAR 24.7 million on March 31, 2022G, after the annual loss decreased from SAR 80.3 million in 2021G to SAR 37.8 million in 2022G.

C. Reserve for Measurement of Employees Benefit Liability

The employee benefit liability measurement reserve includes the gain or loss on re-measurement of the employee benefit liability balance. The liability relating to the plan shall be recognized by a qualified actuary in accordance with IAS 19 regarding the Employee Benefits, using the 'Projected Unit Credit Method'.

D. Reserve for translation differences in foreign currency

It includes the cumulative foreign exchange differences resulting from the translation of the financial statements of foreign companies when the results of all subsidiaries of the Company are consolidated.

E. Fair Value Change Reserve

The fair value change reserve includes changes in financial assets designated at fair value through other comprehensive income. The balance remained almost constant at SAR 1.5 million between March 31, 2021G and March 31st, 2022G.

F. Impact of the acquisition of non-controlling interest in subsidiaries

It includes the impact of the acquisition of non-controlling interest in subsidiaries The balance remained almost constant at SAR 10.7 million between March 31, 2021G and March 31st, 2022G.

G. Non-controlling interest

The following table shows the non-controlling interest for the financial years ending as of March 31, 2020, 2021G and 2022G.

Table No. (61): Non-controlling interest

Thousand Saudi Riyals	Financial years ended 31 March			Increase / (Decrease)		CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	2020-2022G
Opening Balance	(1.519)	(5.069)	313	233.6%	N/A	N/A
Net change in non-controlling interest	(64)	13.559	-	N/A	N/A	N/A
Comprehensive loss share	(3.486)	(8.177)	(2.203)	134.6%	(73.1%)	(20.5%)
Closing Balance	**(5.070)**	**313**	**(1.890)**	**N/A**	**N/A**	**(38.9%)**

Source: Management Information.

Non-controlling interest is related to the non-controlling shares through the profit or loss portion. The net assets are not held by the Company and is presented separately in the consolidated statement of comprehensive income within equity in the consolidated statement of financial position and separately from shareholders' equity. Losses applicable to the minority in excess of the minority interest are distributed against the interest of the Company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. A change in the Company's interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. The balance was negative in the amount of 5.1 million Saudi Riyals as on March 31, 2020G, then turned into a positive balance of 0.3 million Saudi Riyals as on March 31, 2021G, before recording a negative balance of 1.9 million Saudi Riyals.

During the financial year ending on March 31, 2021G, the Company acquired additional shares from Tihama Education Company representing 51.0% of the Company's capital, bringing the Company's ownership percentage to 100.0% of the subsidiary's capital as on March 31, 2021G. As this transaction relates to the acquisition of an additional interest in a subsidiary Company without a change in control, it is recorded as an equity transaction, recognizing the increase in consideration over the carrying amount of the non-controlling interest.

It should be noted that during the year ending on March 31, 2019G, the Company participated in the establishment of the Integrated Production for Audio-Visual Media Production Company. During the financial year ending on March 31, 2021G, the Company acquired additional shares representing 35.0% of the capital of the Integrated Production for Audio-Visual Media Production Company. Whereas this transaction relates to the acquisition of an additional interest in a subsidiary without a change in control, it is recorded as an equity transaction, recognizing the excess of the consideration paid over the carrying amount of the non-controlling interest.

6.7.3 Statement of Cash Flows

The following table shows the Company's statement of cash flows for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (62): Statement of Cash Flows

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Net cash flows generated from operating activities	29.975	(21.157)	(18.434)	(170.6%)	(12.9%)	N/A
Net cash flows generated from investment activities	(11.143)	(14.239)	172	27.8%	(101.2%)	N/A
Net cash flows generated from financing activities	(12.078)	84.374	(8.011)	(798.6%)	(109.5%)	(18.6%)
Change in cash balances and the equivalent balances	6.755	48.979	(26.273)	625.1%	(153.6%)	N/A
Cash and cash equivalents at the beginning of the year	5.110	11.864.28	60.843	132.2%	412.8%	245.1%
Cash and cash equivalents at the end of the year	11.864	60.843	34.570	412.8%	(43.2%)	70.7%

Source: Management Information.

The balance of cash and cash equivalents increased from 11.9 million Saudi Riyals during the year 2020G to 60.8 million Saudi Riyals during the year 2021G. The aforementioned increase was affected by the movement of financing activities, as the Company recorded a positive cash flow from financing activities of 84.4 million Saudi Riyals during the year 2021G, compared to a negative cash flow of 12.1 million Saudi Riyals during the year 2020G. The negative cash flow in 2020G resulted from the payments of lease commitments. While the cash flow balance and cash equivalents decreased from 60.8 million Saudi Riyals in 2021G to 34.6 million Saudi Riyals in 2022G after recording an outflow from financing activities amounting to 8.0 million Saudi Riyals during the year 2022G.

6.7.3.1 Cash Flows Generated from Financing Activities

The following table shows the cash flow from operating activities for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (63): Statement of Cash Flows - Operating Activities

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Income of the year before Zakat	(26.988)	(70.255)	(37.371)	160.3%	(46.8%)	17.7%
Adjustment of:						
Depreciation of property, machinery and equipment	5.112	5.452	6.467	(6.7%)	(18.6%)	(12.5%)
Profits and losses on the sale of property, machinery and equipment	-	(382)	302	N/A	(178.9%)	N/A
Depreciation of the right of use	15.666	14.082	17.798	(10.1%)	(26.4%)	(6.6%)
Settlement of lease contracts of advertising sites		(3.252)	(7.960)	N/A	144.8%	N/A
Depreciation of intangible assets	1.952	106	53	(94.6%)	(49.9%)	(83.5%)
Depreciation of intangible assets	2.461	-	-	-	-	(100%)
Depreciation of real estate investments	27	158	157	480.5%	(0.3%)	140.6%
Profits from investments in a subsidiary Company	(7.041)	6.509	(8.110)	(192.4%)	(224.6%)	7.3%
Provision for expected credit losses	3.023	4.634	1.155	53.3%	(75.1%)	(38.2%)
Reverse of payables provisions	-	-	(156)	N/A	N/A	N/A
Losses on sale of subsidiaries	-	862	-	N/A	N/A	N/A
Real estate investment amortization losses	-	4.160	-	N/A	N/A	N/A

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Provisions of bad debts	1.742	-	-	N/A	N/A	N/A
Provision for expected credit losses	4.404	5.864	4.026	33.2%	(31.3%)	(4.4%)
Provision for employees' end of service liabilities	1.925	1.212	1.424	(37.0%)	17.4%	(14.0%)
Financing Cost	4.554	4.126	4.100	(9.4%)	(0.6%)	(5.1%)
Changes in operating assets and liabilities:						
Stock	307	912	(3.719)	197.1%	N/A	N/A
Trade payables and other payables	20.120	(8.949)	2.488	(144.5%)	(127.8%)	(64.8%)
Amount due from related parties	(1.660)	707	(929)	N/A	N/A	(25.2%)
Trade creditors and other credit balances	6.725	15.949	1.592	137.2%	((90.0%)	(51.3%)
Amount due for related parties	(1.128)	(6)	3.315	(99.5%)	N/A	N/A
Settled Zakat	(800)	(1.533)	(702)	91.8%	(54.2%)	(6.3%)
Payments for end of service liabilities for employees	(427)	(1.514)	(2.364)	254.8%	56.2%	135.4%
Net cash flows generated from operating activities	**29.975**	**(21.157)**	**(18.434)**	**(170.6%)**	**(12.9%)**	**N/A**

Source: Management Information.

The Company recorded a positive cash flow of 30.0 million Saudi Riyals in the year 2020G compared to a negative cash flow of 21.2 million Saudi Riyals in the year 2021G. The shift between the two years was mainly affected by the annual loss recorded by the Company, which increased from 28.5 million Saudi Riyals to 80.3 million Saudi Riyals between 2020G and 2021G.

Negative cash flow decreased from SAR 21.2 million during 2021G to negative cash flow of SAR 18.4 million in 2022G after the annual loss decreased from SAR 80.3 million to SAR 37.8 million between 2021G and 2022G.

6.7.3.2 Cash Flows Generated from Investment Activities

The following table shows the cash flow from investment activities for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (64): Statement of Cash Flows - Investment Activities

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Additions to property, plant and equipment	(7.927)	(8.864)	(3.040)	11.8%	(65.7%)	(38.1%)
Exclusions from property, plant and equipment	-	1.162	174	N/A	(85.0%)	N/A
Acquisition of non-controlling interest	(64)	(7.250)	-	N/A	N/A	N/A
Additions to investments in subsidiaries	-	-	(5)	N/A	N/A	N/A
Additions to real estate investments	(3.152)	-	-	N/A	N/A	N/A
Additions to intangible assets	-	(35)	(100)	N/A	(185.7%)	N/A
Dividends from subsidiaries	-	748	3.143	N/A	(320.2%)	N/A
Net cash flows generated (used in) investment activities	**(11.143)**	**(14.239)**	**172**	**27.8%**	**(101.2%)**	**N/A**

Source: Management Information.

The Company recorded negative cash flows from investment activities between the period between 2020G and 2021G, as these flows were associated with additions to property, plant and equipment, in addition to the acquisition of non-controlling interests. The negative cash flow associated with investment activities, amounting to 14.2 million Saudi Riyals during the year 2021G, turned into a positive cash flow of 0.2 million Saudi Riyals in the year 2022G, as a result of the

decrease in the value of additions to property, machinery and equipment, and the recording of dividends from subsidiary companies amounting to 3.1 million Saudi Riyals in the year 2022G.

6.7.3.3 Cash Flows Generated from Financing Activities

The following table shows the cash flow from financing activities for the financial years ended March 31, 2020G, 2021G and 2022G.

Table No. (65): Statement of Cash Flows - Financing Activities

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Paying off long-term loans	-	(17.730)	(3.151)	N/A	(82.2%)	N/A
Proceeds from long-term loans	8.500	20.000	3.000	(135.3%)	(85.0%)	(40.6%)
Paying off lease contracts' liabilities	(18.827)	(12.825)	(6.116)	(31.9%)	(52.3%)	(43.0%)
Proceeds from the capital increase	-	100.000	-	N/A	N/A	N/A
Capital increase costs	-	(2.808)	-	N/A	N/A	N/A
Financing Cost	(1.751)	(2.262)	(1.743)	29.2%	(22.9%)	(0.2%)
Net cash flows generated from/used in financing activities	**(12.078)**	**84.374**	**(8.011)**	**(798.6%)**	**(109.5%)**	**(18.6%)**

Source: Management Information.

The Company recorded negative cash flows from financing activities amounting to 12.1 million Saudi Riyals during the year 2020G, as these negative flows were mainly related to the payment of real estate leasing liabilities. The negative cash flow that was recorded in the year 2020G turned into a positive cash flow of 84.4 million Saudi Riyals in the year 2022G as a result of recording proceeds of 100 million Saudi Riyals from the capital increase process that was recorded in the same year.

The Company recorded a negative cash flow of 8.0 million Saudi Riyals in 2022G. The Company recorded a negative cash flow of 8.0 million Saudi Riyals in 2022G.

6.7.4 Contingent liabilities and commitments

Letters of Guarantee

The Company has letters of guarantee issued to a number of airports, Amanas and commercial centers that the Company deals with. The value of these guarantees amounted to 15.1 million Saudi Riyals as of March 31, 2022G.

Possible Legal Claims

There are some cases filed against the Company and some of the Company's subsidiaries, during the normal course of business and are currently being litigated. During the year ending March 31, 2022G, a judgment was issued in favor of the Riyadh Amana, ordering the Company to pay an amount of 1.0 million Saudi Riyals for the rental and exploitation of advertising sites (as recorded in the accounting records, a maturity of 0.5 million Saudi Riyals), and the Company submitted a request to challenge the judgment, which has not yet been decided March 31, 2022 AD.

During the year ending on March 31, 2022G, a lawsuit was filed by the General Authority for Competition, which charged the Company of violating the competition law. The lawsuit is considered before the Committee for Adjudication of Competition Law Violations, and it has not been judged until March 31, 2022G.

Potential Zakat Claims

During the year ended on March 31, 2022G, the General Secretariat of Zakat, Tax and Customs issued a decision to cancel the ZATCA decision to adjust the Company's declaration for the financial year ended on March 31, 2015G. Accordingly, the Company reversed the provision formed against the adjusted assessment for the year, which amounted to 2.1 million Saudi Riyals. In the consolidated statement of profit or loss for the financial year ended 31 March 2022G. The Zakat, Income and Customs Authority has submitted an appeal against the decision, and no decision has been issued in the appeal by the General Secretariat of the Zakat, Tax and Customs Committees until 31 March 2022G. It should be noted that during the period ending on December 31, 2022G, a decision was issued by the General Secretariat of the Zakat, Tax and Customs Committees to reject the appeal submitted by the Zakat, Tax and Customs Authority against the decision, and accordingly, the decision became effective in favor of the Company.

6.7.5 Results of operations for Tihama Holding Company (the parent Company)

6.7.5.1 Statement of Profits or Losses

The following table shows the Company's income statement for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (66): Statement of Profits or Losses

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Revenues	30.149	19.347	6.292	(35.8%)	(67.5%)	(54.3%)
Revenue Cost	(28.124)	(25.349)	(7.101)	(9.9%)	(72.0%)	(49.8%)
Gross Profit / (Loss)	**2.025**	**(6.002)**	**(809)**	**(396.4%)**	**(86.5%)**	**N/A**
Selling and marketing expenses	(5.975)	(4.879)	(2.566)	(18.3%)	(47.4%)	(34.5%)
General and administrative expenses	(16.199)	(18.871)	(19.557)	16.5%	3.6%	9.9%
Impairment losses on property and equipment	-	(4.160)	-	N/A	N/A	N/A
Other Revenues, Net	7.241	1.936	3.145	(73.3%)	62.4%	(34.1%)
Operating loss for the year	**(12.908)**	**(31.976)**	**(19.786)**	**147.7%**	**(38.1%)**	**23.8%**
Financing costs	(3.252)	(2.803)	(1.752)	(13.8%)	(37.5%)	(26.6%)
Capital increase costs	(597)	-	-	(100.0%)	N/A	(100.0%)
Loss from excluding associates	-	(862)	-	N/A	(100.0%)	N/A
Share of subsidiaries business results	(15.520)	(25.237)	(24.260)	62.6%	(3.9%)	25.0%
Share of associates business results	7.041	(6.509)	8.202	(192.4%)	(226.0%)	7.9%
Loss of the year before Zakat	**(25.236)**	**(67.386)**	**(37.596)**	**167.0%**	**(44.2%)**	**22.1%**
Zakat	(350)	(4.791)	2.096	1.269.0%	N/A	N/A
Net loss for the year	**(25.586)**	**(72.177)**	**(35.500)**	**182.1%**	**(50.8%)**	**17.8%**

Source: Management Information.

Revenues

The Company's sales are linked to billboard rentals. The Company's revenues decreased by 35.8% from 30.1 million Saudi Riyals in 2020G to 19.3 million Saudi Riyals in 2021G. Then the revenue decreased by 67.5% from 19.3 million Saudi Riyals in 2021G to 6.3 million Saudi Riyals in 2022G. The rental sites and the sites where advertising banners are placed are usually done through bids offered by the directorates and municipalities. Entering into these bids usually requires high-value deposits and payments that need to be settled in order to become a potential competitor. Given the Company's tight cash position, a large number of contracts expired without renewal due to the lack of cash needed to apply for renewal.

Revenue Cost

The cost of revenue consists mainly of renting billboard sites. The Company's revenues decreased by 9.9% from 28.1 million Saudi Riyals in 2020G to 25.3 million Saudi Riyals in 2021G. Then the decrease continued in 72.0% from SAR 25.3 million in 2021G to SAR 7.1 million in 2022G. The decrease was in line with the decrease in the Company's revenues.

Gross Profit

The Company's performance decreased significantly between 2020G and 2021G, and the total profit of 2.0 million Saudi Riyals turned into a total loss of 6.0 million Saudi Riyals. This is mainly due to a decrease in revenues from SAR 30.1 million to SAR 19.3 million between the two years due to the loss of major customers. Despite the additional decrease in revenues to SAR 6.3 million in 2022G, the Company's profitability improved during the year and the total loss decreased to SAR 0.8 million while the gross loss margin decreased to 12.9%. This is mainly due to the significant decrease in cost of revenue from SAR 25.3 million in 2021G to SAR 7.1 million in 2022G.

Selling and Marketing Expenses

Selling and marketing expenses consist of employee salaries and benefits, advertising and sales commissions. Selling and marketing expenses decreased by 18.3% from 5.9 million Saudi Riyals in 2020G to 4.8 million Saudi Riyals in 2021G. This decrease is mainly due to the decrease in the salaries and benefits of employees, commissions for advertising, sales and travel expenses. Then the operating expenses continued to decrease by 47.4% from 4.8 million Saudi Riyals in 2021G to 2.6 million Saudi Riyals in 2022G as a result of the decrease in employee salaries and benefits, professional fees and consultancy.

General & Administrative Expenses

General and administrative expenses consist of salaries, employee benefits, professional fees and consultancy. General and administrative expenses increased by 16.5% from SAR 16.2 million in 2020G to SAR 19.0 million in 2021G. This increase is mainly due to an increase in fees and professional consultancies. The general and administrative expenses continued to increase by 3.6%, from 19.0 million Saudi Riyals in 2021G to 19.6 million Saudi Riyals in 2022G. As a result of the increase in employee salaries and benefits, professional fees and consultancy.

Financing Cost

Financing costs are mainly related to lease finance charges. Financing expenses decreased by 13.8% from 3.3 million Saudi Riyals in 2020G to 2.8 million Saudi Riyals in 2021G. This decrease was mainly due to lower rental costs. The financing costs continued to decrease by 37.5% from 2.8 million Saudi Riyals in 2021G to 1.8 million Saudi Riyals in 2022G as a result of the decrease in bank costs and rental costs.

Impairment Losses on Property and Equipment

Impairment losses in the value of property and equipment relate to losses recorded of 0.7 million Saudi Riyals and 3.5 million Saudi Riyals in 2021G, to reflect the decrease in the value of work in progress and unused assets as well as branding plates that are used in projects executed in Riyadh.

Capital Increase Costs

The cost of the capital increase amounted to 0.6 Saudi Riyals in 2020G, and it mainly included the legal and advisory expenses that were incurred during the process of preparing for the capital increase process in the year 2020G.

Loss from Excluding Associates

The Company was excluded from its shares in "Thama Contemporary Media Company" for an amount of SAR 0.5 million. The loss on disposal of shares in the associate Company amounted to SAR 0.9 in 2021G.

Other Revenues

Other income consists of the settlement of lease contracts. Other income decreased by 73.3% from SAR 7.2 million in 2020G to SAR 1.9 million in 2021G. This decrease is due to an increase in other expenses. Other income increased by 62.4% from SAR 1.9 million in 2021G to SAR 3.1 million in 2022G as a result of the increase in contract settlement revenues.

Share of Subsidiaries Business Results

The share consists of the results of the operations of subsidiaries of the United Advertising Company and Walter Thompson MENA Company. The share of loss from the business results of subsidiaries increased by 62.6% from 15.5 million Saudi Riyals in 2020G to 25.2 million Saudi Riyals in 2021G. This increase is due to an increase in the value of the share owned in the United Advertising Company. Then the share value resulting from the operations of subsidiaries decreased by 3.9% from SAR 25.2 million in 2021G to SAR 24.3 million in 2022G as a result of the decrease in the value of the share owned in J. Walter Thomson MENA Company.

Share of Associates Business Results

The share resulting from the operations of associate companies is related to the share owned by the Tihama Education Company and the Integrated Production for Audio-Visual Media Production Company. The share value resulting from the operations of associate companies decreased by 192.4% from 7.0 million Saudi Riyals in 2020G to 6.5 million Saudi Riyals in 2021G. This decrease is due to the decrease in the share value owned by Tihama Education Company and the Integrated Production for Audio-Visual Media Production Company. Then the share value of the results of the operations of associate companies increased by 226% from 6.5 million Saudi Riyals in 2021G to 8.2 million Saudi Riyals in 2022G. This was resulting from the increase in the share value in Tihama Distribution Company and Tihama Modern Bookstores Company.

Other Revenues

Other income mainly comprises lease settlement income. Other income decreased by 73.3% from SAR 7.2 million in 2020G to SAR 1.9 million in 2021G. Then, the other revenues increased by 62.4% from 1.9 million Saudi Riyals in 2021G to 3.1 million Saudi Riyals in 2022G. These revenues fluctuate in the normal course of business and do not follow a particular trend.

Zakat

Zakat expenses increased by 1.3% from 0.4 million Saudi Riyals in 2020G to 4.8 million Saudi Riyals in 2021G. While Zakat expense was converted into deferred Zakat income of 2.1 million Saudi Riyals in 2022G.

Net Revenue for the year

The Company recorded an increase in net loss for the year by 182.1% from losses of SAR 25.6 million in 2020G to losses of SAR 0.1 million in 2021G. The increase in net loss was mainly due to lower revenues. Then, the net losses for the year increased by 50.8% from losses of 0.1 million Saudi Riyals in 2021G to losses of 35.5 million Saudi Riyals in 2022G, and this was due to the continued decrease in revenues.

6.7.5.2 Statement of Financial Position

The following table shows the list of Tihama Holding Company's financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (67): Statement of Financial Position

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Assets						
Non-Current Assets						
Property and Equipment, Net	14.933	9.261	1.437	(38.0%)	(84.5%)	(69.0%)
Right to use assets, net	19.928	8.377	5.560	(58.0%)	(33.6%)	(47.2%)
Investments in associate companies	44.286	31.656	36.792	(28.5%)	16.2%	(8.9%)
Investments in subsidiaries	4.826	(16.368)	(40.757)	(439.0%)	149.0%	N/A
Intangible assets, net	159	53	0	(66.6%)	(100.0%)	(99.6%)
Total Non-Current Assets	**84.132**	**32.979**	**3.031**	**(60.8%)**	**(90.8%)**	**(81.0%)**
Current Assets						
Trade payables and other payables, net	58.688	72.050	93.427	22.8%	29.7%	26.2%
Cash and Cash Equivalents	1.590	53.355	24.087	3.254.9%	(54.9%)	289.2%
Total Current Assets	**60.278**	**125.405**	**117.514**	**108.0%**	**(6.3%)**	**39.6%**
Total Assets	**144.410**	**158.385**	**120.546**	**9.7%**	**(23.9%)**	**(8.6%)**
Equity and Liabilities						
Equity						
Capital	75.000	175.000	50.000	133.3%	(71.4%)	(18.4%)
Statutory Reserve	-	-	-	N/A	N/A	N/A
Fair Value Change Reserve	-	(1.512)	(1.512)	N/A	-	N/A
Reserve for Measurement of Employees Benefit Liability	(186)	(1.292)	(1.912)	595.9%	47.9%	220.8%
Reserve for translation differences in foreign currency	-	(3.042)	(2.965)	N/A	(2.5%)	N/A
Impact of the acquisition of equity in subsidiaries	-	(10.691)	(10.691)	N/A	(0.0%)	N/A

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Accumulated Losses	(39.181)	(114.167)	(24.667)	191.4%	(78.4%)	(20.7%)
Total Equity	**35.633**	**44.296**	**8.254**	**24.3%**	**(81.4%)**	**(51.9%)**
Non-current liabilities						
Long term lease liabilities	6.888	3.571	1.817	(48.2%)	(49.2%)	(48.6%)
Long-term loans	3.671	17.000	-	363.0%	(100.0%)	(100.0%)
employee benefits liability	3.284	3.595	3.109	9.5%	(13.5%)	(2.7%)
Total non-current liabilities	**13.842**	**24.166**	**4.926**	**74.6%**	**(79.6%)**	**(40.3%)**
Current Liabilities						
Trade creditors and other credit balances	60.062	70.495	70.802	17.4%	0.4%	8.6%
Short-term lease liabilities	17.183	6.748	9.008	(60.7%)	33.5%	(27.6%)
Current portion of long-term lease liabilities	12.348	3.000	20.222	(75.7%)	574.1%	28.0%
Zakat Payable	5.342	9.680	7.334	81.2%	(24.2%)	17.2%
Total Current Liabilities	**94.935**	**89.923**	**107.366**	**(5.3%)**	**19.4%**	**6.3%**
Total Liabilities	**108.777**	**114.089**	**112.292**	**4.9%**	**(1.6%)**	**1.6%**
Total equity and liabilities	**144.410**	**158.385**	**120.546**	**9.7%**	**(23.9%)**	**(8.6%)**

Source: Management Information.

Assets

Non-Current Assets:

Non-current assets consist mainly of investments in associates, the right of use assets, property and equipment. Non-current assets decreased by 60.8% or a value of SAR 51.2 million from SAR 84.1 million as on March 31, 2020G to SAR 33.1 million as on March 31, 2021G due to the decrease in the value of investments in subsidiaries from SAR 4.8 million as on March 31, 2020G to negative 16.4 million Saudi Riyals as on March 31, 2021, which resulted from the accumulated losses of those subsidiaries. The non-current assets decreased by 90.8% or by a value of 29.9 million Saudi Riyals to 3.0 million Saudi Riyals as on March 31, 2022, as a result of the increase in aggregate losses in subsidiaries.

Current Assets:

Current assets consist of trade and other receivables, cash and cas equivalents. Current assets increased by 108.0% or by 65.1 million Saudi Riyals from 60.3 million Saudi Riyals as on March 31, 2020G to 125.4 million Saudi Riyals as on March 31, 2021G mainly due to an increase in cash and cash equivalents from 1.6 million Saudi Riyals as on March 31, 2020G to 53.4 million Saudi Riyals as on March 31, 2021G. Then, current assets decreased by 6.3% or by a value of 7.9 million Saudi Riyals to 117.5 million Saudi Riyals as on March 31, 2022G as a result of a decrease in the balance of cash and cash equivalents to 24.1 million Saudi Riyals as on March 31, 2022G.

Equity:

The Company recorded an increase in the value of equity by 24.3% or by a value of 8.7 million Saudi Riyals from 35.6 million Saudi Riyals as on March 31, 2020G to 44.3 million Saudi Riyals as on March 31, 2021G. These losses were related to an increase in accumulated losses from 39.2 million Saudi Riyals in the year 2020G to 114.2 million Saudi Riyals in 2021G. The value of shareholders' equity decreased by 81.4% or by a value of 36.0 million Saudi Riyals to 8.3 million Saudi Riyals as on March 31, as a result of the decrease in the capital.

Liabilities:

Non-current Liabilities

Non-current liabilities consist of long-term lease liabilities, long-term loans and employee benefit liabilities. Non-current liabilities increased by 74.6% or amounting to 10.3 million Saudi Riyals from 13.8 million Saudi Riyals as on March 31, 2020G to 24.2 million Saudi Riyals as on March 31, 2021G as a result of an increase in the value of long-term loans from 3.7 million Saudi Riyals as on March 31, 2020G to 17.0 million Saudi Riyals as on March 31, 2021G. Then, it decreased by 79.6% or by a value of 19.2 million Saudi Riyals to 4.9 million Saudi Riyals as on March 31, 2022G as a result of the repayment of long-term loans.

Current Liabilities:

Current liabilities mainly consist of trade and other payables. The current liabilities decreased by 5.3% or by SAR 5.0 million from SAR 94.9 million as on March 31, 2020G to SAR 89.9 million as on March 31, 2021G due to a decrease in short-term lease liabilities. Then, the current liabilities increased by 19.4%, or by 17.4, to 107.4 million Saudi Riyals as on March 31, 2022, as a result of the increase in the current portion of long-term lease liabilities from 3.0 million Saudi Riyals as on March 31, 2021G to 20.3 million Saudi Riyals as on March 31, 2022G.

6.7.6 Results of operations for Integrated Production for Audio -Visual Media Production Company (Subsidiary)

6.7.6.1 Statement of Profits or Losses

The following table shows the statement of profits and losses for Integrated Production for Audio -Visual Media Production Company for the financial years ending on March 31, 2020, 2021G and 2022G.

Table No. (68): Statement of Profits or Losses

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Revenues	20.761	27.145	23.884	30.7%	(12.0%)	7.3%
Revenue Cost	(13.130)	(25.336)	(26.895)	93.0%	6.2%	43.1%
Gross Profit / (Loss)	**7.631**	**1.809**	**(3.011)**	**(76.3%)**	**(266.5%)**	**N/A**
Selling and Marketing Expenses	(5.336)	(3.401)	(3.404)	(36.3%)	0.1%	(20.1%)
General & Administrative Expenses	-	(472)	(660)	N/A	39.9%	-
Operating profit/(loss) for the year	**2.295**	**(2.065)**	**(7.076)**	**(190.0%)**	**242.7%**	**N/A**
Financing costs	(57)	(101)	(69)	76.6%	(31.4%)	10.1%
Other Revenues, Net	0	79	(12)	N/A	(115.8%)	N/A
Share of income in associates	-	-	(93)	N/A	N/A	N/A
Profit/(Loss) of the year before Zakat	**2.238**	**(2.086)**	**(7.250)**	**(193.2%)**	**247.5%**	**N/A**
Zakat	(116)	(67)	(70)	(42. 3%)	4.9%	(22.2%)
Net profit/loss for the year	**2.122**	**(2.153)**	**(7.320)**	**N/A**	**240.0%**	**N/A**

Source: Management Information.

Integrated Production for Audio -Visual Media Production is a Company engaged in the production of visual content in T.V. programmes, series, films, commercials, promotional films and visual materials for use in social media.

Revenues

The Company's revenues are mainly related to revenues from advertising activities, which include commercial products that include commercial campaigns implemented for customers, i.e. advertisements broadcast on social media platforms and T.V. channels, as well as products related to commercial series and documentaries. The Integrated Production for Audio -Visual Media products are classified between commercial products and high-quality products. The revenues of Integrated Production for Audio -Visual Media Production increased by 30.7% from 20.8 million Saudi Riyals in 2020G to 27.1 million Saudi Riyals in 2021G. The increase was focused on raising the revenues obtained from a number of high-value projects that were implemented for a number of ministries and T.V. channels. Revenues decreased by 12.0% to 23.9 million Saudi Riyals in 2022G. It was due to the decrease in the number of executed contracts, due to the lack of the required budget.

Revenue Cost

The cost of revenue consists mainly of production costs and advertising content. The cost of revenue for the Integrated Production for Audio -Visual Media Production Company increased by 93.0% from 13.1 million Saudi Riyals in 2020G to 25.3 million Saudi Riyals in 2021G, with an additional increase of 6.3% to 26.9 million Saudi Riyals in 2022G. The increase was affected by the high costs incurred on the mega projects implemented for a number of ministries and channels. It should be noted that the costs incurred on these projects exceeded the original estimates.

Gross Profit / (Loss)

The total profit recorded by the Integrated Production for Audio -Visual Media Production Company decreased by 76.3% from 7.6 million Saudi Riyals in 2020G to 1.8 million Saudi Riyals in 2021G, with a recorded loss of 3.0 million Saudi Riyals in 2022G. The indicated profit decrease and loss were affected by the higher costs incurred.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 36.3% from 5.3 million Saudi Riyals in 2020G to 3.4 million Saudi Riyals in 2021G. There were no significant differences in the selling and marketing expenses between 2021G and 2022G.

General & Administrative Expenses

The revenues of Integrated Production for Audio -Visual Media Production recorded minor general and administrative Expenses of 0.5 million Saudi Riyals in 2021G and 0.7 million Saudi Riyals in 2022G. These expenses mainly included the salaries and benefits of the administrative staff.

Financing costs

Financing costs increased by 76.6% from SAR 57 thousand in 2020G to SAR 101 thousand in 2021G. Financing costs recorded a decrease of 31.4% from 101 thousand Saudi Riyals in 2021G to 69 thousand Saudi Riyals in 2022G.

Other Revenues

The Integrated Production for Audio -Visual Media Production Company any other revenues in 2020G. Integrated Production for Audio -Visual Media Production recorded a decrease in other revenues by 115.8% from 79 thousand Saudi Riyals in 2021G to a loss of 12 thousand Saudi Riyals in 2022G. Other revenues/expenses include miscellaneous expenses and revenues that are not related to the Integrated Production for Audio -Visual Media Production Company's main audiovisual production operations.

Share of income in associates

The Integrated Production for Audio -Visual Media Production Company recorded an income share in the associate companies of 93 thousand Saudi Riyals in 2022G.

Zakat

Zakat base is calculated based on the integrated production Company's understanding of the Zakat regulations in force in the Kingdom of Saudi Arabia. Zakat regulations in Saudi Arabia are subject to varying interpretations. The assessments issued by Zakat Authority may differ from the declarations submitted by the Integrated Production for Audio -Visual Media Production Company. The Zakat expenses recorded by the Integrated Production for Audio -Visual Media Production Company decreased by 42.3% from 116 thousand Saudi Riyals in 2020G to 67 thousand Saudi Riyals in 2021G, and the

mentioned decrease was in line with the decrease in operating profit for the year between the two years. Then, the Integrated Production for Audio -Visual Media Production Company recorded an increase in Zakat by 4.9% from 67 thousand Saudi Riyals in 2021G to 70 thousand Saudi Riyals in 2022G.

Net profit/loss for the year

The net profit of the Integrated Production for Audio -Visual Media Production Company shifted from a profit of 2.1 million Saudi Riyals in 2020G to a net loss of 2.2 million Saudi Riyals in 2021G. The decline was mainly affected by the increase in the cost of revenue between the two mentioned years. Then, the net loss for the year increased by 24.0% from losses of SAR 2.2 million in 2021G to SAR 7.3 million in 2022G. The increase in the net losses was mainly affected by lower revenue and higher cost of revenue between the two mentioned years.

6.7.6.2 Statement of Financial Position

The following table shows the statement of financial position for Integrated Production for Audio -Visual Media Production Company for the financial years ending as on March 31, 2020G, 2021G and 2022G.

Table No. (69): Summary Statement of Financial Position

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Assets						
Non-Current Assets						
Property and Equipment, Net	533	766	715	43.7%	(6.6%)	15.9%
Right to use assets, net	429	253	17	(40.9%)	(93.2%)	(80.0%)
Intangible assets, net	-	35	135	N/A	285.7%	N/A
Total Non-Current Assets	**961**	**1.054**	**867**	**9.7%**	**(17.7%)**	**(5.0%)**
Current Assets						
Trade payables and other payables, net	4.027	10.309	9.164	156.0%	(11.1%)	50.9%
Cash and Cash Equivalents	332	5.051	661	1.422.9%	(86.9%)	41.2%
Total Current Assets	**4.358**	**15.360**	**9.826**	**252.4%**	**(36.0%)**	**50.1%**
Total Assets	**5.320**	**16.414**	**10.693**	**208.6%**	**(34.9%)**	**41.8%**
Equity and Liabilities						
Equity						
Capital	10	10	10	-	-	-
Statutory Reserve	-	3	3	N/A	-	-
Reserve for Measurement of Employees Benefit Liability	8	(60)	(5)	(839.6%)	(91.2%)	N/A
Accumulated Profit/(loss)	2.122	(34)	(7.354)	N/A	21.550.6%	N/A
Total Equity	**2.140**	**(81)**	**(7.346)**	**(103.8%)**	**8.953.0%**	**N/A**
Non-current Liabilities						
Long term lease liabilities	188	-	-	(100.0%)	N/A	N/A
employee benefits liability	146	276	329	88.9%	19.2%	50.0%
Total non-current liabilities	**335**	**276**	**329**	**(17.4%)**	**19.2%**	**(0.8%)**
Current Liabilities						
Trade creditors and other credit balances	2.494	15.915	17.640	538.2%	10.8%	166.0%
Short-term lease liabilities	235	237	-	(0.6%)	(100.0%)	(100.0%)
Zakat Payable	116	67	70	(42). 4%)	4.9%	(22.2%)
Total Current Liabilities	**2.845**	**16.219**	**17.710**	**470.1%**	**9.2%**	**149.5%**
Total Liabilities	**3.180**	**16.495**	**18.039**	**418.8%**	**9.4%**	**138.2%**
Total equity and liabilities	**5.320**	**16.414**	**10.693**	**208.6%**	**(34.9%)**	**41.8%**

Source: Management Information.

Assets

Non-Current Assets:

Non-current assets consist mainly of right of using assets, property and equipment. Non-current Assets increased by 9.7% or amounting to 0.1 million Saudi Riyals from 1.0 million Saudi Riyals as on March 31, 2020G to 1.1 million Saudi Riyals as on March 31, 2021G as a result of an increase of the property and Equipment from 0.5 million Saudi Riyals as on March 31, 2020G to 0.8 million Saudi Riyals as on March 31, 2021G. Then, the non-current assets decreased by 17.7% or by 0.2 million Saudi Riyals to 0.9 million Saudi Riyals as on March 31, 2022G as a result of the decrease in the right to use assets from 0.3 million Saudi Riyals as on March 31, 2021G to 17 thousand Saudi Riyals as on March 31, 2022G.

Current Assets:

Current assets consist of trade and other net receivables, cash and cash equivalents. Current assets increased by 252.4% or with a value of 11.0 million Saudi Riyals from 4.4 million Saudi Riyals as on March 31, 2020G to 15.4 million Saudi Riyals as on March 31, 2021G as a result of an increase in trade and other receivables from SAR 4.0 million on March 31, 2020G to 10.3 million Saudi Riyals as on March 31, 2021G. This increase is mainly due to the increase in revenues from the Integrated Production for Audio -Visual Media Production Company during the same period. Then, current assets decreased by 36.0% or by a value of 5.5 million Saudi Riyals to 9.8 million Saudi Riyals as on March 31, 2022G as a result of a decrease in the balance of cash and cash equivalents from 5.1 million Saudi Riyals on March 31, 2021G to 0.7 million Saudi Riyals as on March 31, 2022G.

Equity and Liabilities:

Equity:

Equity decreased by 103.8% or by a value of 2.2 million Saudi Riyals from 2.1 million Saudi Riyals as on March 31, 2020G to (81) thousand Saudi Riyals as on March 31, 2021G as a result of a decrease in retained earnings from 2.1 million Saudi Riyals on March 31, 2020G to losses of 34,000 Saudi Riyals as on March 31, 2021G. This increase is mainly due to the shift in the net profit of the Integrated Production for Audio -Visual Media Production Company from a profit of 2.1 million Saudi Riyals in 2020 to a net loss of 2.2 million Saudi Riyals in 2021. Then, equity decreased by 7.2 million Saudi Riyals to (7.3) million Saudi Riyals as on March 31, 2022G, as a result of the high losses incurred in 2022G.

Non-current Liabilities:

Non-current liabilities consist of long-term lease liabilities and employee benefit liabilities. Non-current liabilities decreased by 17.4% or by SAR 0.1 million from SAR 0.3 million as on March 31, 2020G to SAR 0.2 million as on March 31, 2021G due to the decrease in long-term lease liabilities to zero as on March 31, 2021G. Then, the non-current liabilities increased by 19.2% or by a value of 53 thousand Saudi Riyals to 0.3 million Saudi Riyals as on March 31, 2022G as a result of the increase in employee benefits liabilities to 0.3 million Saudi Riyals as on March 31, 2022G.

Current Liabilities:

Current liabilities mainly consist of trade and other payables. Current Liabilities increased by 470.1% or with a value of 13.4 million Saudi Riyals from 2.9 million Saudi Riyals as on March 31, 2020G to 16.2 million Saudi Riyals as on March 31, 2021G as a result of an increase in trade and other receivables from SAR 4.0 million on March 31, 2020G to 10.3 million Saudi Riyals as on March 31, 2021G. This increase is mainly due to the increase in revenues from the Integrated Production for Audio -Visual Media Production Company during the same period. Then, current liabilities increased by 9.4%, or by 1.5 million Saudi Riyals, to 16.2 million Saudi Riyals as on March 31, 2022, as a result of the increase in trade and other receivables to 17.6 million Saudi Riyals as on March 31, 2022. This increase is mainly due to the increase in revenues from the Integrated Production for Audio -Visual Media Production Company during the same period.

6.7.7 Results of Operations for Tihama Distribution Company (Subsidiary Company)

6.7.7.1 Statement of Profits or Losses

The following table shows the statement of Tihama Distribution Company's financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (70): Statement of Profits or Losses

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Revenues	28.336	27.691	23.027	(2.3%)	(16.8%)	(9.9%)
Revenue Cost	(19.405)	(18.372)	(15.610)	(5.3%)	(15.0%)	(10.3%)
Gross Profit	**8.931**	**9.318**	**7.417**	**4.3%**	**(20.4%)**	**(8.9%)**
Selling and Marketing Expenses	(4.846)	(4.181)	(3.737)	(13.7%)	(10.6%)	(12.2%)
General & Administrative Expenses	(2.805)	(3.578)	(5.838)	(27.6%)	63.2%	44.3%
Profit/ Operating loss for the year	**1.280**	**1.559**	**(2.158)**	**21.8%**	**(238.4%)**	**N/A**
Financing costs	(50)	(159)	(49)	215.8%	(69.3%)	(1.5%)
Impairment losses of intangible assets	(2.461)	-	-	(100.0%)	N/A	(100.0%)
Provisions for Lawsuits and Claims	-	(5.320)	-	N/A	N/A	N/A
Other Revenues, Net	423	626	173	48.1%	(72.4%)	(36.0%)
Loss of the year before Zakat	**(808)**	**(3.293)**	**(2.034)**	**307.6%**	**(38.2%)**	**58.6**
Zakat	(489)	(857)	(922)	75.4%	7.5%	37.4%
Net loss for the year	**(1.297)**	**(4.151)**	**(2.956)**	**220.1%**	**(28.8%)**	**51.0%**

Source: Management Information.

Tihama Distribution Company is a Company that operates the exclusive distribution of Houghton Mifflin Harcourt "HMH" products to a number of schools in the Kingdom of Saudi Arabia. Tihama develops its range of products "In Learning".

Revenues

Distribution revenue is mainly related to educational materials (mainly American curriculum books applied in international schools in Saudi Arabia). Furthermore, distribution revenue also includes subscriptions and fees paid for accessing Company-sponsored educational portals. Tihama Distribution Company's revenues decreased by 2.3% from SAR 28.3 million in 2020G to SAR 27.7 million in 2021G. The main reason for the decrease in revenues was the decrease in the volume and number of products related to the educational activities carried out by Tihama Distribution Company. Then, the revenue decrease continued by 16.8% from 27.7 million Saudi Riyals in 2021 to 23.0 million Saudi Riyals in 2022G. The management of Tihama Distribution Company attributed this decrease to the loss of a number of major customers due to the increasing competition faced by Tihama Distribution Company.

Revenue Cost

The Tihama Distribution Company's revenues decreased by 5.3% from 19.4 million Saudi Riyals in 2020G to 18.4 million Saudi Riyals in 2021G. Then the revenue cost decrease continued in 15.0% from SAR 18.4 million in 2021G to SAR 15.6 million in 2022G. This decrease was in line with the decrease in sales volume during the years 2021G and 2022G.

Gross Profit

The gross profit recorded by Tihama Distribution Company increased by 4.3% from SAR 8.9 million in 2020G to SAR 9.3 million in 2021G. This increase was due to the decrease in the cost of revenues that exceeded the decrease in revenues between the two years. The Tihama Distribution Company's gross profit decreased by 20.4% from 9.3 million Saudi Riyals in 2021G to 7.4 million Saudi Riyals in 2022G. It was due to the lower revenue after losing a number of large customers.

Selling and Marketing Expenses

Selling and marketing expenses consist of employee salaries and benefits, leases, advertising and sales commissions. Operating expenses decreased by 13.7% from SAR 4.8 million in 2020G to SAR 4.2 million in 2021G. This decrease is mainly due to the decrease in the salaries and benefits of employees, marketing, events and transportation expenses. Then, selling and marketing expenses continued to decrease by 10.6% from 4.2 million Saudi Riyals in 2021 to 3.7 million Saudi Riyals in 2022G as a result of the decrease in employee salaries and benefits and the decrease in rent.

General & Administrative Expenses

General and Administrative Expenses consist of employee salaries and benefits and provision for inventory movement. General and administrative expenses increased by 27.6% from SAR 2.8 million in 2020G to SAR 3.6 million in 2021G. This increase is mainly due to the increase in the salaries and benefits of the employees, as well as the fees and professional consultancies. The general and administrative expenses continued to increase by 63.2%, from 3.6 million Saudi Riyals in 2021G to 5.8 million Saudi Riyals in 2022G due to the decrease in the fees and professional advice and the provision for the movement of inventory.

Financing costs

Financing expenses increased by 215.8% from 0.1 million Saudi Riyals in 2020G to 0.2 million Saudi Riyals in 2021G. Then, the financing costs recorded a decrease of 69.3% from 0.2 million SAR in 2021G to 49,000 SAR in 2022G.

Impairment Losses of Intangible Assets

The value of impairment losses on intangible assets is related to the "WHSmith" royalty fees. The losses in the depreciation of intangible assets represent 2.5 Saudi Riyals in 2020G.

Provisions for Lawsuits and Claims

A provision for lawsuits and claims amounting to 5.3 Saudi Riyals was recorded in 2021G for a number of lawsuits that were filed against the Company.

Other Revenues

Other income increased by 48.1% from SAR 0.4 million in 2020G to SAR 0.6 million in 2021G. Then, the other revenues decreased by 72.4% from 0.6 million Saudi Riyals in 2021G to 0.2 million Saudi Riyals in 2022G.

Zakat

Zakat increased by 75.4% from 0.5 million Saudi Riyals in 2020G to 0.9 million Saudi Riyals in 2021G. This continued to increase by 7.5% from 0.9 million Saudi Riyals in 2021G to 0.9 million Saudi Riyals in 2022G.

Net Revenue for the year

Tihama Distribution Company recorded an increase in net loss for the year by 220.1% from losses of SAR 1.3 million in 2020G to losses of SAR 4.2 million in 2021G. The increase in net loss was mainly due to lower revenues. Then, the net losses for the year decreased by 28.8% from losses of 4.2 million Saudi Riyals in 2021G to losses of 3.0 million Saudi Riyals in 2022G, and this was due to the continued decrease in revenues.

6.7.7.2 Statement of Financial Position

The following table shows the list of Tihama Distribution Company's financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (71): Statement of Financial Position

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Assets						
Non-Current Assets						
Property and Equipment, Net	15	38	141	152.5%	269.2%	205.3%
Investments in associates using the equity method	1.190	428	428	(64.0%)	-	(40.0%)
Total Non-Current Assets	**1.205**	**467**	**569**	**(61.3%)**	**22.0%**	**(31.3%)**
Current Assets						
Stock, Net	22.578	22.332	23.141	(1.1%)	3.6%	1.2%
Trade payables and other payables, net	6.315	8.852	4.831	40.2%	(45.4%)	(12.5%)
Cash and Cash Equivalents	219	219	525	(0.2%)	139.6%	54.7%
Total Current Assets	**29.113**	**31.403**	**28.496**	**7.9%**	**(9.3%)**	**(1.1%)**
Total Assets	**30.317**	**31.870**	**29.066**	**5.1%**	**(8.8%)**	**(2.1%)**
Equity and Liabilities						
Equity						
Capital	3.500	3.500	3.500	-	-	-
Reserve for Measurement of Employees Benefit Liability	164	60	(54)	(63.5%)	(190.8%)	N/A
Fair Value Change Reserve	-	(761)	(761)	N/A	N/A	N/A
Statutory Reserve	1.750	1.750	1.750	-	-	-
Accumulated Profit/(loss)	5.303	1.152	(1.804)	(78.3%)	(256.6%)	N/A
Total Equity	**10.717**	**5.700**	**2.631**	**(46.8%)**	**(53.9%)**	**(50.5%)**
Non-current Liabilities						
Long-term lease liabilities	519	-	-	N/A	N/A	N/A
employee benefits liability	403	672	659	66.6%	(1.9%)	27.9%
Total non-current liabilities	**923**	**672**	**659**	**(27.2%)**	**(1.9%)**	**(15.5%)**
Current Liabilities						
Trade creditors and other credit balances	17.060	24.533	24.238	43.8%	(1.2%)	19.2%
Current portion of long-term lease liabilities	1.075	-	-	(100.0%)	N/A	(100.0%)
Zakat Payable	542	965	1.538	78.0%	59.4%	68.4%
Total Current Liabilities	**18.677**	**25.497**	**25.776**	**36.5%**	**1.1%**	**17.5%**
Total Liabilities	**19.600**	**26.170**	**26.435**	**33.5%**	**1.0%**	**16.1%**
Total equity and liabilities	**30.317**	**31.870**	**29.066**	**5.1%**	**(8.8%)**	**(2.1%)**

Source: Management Information.

Non-Current Assets:

Non-current assets consist mainly of investments in associates, using the equity method, property and equipment. Non-current assets decreased by 61.3% or by a value of 0.7 million Saudi Riyals from 1.2 million Saudi Riyals as of March 31, 2020G to 0.5 million Saudi Riyals as on March 31, 2021G. It was due to the decrease in investments in associates using the equity method, from 1.2 million Saudi Riyals as on March 31, 2020G to 0.4 million Saudi Riyals as on March 31, 2021G. Then, the non-current assets increased by 22.0% or by a value of 0.1 million Saudi Riyals from 0.5 million Saudi Riyals as on March 31, 2021G to 0.6 million Saudi Riyals as in 2022G as a result of an increase in the property and equipment. Net from 38.0 thousand Saudi Riyals as on March 31, 2021G to 0.1 million Saudi Riyals as on March 31, 2022G.

Current Assets:

Current assets consist of inventory, trade and other receivables, cash and cash equivalents. Current assets increased by 7.9% or by a value of 2.3 million Saudi Riyals from 29.1 million Saudi Riyals as on March 31, 2020G to 31.4 million Saudi Riyals as on March 31, 2021G as a result of an increase in trade and other receivables from 63 million Saudi Riyals as on March 31, 2020 to 8.9 million Saudi Riyals on March 31, 2021, then, the current assets decreased by 9.3%, or 2.9 million Saudi Riyals from 31.4 million Saudi Riyals as on March 31, 2021G to 28.5 million Saudi Riyals as on March 31, 2022G as a result of a decrease in trade and other receivables, with a net value from 8.9 million Saudi Riyals as on March 31, 2021G to 4.8 million Saudi Riyals as on March 31, 2022G.

Equity:

Equity decreased by 46.8% or by a value of SAR 5.0 million from SAR 10.7 million as on March 31, 2020G to SAR 5.7 million as on March 31, 2021G as a result of a decrease in profits from SAR 5.3 million as on March 31, 2020G to SAR 1.2 million as on March 31, 2021G, and continued to decrease by 53.9%, or 3.1 million Saudi Riyals, from 5.7 million Saudi Riyals in 2021G to 2.6 million Saudi Riyals as in 2022G. It was due to the decrease in accumulated profits from 1.2 million Saudi Riyals as on March 31, 2021G to losses of 1.8 million Saudi Riyals as on March 31, 2022G.

Non-current Liabilities:

Non-current liabilities consist of long-term lease and employee benefit obligations. Non-current liabilities decreased by 27.2% or by an amount of SAR 0.2 million from SAR 0.9 million as on March 31, 2020G to SAR 0.7 million as on March 31, 2021G as a result of an increase in employee benefits obligations from SAR 0.4 million as on March 31, 2020G to 0.7 One million Saudi Riyals as on March 31, 2021G. Then, the non-current liabilities stabilized at SR 0.7 million between March 31, 2021G and March 31, 2022G.

Current Liabilities:

Current liabilities consist of trade and credit balances, the current portion of long-term lease liabilities and Zakat payable. The current liabilities increased by 36.5% or by a value of 6.8 million Saudi Riyals from 18.7 million Saudi Riyals as on March 31, 2020G to 25.5 million Saudi Riyals as on March 31, 2021G as a result of an increase in trade and other credit balances from SAR 17.1 million as on March 31, 2020G to 24.5 million Saudi Riyals as on March 31, 2021G. Then, the current liabilities increased by 1.1%, or 0.3 million Saudi Riyals, from 25.5 million Saudi Riyals as on March 31, 2021G to 25.8 million Saudi Riyals as on March 31, 2022G. It was due to the increase in the payable Zakat from 1.0 million Saudi Riyals as on March 31, 2021G to losses of 1.5 million Saudi Riyals as on March 31, 2022G.

6.7.8 Results of Operations for Aventus Global Trading Company (Subsidiary Company)

6.7.8.1 Statement of Profits or Losses

The following table shows the list of profits or losses for Aventus Global Trading Company for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (72): Statement of Profits or Losses

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Revenues	16.651	6.082	13.610	(63.5%)	123.8%	(9.6%)
Revenue Cost	(9.355)	(3.414)	(6.962)	(63.5%)	103.9%	(13.7%)
Gross Profit	**7.296**	**2.667**	**6.648**	**(63.4%)**	**149.3%**	**(4.5%)**
Selling and Marketing Expenses	(10.585)	(12.011)	(15.149)	13.5%	26.1%	19.6%
Operating loss for the year	**(3.289)**	**(9.344)**	**(8.501)**	**184.1%**	**(9.0%)**	**60.8%**
Financing Costs	(687)	(536)	(786)	(22.0%)	46.8%	7.0%
Other Revenues	164	2.840	3.383	1.632.1%	19.1%	354.3%
Loss of the year before Zakat	**(3.812)**	**(7.040)**	**(5.904)**	**84.7%**	**(16.1%)**	**24.5%**
Zakat	-	-	-	N/A	N/A	N/A
Net loss for the year	**(3.812)**	**(7.040)**	**(5.904)**	**84.7%**	**(16.1%)**	**24.5%**

Source: Management Information.

Aventus Global Trading Company operates a number of branches in Dubai and Abu Dhabi for selling books, magazines, newspapers, entertainment products, desserts and accessories. The Company has the franchise to use the 'WH Smith' trademark in the UAE.

The revenues of Aventus Global Trading decreased by 63.5% from 16.7 million Saudi Riyals in 2020G to 6.1 million Saudi Riyals in 2021G due to the decrease in revenues recorded by the vast majority of products during the COVID-19 pandemic and the lock-down in the wake of the epidemic control. Then, revenues increasedby 123.8% from 6.1 million Saudi Riyals in 2021 to 13.6 million Saudi Riyals in 2022G after resumption of work and aviation activities during the COVID-19 pandemic.

The Aventus Global Trading Company's revenues decreased by 63.5% from 9.4 million Saudi Riyals in 2020G to 3.4 million Saudi Riyals in 2021G. Then, the sales cost increased by 103.9% from 3.4 million Saudi Riyals in 2021G to 7.0 million Saudi Riyals in 2022G. The movement of the cost of sales came in line with the movement of revenues of Aventus Global Trading Company during the period between 2021G and 2022G.

The Aventus Global Trading Company's gross profit decreased by 63.4% from 7.3 million Saudi Riyals in 2020G to 2.7 million Saudi Riyals in 2021G. The decrease in gross profit was mainly related to the decrease in revenues. Then, the total profit of Aventus Global Trading increased by 149.3% from 2.7 million Saudi Riyals in 2021G to 6.6 million Saudi Riyals in 2022G, and this was mainly due to the increase in revenues.

Selling and marketing expenses consist mainly of employee benefits and salaries and right-of-use assets. Selling and marketing expenses increased by 13.5% from 10.6 million Saudi Riyals in 2020G to 12.0 million Saudi Riyals in 2021G. This increase is mainly due to the increase in the depreciation of the right to use assets. The selling and marketing expenses continued to increase by 26.1% from 12.0 million SAR in 2021G to 15.1 million SAR in 2022G as a result of an increase in the right to use assets by 62.2%.

Finance costs consist of bank charges and expenses associated with assets acquired through finance leases. Financing costs decreased by 22.0% from 0.7 million Saudi Riyals in 2020G to 0.5 million Saudi Riyals in 2021G. This decrease was mainly due to a decrease in finance lease expenses by 30.2%. Financing costs recorded an increase of 46.8% from 0.5 million Saudi Riyals in 2021G to 0.8 million Saudi Riyals in 2022G after the increase in both finance lease contracts and banking expenses.

Other income consists of currency exchange and miscellaneous income. Other income increased by 1632.1% from SAR 0.2 million in 2020G to SAR 2.8 million in 2021G. This increase is due to the increase in miscellaneous revenues. This increase continued by 19.1% from SAR 2.8 million in 2021G to SAR 3.4 million in 2022G as a result of the increase in miscellaneous revenues.

Aventus Global Trading Company recorded an increase in net loss for the year by 84.7% from losses of SAR 3.8 million in 2020G to losses of SAR 7.0 million in 2021G. The increase in net loss was affected by the decrease in revenues for the year. Then, the net losses for the year decreased by 16.1% from losses of 7.0 million Saudi Riyals in 2021G to losses of 5.9 million Saudi Riyals in 2022G, and this was due to the increase revenues of the year.

6.7.8.2 Statement of Financial Position

The following table shows the statement of Aventus Global Trading Company's financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (73): Statement of Financial Position

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Assets						
Non-Current Assets						
Right to use assets, net	5.910	6.627	6.033	12.1%	(9.0%)	1.0%
Property and Equipment, Net	3.756	4.936	4.343	31.4%	(12.0%)	7.5%
Total Non-Current Assets	**9.665**	**11.563**	**10.376**	**19.6%**	**(10.3%)**	**3.6%**
Current Assets						
Stock, Net	2.247	1.375	1.461	(38.8%)	6.3%	(19.4%)
Trade payables and other payables, net	2.528	1.865	1.423	(26.2%)	(23.7%)	(25.0%)
Cash and Cash Equivalents	1.542	1.769	3.484	14.8%	96.9%	50.3%
Total Current Assets	**6.317**	**5.009**	**6.368**	**(20.7%)**	**27.1%**	**0.4%**
Total Assets	**15.982**	**16.572**	**16.744**	**3.7%**	**1.0%**	**2.4%**
Equity and Liabilities						
Equity and Liabilities						
Capital	616	616	616	-	-	-
Statutory Reserve	308	308	308	-	-	-
Reserve for Measurement of Employees Benefit Liability	139	98	(17)	(29.0%)	(117.7%)	N/A
Accumulated Losses	(3.213)	(10.252)	(16.156)	219.1%	57.6%	124.3%
Total Equity	**(2.149)**	**(9.229)**	**(15.249)**	**329.4%**	**65.2%**	**166.4%**
Non-current Liabilities						
Long term lease liabilities	1.403	2.449	3.135	74.5%	28.0%	49.5%
Long-term loans	390	143	38	(63.4%)	(73.0%)	(68.6%)
employee benefits liability	628	662	876	5.4%	32.5%	18.1%
Total non-current liabilities	**2.421**	**3.253**	**4.050**	**34.4%**	**24.5%**	**29.3%**
Current Liabilities						
Trade creditors and other credit balances	12.145	17.339	22.377	42.8%	29.1%	35.7%
Current portion of long-term lease liabilities	3.378	5.006	5.410	48.2%	8.1%	26.6%
Current portion of long-term lease liabilities	188	203	156	7.9%	(23.0%)	(8.8%)
Total Current Liabilities	**15.711**	**22.548**	**27.942**	**43.5%**	**23.9%**	**33.4%**
Total Liabilities	**18.131**	**25.801**	**31.993**	**42.3%**	**24.0%**	**32.8%**
Total Liabilities & Equity	**15.982**	**16.572**	**16.744**	**3.7%**	**1.0%**	**2.4%**

Source: Management Information.

Assets

Non-Current Assets:

Non-current assets consist mainly of right of using assets, property and equipment. Non-current Assets increased by 19.6% or amounting to 1.9 million Saudi Riyals from 9.7 million Saudi Riyals as on March 31, 2020G to 11.6 million Saudi Riyals as on March 31, 2021G as a result of an increasing value of the property and Equipment from 3.8 million Saudi Riyals as on March 31, 2020G to 4.9 million Saudi Riyals as on March 31, 2021G. Then, the non-current assets decreased by 10.3%, or by a value of 1.2 million Saudi Riyals, from 11.6 million Saudi Riyals as on March 31, 2021G to 10.4 million Saudi Riyals as on March 31, 2022G, as a result of the decrease in the right to use assets, property and equipment.

Current Assets:

Current assets consist of inventory, trade and other receivables, cash and cash equivalents. Current assets decreased by 20.7% or by 1.3 million Saudi Riyals from 6.3 million Saudi Riyals as on March 31, 2020G to 5.0 million Saudi Riyals as on March 31, 2021G mainly due to an decrease in stock from 2.2 million Saudi Riyals as on March 31, 2020G to 1.4 million Saudi Riyals as on March 31, 2021G. Current assets increased by 27.1% or by 1.4 million Saudi Riyals from 5.0 million Saudi Riyals as on March 31, 2021G to 6.4 million Saudi Riyals as on March 31, 2022G mainly due to an increase in cash and cash equivalents from 1.8 million Saudi Riyals as on March 31, 2021G to 3.5 million Saudi Riyals as on March 31, 2022G.

Equity:

Aventus Global Trading Company recorded an increase in the negative balance of equity by 329.4% or by a value of 7.1 million Saudi Riyals from 2.1 million Saudi Riyals as on March 31, 2020G to 9.2 million Saudi Riyals as on March 31, 2021G. These losses were related to an increase in accumulated losses from 3.2 million Saudi Riyals in the year 2020G to 10.3 million Saudi Riyals in 2021G. This negative balance continued to increase by 65.2%, or by an amount of SAR 6.0 million, from SAR 9.2 million as on March 31, 2021G to SAR 15.2 million as on March 31, 2022G, mainly due to the increase in accumulated losses from SAR 10.2 million in 2021G to 16.2 million Million Saudi Riyals in 2022G.

Liabilities:

Non-current Liabilities

Non-current liabilities consist of long-term lease liabilities, employee benefit liabilities and long-term loans. Non-current liabilities increased by 34.4% or amounting to 0.8 million Saudi Riyals from 2.4 million Saudi Riyals as on March 31, 2020G to 3.2 million Saudi Riyals as on March 31, 2021G as a result of an increase in the long-term lease liabilities from 1.4 million Saudi Riyals as on March 31, 2020G to 2.4 million Saudi Riyals as on March 31, 2021G. It continued to increase by 24.5% or by an amount of 0.9 million Saudi Riyals from 3.2 million Saudi Riyals as on March 31, 2021G to 4.1 million Saudi Riyals as on March 31, 2022G as a result of the increase in long-term lease liabilities from 2.4 million Saudi Riyals as on March 31, 2021G to 3.1 million One million Saudi Riyals as on March 31, 2022G.

Current Liabilities:

Current liabilities consist of trade and other payables, the current portion of long-term lease liabilities and the current portion of long-term loans. Current liabilities increased by 43.5% or by a value of 6.8 million Saudi Riyals from 15.7 million Saudi Riyals as on March 31, 2020G to 22.5 million Saudi Riyals as on March 31, 2021G due to an increase in trade and other credit balances from 12.1 million Saudi Riyals as on March 31, 2020G to 17.3 million Saudi Riyals as on March 31, 2021G. It continued to increase by 23.9% or by an amount of 5.4 million Saudi Riyals from 22.5 million Saudi Riyals as on March 31, 2021G to 27.9 million Saudi Riyals as on March 31, 2022G as a result of an increase in trade and other credit balances from 17.3 million Saudi Riyals as on March 31, 2021G To 22.4 million Saudi Riyals as on March 31, 2022G.

6.7.9 Results of Operations for Tihama Education Company (Subsidiary Company)

6.7.9.1 Statement of Profits or Losses

The following table shows the statement of Tihama Education Company's financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (74): Statement of Profits or Losses

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Revenues	9.478	3.940	23.227	(58.4%)	489.5%	56.5%
Revenue Cost	(6.064)	(1.285)	(11.313)	(78.8%)	780.6%	36.6%
Gross Profit	**3.414**	**2.656**	**11.914**	**(22.2%)**	**348.6%**	**86.8%**
Selling and Marketing Expenses	(6.716)	(10.490)	(19.657)	56.2%	87.4%	71.1%
General & Administrative Expenses	(4.651)	(301)	(363)	(93.5%)	20.8%	(72.1%)
Other Revenues, Net	1.703	320	3.648	(81.2%)	1.041.5%	46.4%
Operating loss for the year	**(6.251)**	**(7.815)**	**(4.459)**	**25.0%**	**(42.9%)**	**(15.5%)**
Financing Costs	(115)	(122)	(1.427)	6.4%	1.064.7%	252.0%
Share of Subsidiaries Business Results	(3.812)	(7.040)	(5.904)	84.7%	(16.1%)	24.5%
Loss of the year before Zakat	**(10.177)**	**(14.977)**	**(11.789)**	**47.2%**	**(21.3%)**	**7.6%**
Zakat	-	-	-	N/A	N/A	N/A
Net loss for the year	**(10.177)**	**(14.977)**	**(11.789)**	**47.2%**	**(21.3%)**	**7.6%**

Source: Management Information.

Revenues

Tihama Education Company operates a number of stores across the Kingdom of Saudi Arabia where the products of coffee, snacks, sweets, soft drinks, ice cream, tobacco products, lottery tickets, over-the-counter medicines, hygiene items, and newspapers and magazines are sold. Tihama Education Company's revenues fluctuated during the period between 2020 and 2022. Its revenues decreased from 9.5 million Saudi Riyals in 2020G to 3.9 million Saudi Riyals in 2021G due to the failure to achieve revenues by some stores such as "Anas, Nakheel and Salsa" due to the expiration of their lease contracts in 2021G, which were not renewed later as Tihama Education Company avoided bearing high rental costs during the outbreak of the COVID-19 epidemic. It is worth mentioning that a number of Tihama Education stores are operated at airports and the performance of these stores has been significantly affected by the COVID-19 pandemic. While the revenues of the Tihama Education Company increased to reach 32.3 million Saudi Riyals during the year 2022G, as commercial activities recovered after lifting the COVID-19 precautionary measures and opening the new sales centers.

The Tihama Education Company's revenues decreased by from 6.1 million Saudi Riyals in 2020G to 1.3 million Saudi Riyals in 2021G. While the cost of revenues increased to reach 11.3 million Saudi Riyals in 2022G. The movement of the cost of revenues was in line with the fluctuations recorded in the revenues of Tihama Education Company during the period from 2020G to 2022G.

Gross Profit

The profitability associated with Tihama Education Company improved from 36.0% in 2020G to 67.4% in 2021G, as this increase resulted mainly from the "SIP" store and Jeddah stores. While the Company's profitability decreased from 67.4% in 2021G to 51.3% in 2022G due to the decrease in profitability associated with the "SIP" store. The Company's stores operate primarily in malls, streets and airports where products are sold at a higher price with better profit margins. The recovery of commercial activities in shopping centers and the resumption of flights after the end of the Corona epidemic contributed to improving profitability between 2020 and 2021. While the decrease in profitability during 2022G was associated with the deterioration of profitability in SIP, which decreased from 78.1 in 2021G to 69.0 in 2022G.

Selling and Marketing Expenses

Selling and marketing expenses consist of employee salaries and benefits, advertising and sales. Selling and marketing expenses increased by 56.2% from 6.7 million Saudi Riyals in 2020G to 10.5 million Saudi Riyals in 2021G. Then it continued to increase to reach 19.7 million Saudi Riyals in 2022.

General & Administrative Expenses

General and administrative expenses consist of salaries and employee benefits. General and administrative expenses decreased by 93.5% from SAR 4.7 million in 2020G to SAR 0.3 million in 2021G. Then it stabilized at 0.3 million Saudi Riyals in 2022G.

Other Revenues

Other revenues decreased by 81.2% from SAR 1.7 million in 2020G to SAR 0.3 million in 2021G. While other revenues once again increased to reach 3.6 million Saudi Riyals in 2022G.

Financing Cost

Financing costs did not witness any significant movements between 2020G to 2021G, reaching 0.1 million Saudi Riyals. Then it amounted 1.4 million Saudi Riyals in 2022G.

Net Revenue for the year

Tihama Education Company recorded an increase in net loss for the year by 47.2% from losses of SAR 10.2 million in 2020G to losses of SAR 15.0 million in 2021G. While the net loss for the year decreased by 21.3% to reach 11.8 million Saudi Riyals in 2022G.

Statement of Financial Position

The following table shows the list of Tihama Education Company's financial position for the financial years ending on March 31, 2020G, 2021G and 2022G.

Table No. (75): Statement of Financial Position

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Assets						
Non-Current Assets						
Property and Equipment, Net	3.095	5.663	6.003	83.0%	6.0%	39.3%
Right to use assets, net	4.098	13.768	28.970	236.0%	110.4%	165.9%
Investments in subsidiaries	(2.149)	(9.229)	(15.249)	329.4%	65.2%	166.4%
Real estate investments	3.125	2.967	2.809	(5.1%)	(5.3%)	(5.2%)
Total Non-Current Assets	**8.168**	**13.169**	**22.534**	**61.2%**	**71.1%**	**66.1%**
Current Assets						
Stock	2.609	927	2.367	(64.5%)	155.4%	(4.7%)
Trade payables and other payables, net	11.782	27.458	30.915	133.1%	12.6%	62.0%
Cash and Cash Equivalents	2.839	284	3.670	(90.0%)	1.193.4%	13.7%
Total Current Assets	**17.230**	**28.668**	**36.953**	**66.4%**	**28.9%**	**46.4%**
Total Assets	**25.398**	**41.837**	**59.487**	**64.7%**	**42.2%**	**53.0%**
Equity and Liabilities						
Equity						
Capital	200	200	200	-	-	-
Reserve for Measurement of Employees Benefit Liability	114	31	109	(73.2%)	255.6%	(2.4%)
Accumulated Losses	(13.622)	(8.861)	(20.650)	(35.0%)	133.1%	23.1%

Thousand Saudi Riyals	Financial year ended 31 March			Increase / (Decrease)		2020-2022G CAGR
	2020G Restated	2021G Restated	2022G Restated	31 March 2021G	31 March 2022G	
Total Equity	**(13.308)**	**(8.630)**	**(20.341)**	**(35.1%)**	**135.7%**	**23.6%**
Non-current Liabilities						
Long term lease liabilities	1.249	-	25.651	N/A	N/A	353.2%
employee benefits liability	227	758	924	233.4%	22.0%	101.7%
Total non-current liabilities	**1.476**	**758**	**26.575**	**(48.7%)**	**3.407.3%**	**324.3%**
Current Liabilities						
Trade creditors and other credit balances	34.564	35.390	47.799	2.4%	35.1%	17.6%
Short-term lease liabilities	2.665	14.320	5.454	437.4%	(61.9%)	43.1%
Total Current Liabilities	**37.229**	**49.709**	**53.252**	**33.5%**	**7.1%**	**19.6%**
Total Liabilities	**38.705**	**50.467**	**79.828**	**30.4%**	**58.2%**	**43.6%**
Total equity and liabilities	**25.398**	**41.837**	**59.487**	**64.7%**	**42.2%**	**53.0%**

Source: Management Information.

Assets

Non-Current Assets:

Non-current assets consist mainly of property, equipment and right-of-use assets. Non-current assets increased by 61.2% from SAR 8.2 million as on March 31, 2020G to SAR 13.2 million as on March 31, 2021G as a result of an increase in the right of using assets from SAR 4.1 million as on March 31, 2020G to SAR 13.8 million as on March 31 March 2021G. Then, the non-current assets increased by 71.1% to reach a value of 22.5 million Saudi Riyals as on March 31, 2022G.

Current Assets:

Current Assets mainly consist of trade and other payables. Current assets increased by 66.4% from SAR 17.2 million as on March 31, 2020G to SAR 28.7 million as on March 31, 2021G due to an increase in the balance of trade and other receivables from SAR 11.8 million as on March 31, 2020G to SAR 27.5 million as on March 31, 2021G. Then, the current assets increased again by 28.9% to reach 37.0 million Saudi Riyals as on March 31, 2022G due to an increase in trade and other receivables by 3.5 million Saudi Riyals in addition to an increase in cash and cash equivalents by 3.4 million Saudi Riyals on March 31, 2022G.

Equity and Liabilities:

Equity:

The Company recorded negative equity during the period between 2020 and 2022G due to accumulated losses, which increased from 13.3 million Saudi Riyals in 2020 to 20.3 million Saudi Riyals in 2022G.

Liabilities:

Non-current Liabilities

Non-current liabilities mainly consist of long-term lease liabilities. The non-current liabilities did not witness a significant movement from the period between 2020G and 2021G. While it witnessed a significant increase to reach 25.7 million Saudi Riyals as on March 31, 2022G.

Current Liabilities:

Current liabilities mainly consist of trade and other payables. Current liabilities increased by 33.5% from SAR 37.2 million as on March 31, 2020G to SAR 49.7 million as on March 31, 2021G as a result of an increase in short-term lease liabilities from SAR 2.7 million in 2020G to SAR 14.3 million in 2021G. The current liabilities increased by 7.1% to reach 53.3 million Saudi Riyals as on March 31, 2022G as a result of the increase in trade and other payable balances from 35.4 million Saudi Riyals as on March 31, 2021G to 47.8 million Saudi Riyals as on March 31, 2022G.

7

Use of Offering Proceeds

7.1 Net Offering Proceeds

The total offering proceeds of the priority rights is three hundred and fifty million (350,000,000) Saudi riyals, of which twenty-six million nine hundred and eighty-five thousand (26,985,00013,000,000) Saudi Riyals which shall be used to cover all expenses of the Offering. This includes the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Legal Advisors, as well marketing, printing, and distribution fees, and other costs and expenses related to the Offering. The net Offering proceeds amounting to approximately SAR three hundred twenty-three million fifteen thousand (323,015,000) shall be distributed as follows:

1. Supporting the working capital in the amount of (12,850,000) Saudi Riyals: A portion of the Proceeds will be directed to support the working capital of the Company, which contributes to enhancing the operating cash flows and improving the financial solvency of the Company.
2. Investments and acquisitions of shares and partnerships with a value of (154,000,000) Saudi riyals: As part of the implementation of the company's new strategy, the company seeks to exploit the growth opportunities in the various sectors of education, whether through real estate investment in educational facilities or companies that provide education services, in addition to the retail and media sectors, through acquisitions or entering into partnerships in these sectors in order to achieve a return Rewarding investment and maximizing the value of the company's investment portfolio. The following are the details of the investment and acquisition sectors that the company intends to enter into:

Table No. (76): Details of investments and acquisitions that the Company intends to enter into:

The Sector	Investment amount in million Saudi riyals
Real estate investments in the educational facilities sector	40,000
Investments in the education sector	40,000
Investments in the retail sector	34,000
Investments in the media content sector	40,000
Total	**154,000**

3. Expansion and restructuring the Company's retail sector with a value of (33,584,000) Saudi Riyals: The Company seeks to complete the expansion operations in the retail sector started during the year 2020. The Company has the privilege to use the "WH Smith" brand, one of the most important brands for airport shop operators worldwide, by opening new retail branches to sell books and entertainment products, desserts, accessories and foodstuffs in the Kingdom's airports and benefit from the growth of health sector operations through the opening of a number of branches in health facilities and hospitals. In addition, the Company seeks to benefit from the development in the tourism sector within the vision program, where the Company intends to open a number of branches in hotels, and a number of branches in the library sector.

Table No. (77): Details of the amounts used in the expansion and restructuring of the retail sector at the Company:

Statement	Investment amount in million Saudi riyals
Opening new retail branches to sell books, entertainment products, desserts, accessories and foodstuffs at the Kingdom's airports, health facilities, hospitals and hotels, and a limited number of branches in the library sector	17,344
Settling Tihama Modern Bookstores Company's payables to Zakat, Income and Customs Authority.	16,240
Total	**33,584**

4. Expansion in the education sector with a value of (15,968,000) Saudi Riyals: The Company intends to expand the education sector and distribute and develop educational materials through the development of educational materials in the private education sector and schools that offer the British curriculum. This will contribute to the expansion of the Company's client base and the target sectors in the private schools and educational facilities that offer the British curriculum and the development of educational programs in

cooperation with publishers in non-core subjects. In addition, the Company seeks to develop and enhance the current operations of the sector, which are largely based on schools that offer the American curriculum. It will be fulfilled by focusing on increasing the Company's market share from the main customers in the sector. This will contribute to the development and increase of the Company's revenues and market share in the Educational sector, which is witnessing significant growth at the present time and future.

5. Expansion in the production sector with a value of (7,991,000) Saudi Riyals: The Company seeks to establish a new Company in the production sector with special equipment for filming and producing media materials, which contributes to creating new sources of revenue growth and achieving a return on investment for shareholders by serving companies operating in the production sector. In addition, the Company aims to reduce the Company's production cost, in addition to enhancing the working capital of the production sector and financing sector projects in the Company.
6. Expanding and Enhancing the advertising network with an amount of (17,453,000) Saudi Riyals: The Company seeks to strengthen its position in the street advertising sector, where the Company will expand the network of advertising sites by adding new billboards in the Eastern Province, in addition to maintaining the current advertising sites in the Eastern Province by bidding to renew the existing sites. The Company will be able to provide a larger network to its customers and ensure a greater operational capacity, which will reflect positively on the development of the sector's revenues.
7. Payment of dues pursuant to final judicial rulings in the amount of (28,449,491) Saudi riyals: The company intends to use part of the proceeds to pay the liabilities under final, non-appealable judicial rulings, which are dues in favor of the Riyadh Municipality, clients of Tihama Distribution Company (a subsidiary company) and a debt in favor of an individual for transferring a right to a debt, some of which were requested to be executed by the Execution Court. The following table shows the details of the final court rulings related to the payables:

Table No. (78): Details of final court judgments dues that will be paid

Authority	Due Amount	Payable Amount
Abdullah bin Abdul Mohsen bin Abdan	13,906,443	11,284,029
Riyadh Amana	12,825,745	12,825,745
Tayyeb Al-Asayel Plastic Production Company	1,871,743	1,518,778
Muhannad Muhammad Al-Muhawlis	3,448,186	2,820,939
Total	**32,052,117**	**28,449,491**

Source: The Company

8. Settlement of payables for financing creditors with an amount of (20,912,000) Saudi riyals: A portion of the proceeds will be directed to the payment of the funds that company obtained from the Saudi National Bank. The following table shows details of the liabilities to be settled to the financing bodies:

Table No. (79): Details of liabilities for the financing entities

Authority	Due Amount
Saudi National Bank	20,912,000
Total	**20,912,000**

Source: The Company

9. Payment of obligations owed to government agencies in the amount of (31,808,000) Saudi Riyals: Part of the proceeds will be directed to the settlement of due payments to government agencies related to the rental of advertising sites, in addition to some dues to the Zakat, Tax and Customs Authority. The following table shows the obligations due to government agencies:

Table No. (80): Obligations due to government agencies

Authority	Due Amount
Zakat, Tax and Customs Authority	9,619,000
Jeddah Amanah	6,474,000
Eastern Province Amanah	6,969,000
Holy Makkah Municipality	800,000
Madinah Regional Municipality	293,000
Ministry of Transport	7,653,000
Total	**31,808,000**

Source: The Company

The Company will also disclose to the public on the website of the Saudi Stock Exchange (Tadawul) when there is a difference of (5%) or more between the actual use of the Proceeds of the Offering versus what was disclosed in this Prospectus as soon as the Company becomes aware of this.

7.2 Use of Offering Proceeds:

The following table shows the expected Use of the Offering Proceeds:

Table No. (81): The expected Use of the Offering Proceeds:

Thousand Saudi Riyals	2022G	2023G				2024G				2025G				2026G				Total
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Working Capital Support	2,570	2,570	2,570	2,570	2,570	-	-	-	-	-	-	-	-	-	-	-	-	12,850
Investments, acquisitions and partnerships	-	40,000	40,000	-	-	34,000	40,000	-	-	-	-	-	-	-	-	-	-	154,000
Expansion and restructuring of the Company's retail segment	4,226	12,166	756	756	756	6,108	756	756	756	1,006	756	756	756	1,006	756	756	756	33,584
Expansion of the education sector	-	11,818	4,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,968
Expansion of the production sector	1,277	6,714	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,991
Expansion & Enhancement of AD network	5,401	3,546	-	-	-	3,057	-	-	-	2,854	-	-	-	2,595	-	-	-	17,453
Payment of dues under final court rulings	28,449	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,449
Payment of liabilities to financing entities	20,912	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,912
Payment of outstanding liabilities to government agencies	31,808	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,808
Offering Costs	26,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,985
Total	**121,628**	**76,814**	**47,476**	**3,326**	**3,326**	**43,165**	**40,756**	**756**	**756**	**3,860**	**756**	**756**	**756**	**3,601**	**756**	**756**	**756**	**350,000**

Source: The Company

It is worth mentioning that the above-mentioned projects will be financed exclusively from the Offering Proceeds.

8

Expert Statements

The written consent has been obtained from the Financial Advisor, Legal Advisor, Underwriter and Lead Manager and the Bookrunner to the publication of and reference to their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Prospectus. The written consent of the Company's-chartered accountants was also obtained to include their names and logos in the form contained in this Prospectus. These approvals have not been withdrawn as on the date of this Prospectus, and none of the above-mentioned, their employees or their relatives have any shares or any interest in the Company and its subsidiaries of any kind.

9

Declarations

As of the date of this Prospectus, the Board of Directors members declare that:

- There has been no interruption in the Company's business that may significantly affect or have affected its financial position during the last (12) months. Except as a result of the sale by Aventus Global Trading Company of a group of assets and the transfer of liabilities related to the business operations of Aventus Global Trading (for more details please see Section (10.2.1) "**Subsidiaries**").
- No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company within the three years immediately preceding the date application for the registration and offer of securities in connection with the issue or offer of any securities.
- Except as stated in Section (6) "**Financial Information and Management Discussion and Analysis**" in connection with the reduction of the Company's share capital, there has been no material adverse change in the Company's financial or trading position during the three years immediately preceding the date of filing the application for registration and Offering the securities that are subject of this Prospectus, in addition to the period covered by the Auditor's report until the date of approval of this Prospectus.
- Neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Company or any of its subsidiaries.
- The Company did not maintain treasury shares, and the extraordinary general assembly of the Company did not approve the purchase of the Company's shares.

10

Legal Information

10.1 Company Incorporation

10.1.1 Overview

Tihama Advertising, Public Relations and Marketing Company is a joint stock Company incorporated under the laws and regulations of the Kingdom of Saudi Arabia and pursuant to Ministerial Resolution No. (1397) issued on 06/29/1403 AH (corresponding to 04/13/1983H), with Commercial Registration No. (4030008889) dated 03/04/1395H Corresponding to 04/15/1975G) issued by Jeddah Governorate. The Commercial Register is valid until 29/05/1444H (corresponding to 23/12/2022G). The head office of the Company is located in Riyadh, Muhammadiyah District, King Fahd Road, Al-Oula Building, Fourth Floor, PO Box 4681 Riyadh 11412, Kingdom of Saudi Arabia. The head office was transferred from Jeddah to Riyadh after the approval of the Extraordinary General Assembly on 15/01/1438H (corresponding to 16/10/2016G) to transfer the Company's branch in Riyadh which is enrolled under the Commercial Register No. (1010016722) dated 08/07/1398H (corresponding to 13/06/1978G) to the Company's head office.

In the early beginning, the Company was established on 03/04/1395H (corresponding to 14/04/1975G) as a limited liability Company with a capital of two million two hundred and forty-five thousand (2,245,000) Saudi Riyals. Then it was transformed into a Saudi joint stock Company under Ministerial Resolution No. (1397) dated 29/06/1403H (corresponding to 13/04/1983G).

The Company's current capital is fifty million (50,000,000) Saudi Riyals, divided into five million (5,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid in value.

The Company has completed several amendments to its Articles of Association as follows:

Capital Adjustment: Article (7) of the Articles of Association regarding capital has been amended as per the following:

- On 29/06/1403H (corresponding to 13/04/1983G), the Company was transformed into a Saudi joint stock Company in accordance with the Companies Law in the Kingdom of Saudi Arabia and pursuant to Ministerial Resolution No. 1397 dated 29/06/1403H (corresponding to 13/04/1983G), and its capital became two hundred One million (200,000,000) Saudi Riyals divided into two million (2,000,000) ordinary shares, with a nominal value of each share, of which one hundred (100) Saudi Riyals, of which one million and two hundred thousand (1,200,000) shares, with a value of one hundred and twenty million (120,000,000) Saudi Riyals is a contribution in kind, represented in the net assets of the Tihama Advertising and Public Relations Company (a limited liability Company) in which the founding partners and employees of subscribed, with eight hundred thousand (800,000) ordinary shares, with a value of eighty million (80,000,000) Saudi Riyals, subscribed in cash by the founders of the Tihama Advertising and Public Relations Company (Saudi joint stock Company).
- On 111/10/1407H (corresponding to 07/06/1987G), the extraordinary general assembly of the Company's shareholders agreed to reduce the Company's capital by (25%) from two hundred million (200,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, divided into Two million (2,000,000) ordinary shares, with a nominal value of each share, including seventy-five (75) Saudi Riyals, in order to amortize the accumulated losses of the Company. The nominal value of each share of the Company has been adjusted to become seventy-five (75) Saudi Riyals instead of one hundred (100) Saudi Riyals.
- On 16/09/1408H (corresponding to 02/05/1988G), the extraordinary general assembly of the Company's shareholders agreed to reduce the Company's capital by 20% from one hundred and fifty million (150,000,000) Saudi Riyals to one hundred and twenty million (120,000,000) Saudi Riyals, divided into two million (2,000,000) ordinary shares, with a nominal value of each share, of which sixty (60) Saudi Riyals, due to the increase in the capital beyond the Company's need. The nominal value of each share of the Company has been adjusted to become sixty (60) Saudi Riyals instead of seventy-five (75) Saudi Riyals.
- On 14/04/1412H (corresponding to 21/10/1991G), the extraordinary general assembly of the Company's shareholders agreed to reduce the Company's capital by (16.7%) from one hundred twenty million (120,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, divided into Two million (2,000,000) ordinary shares, with a nominal value of each share, including fifty (50) Saudi Riyals, in order to amortize the accumulated losses of the Company. The nominal value of each share of the Company has been modified to become fifty (50) Saudi Riyals instead of sixty (60) Saudi Riyals.

- On 21/04/1415H (corresponding to 26/09/1994G), the extraordinary general assembly of the Company's shareholders approved an increase in the Company's capital by (50%) from one hundred million (100,000,000) Saudi Riyals to one hundred and fifty million (150,000,000) Saudi Riyals, divided into Three million (3,000,000) ordinary shares, with a nominal value of fifty (50) Saudi Riyals for each share, by issuing one million (1,000,000) new ordinary shares with a nominal value of fifty (50) Saudi Riyals per share.
- Based on the decision issued by the Capital Market Authority No. 4-154-2006 dated 27/02/1427H (corresponding to 27/03/2006G) based on the decision of the Council of Ministers to divide the shares of public shareholding companies on that date so that the nominal value of one share becomes ten (10) Saudi Riyals instead of fifty (50) Saudi Riyals. Accordingly, the Company's shares have been divided into fifteen million (15,000,000) ordinary shares, with a nominal value of each share, including ten (10) Saudi Riyals.
- On 16/07/1438H (corresponding to 13/04/2017G), the extraordinary general assembly of the Company's shareholders agreed to reduce the Company's capital by (50%) from one hundred and fifty million (150,000,000) Saudi Riyals to the current capital, which is seventy-five million (75,000,000)) Saudi Riyals divided into seven million five hundred thousand (7,500,000) ordinary shares, with a nominal value of each share, including ten (10) Saudi Riyals, in order to amortize the accumulated losses of the Company.
- On 24/11/1441H (corresponding to 15/07/2020G), the Company's extraordinary general assembly agreed to increase the Company's capital through the issuance of preferred shares, and the subscription represented an Offering of ten million (10,000,000) new ordinary shares at an offer price of ten (ten) 10 Saudi Riyals per share with a nominal value of ten (10) Saudi Riyals, in order to increase the Company's capital from seventy-five million (75,000,000) Saudi Riyals, to one hundred and seventy-five million (175,000,000) Saudi Riyals, and increase the number of shares from seven million five hundred thousand (7,500,000) ordinary shares to seventeen million five hundred thousand (17,500,000) ordinary shares.
- On 06/07/1443H (corresponding to 07/02/2022G), the Board of Directors recommended reducing its capital by an amount of (125.000.000) Saudi Riyals, at a rate of (71.43%) from one hundred and seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals by canceling 17.5 million ordinary shares. Thus, the capital is increased by Offering the preferred shares at a value of three hundred and fifty (350,000,000) Saudi Riyals, so the Company's capital after the increase becomes four hundred million (400,000,000) Saudi Riyals.
- On 22/07/1443H (corresponding to 23/02/2022G), the Company's extraordinary general assembly approved the Board of Directors' recommendation to reduce the Company's capital by (71.43%) from one hundred and seventy-five million (175,000,000) Saudi Riyals to fifty million (50,000,000) Saudi Riyals in order to restructure the Company's capital to amortize a portion of the accumulated losses, by cancellation of twelve million five hundred thousand (12.500,000) ordinary shares, where (1) share was canceled for (1.4) shares.
- The Company's current capital is fifty million (50,000,000) Saudi Riyals, divided into five million (5,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid in value.
- **Headquarter Relocation:** On 15/01/1438H (corresponding to 16/10/2016G), the extraordinary general assembly of the Company's shareholders agreed to change the Company's head office. Accordingly, the Company's headquarter was moved from Jeddah to Riyadh with commercial registration No. (1010016722) dated 08/07/1398H (corresponding to 13/06/1978G).
- During the Extraordinary General Assembly meeting on 22/07/1443H (corresponding to 23/02/2022G), it was approved to amend the articles of the Company's Articles of Association in line with the capital reduction, and the Articles of Association were approved by the Corporate Governance Department at the Ministry of Commerce on 15/10/1443H (corresponding to 16/05/2022G).
- The Company has not uploaded this (latest) version of the Articles of Association on the (Tadawul) website on the Company's page.

10.1.2 Board of Directors:

10.1.2.1 Formation of the Board of Directors

The Company shall be managed, as per the Articles of Association, by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly for a term not exceeding (3) three years. According to the latest amendment to the Company's Articles of Association on 15/10/1443H (corresponding to 16/05/2022G), the Company is currently committed to the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/10/2015G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G), and the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA Board Decision No. 3-45-2018 dated 15/09/1440H (corresponding to 20/05/2019G). The Company's Articles of Association stipulate that the number of board members shall be seven members elected by the ordinary general assembly. The Company's Articles of Association also indicate the Company's commitment to Article (16) of the Corporate Governance Regulations, which oblige listed companies to have the majority of their board of directors from non-executive members and that the number of independent members should not be less than two members or one-third of the board members (whichever is more). The number of non-executive members of the Company's board of directors is five out of six, and there are three independent members out of six on the board.

Table No. (82): Board's Member*

The Company's Board of Directors appointed on 14/10/2021G*								
Name	Position	Membership status	Nationality	Age	Owned Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Sultan Salahudin Abdulazim**	Chairman of Board of Directors	Independent	Saudi	42	-	-	-	-
Ibrahim Mohammed Ibrahim Al-Shabib ***	Deputy Chairman of the Board	Executive	Saudi	50	-	-	-	-
Sari bin Ibrahim Al-Mayouf	Board's Member	Independent	Saudi	43	-	-	-	-
Salman Mohammed Nasser Al-Asmari	Board's Member	Non-executive	Saudi	44	-	-	-	-
Abdulaziz Najeeb Al-Suwailem****	Board Member and Managing Director	Executive	Saudi	31	-	-	-	-
Al-Mu'tasimbillah Zaki Allam	Board's Member	Independent	Saudi	37	-	-	-	-

Source: The Company

The Ordinary General Assembly, in its meeting held on26/02/1443H (corresponding to 03/10/2021G), approved the election of the above-mentioned members of the Board of Directors for the current session, which started on 08/03/1443H (corresponding to 14/10/2021G) and ends on 10/04/1446H (corresponding to 13/10/2024G).

** The Company's Board of Directors decided in its meeting held on 27/02/1440H (corresponding to 17/10/2021G) to appoint Mr. Sultan Salahudin Abdulazim as Chairman, and Mr. Ibrahim Mohammed Ibrahim Al-Shabeeb as Vice Chairman of the Board of Directors.

*** On 02/01/2022G, the Board of Directors approved the assignment of a member of the Board of Directors, Mr. Ibrahim bin Muhammad Al-Shabib, as a managing director of the Company and amended the membership capacity to be an executive member as of 02/01/2022G.

**** On01/03/1444H (corresponding to 27/09/2022G) the Board of Directors decided to appoint a member, Mr. Abdulaziz Najeeb Al-Suwailem as a managing director of the Company and to amend the membership capacity to be an executive member as of 07/03/1444H (corresponding to 03/10/2022G).

10.1.2.2 Chairman, Vice President and Secretary

The Company is committed to the requirements for appointment to these positions in accordance with the Articles of Association and corporate governance regulations, where the Ordinary General Assembly approved on 26/02/1443H (corresponding to 03/10/2021G) to appoint the current members of the Company's board of directors. On 11/03/1443H (corresponding to 17/10/2021G), the Board of Directors approved the appointment of Mr. Sultan Salahudin Abdulazim as Chairman of the Board of Directors, and Mr. Ibrahim Muhammad Ibrahim Al-Shabeeb as Vice Chairman.

On 30/11/1443H (corresponding to 29/06/2022G), the Board of Directors approved the appointment of the Secretary of the Board of Directors, Mr. Nayef bin Ahmed Al-Ghamdi as Secretary of the Board of Directors for a period of one year, and the decision is effective from the date of its issuance.

Table No. (83): Company's Board Positions

Name	Position	Membership status
Sultan Salahudin Abdulazim	Chairman of Board of Directors	Independent
Ibrahim Mohammed Ibrahim Al-Shabib	Deputy Chairman of the Board	Executive
Abdul Aziz Najib Al-Suwailem	Board Member and Managing Director	Non-executive
Sari Ibrahim Abdulkarim Al-Mayouf	Board's Member	Independent
Salman Mohammed Nasser Al-Asmari	Board's Member	Non-executive
Al-Mu'tasimbillah Zaki Allam	Board's Member	Independent

Source: The Company

According to the Articles of Association, the board of directors has the widest powers in managing the Company and disposing of its affairs to achieve its purposes. It has, for example, but not limited to, the right to participate in other companies and to dispose of its assets, property and real estate, and it has the right to purchase, accept and pay the price, mortgage, release the mortgage, sell, convey, collect the price, deliver the price, join and sort property and sukuk according to the conditions specified in the article of association. The board has the right, within the limits of its competencies, to delegate or authorize one or more of its members or third parties to carry out certain work or works, or cancel this authorization or power of attorney in whole or in part.

The board may manage its affairs and supervise its business and financial affairs inside and outside the Kingdom of Saudi Arabia, and prepare policies and guidelines to achieve its objectives and carry out all acts and actions that will achieve the objectives of the Company.

10.1.2.3 Remuneration of Board Members

According to the Company's Articles of Association, the minimum annual remuneration for the chairman and members of the board of directors is five thousand (5,000) Saudi Riyals, and the maximum is five hundred thousand (500,000) Saudi Riyals annually for each of them in return for their membership in the board of directors and their participation in its work, including any additional rewards in case a member participates in any of the committees emanating from the Board of Directors. In the event the Company achieves profits, a percentage not exceeding (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the general assembly in application of the provisions of the Companies Law and the Company's Articles of Association and after distributing a profit to shareholders of no less than (5%) of the paid capital, provided however that the entitlement to this remuneration is proportional to the number of sessions attended by the member, and any estimate to the contrary is void. In all cases, the sum of the remunerations and financial or in-kind benefits that a member of the Board of Directors receives shall not exceed five hundred thousand (500,000) Saudi Riyals in accordance with the regulations set by the competent authority. The maximum limit of the allowance for attending the sessions of the Board and its committees is five thousand (5,000) Saudi Riyals for each session, excluding travel and accommodation expenses. Each member of the Board, including the Chairman of the Board, shall pay the value of the actual expenses incurred by them in order to attend meetings of the Board or committees emanating from the Board of Directors, including travel, accommodation and subsistence expenses.

The report of the Board of Directors to the Ordinary General Assembly includes a comprehensive statement of all the bonuses, expenses allowances and other benefits that the members of the Board of Directors received during the financial year. It shall also include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy. It shall also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly. (Please refer to subsection (4.5) "**Compensations and Remunerations of Board Members and Senior Executives**" of Section (4) "**The Company's Organizational Structure**" of this Prospectus).

10.1.2.4 Board Meetings

According to the Company's Articles of Association, the board of directors meets at least twice a year at the invitation of its chairman. The invitation must be in writing or sent by fax or e-mail accompanied by the meeting agenda at least (5) five days prior to the date of the meeting, unless the circumstances require the meeting to be held urgently. An emergency invitation may be sent to the meeting accompanied by the meeting agenda and the necessary documents and information within a period of less than (5) five days prior to the date of the meeting. The Chairman of the Board shall call the Board to a meeting whenever requested to do so by at least two of the members.

10.1.3 Company Committees

The Company has three sub-committees which are as follows:

- **Audit Committee**

It consists of four (4) members, and includes the committee's terms of reference include monitoring the Company's business. For this purpose, it has the right to review its records and documents and to request any clarification or statement from the members of the board of directors or the executive management. It may ask the board of directors to invite the Company's general assembly to convene if the Board of Directors obstructs its work or if the Company suffers serious damages or losses. The Audit Committee is also responsible for examining the Company's financial statements, reports and notes provided by the auditor, and preparing a report on its opinion regarding the adequacy of the Company's internal control system and the other work it has carried out within its jurisdiction.

The Ordinary General Assembly, in its meeting held on 26/02/1443H (corresponding to 03/10/2021G), approved the formation of the Audit Committee, defining its tasks, rules of work, and remuneration for its members for the new term starting from 114/10/2021G until the end of the session on 13/10/2024G. The following table shows the members of the Audit Committee:

Table No. (84): Members of the Audit Committee

Name	Job
Al-Mu'tasimbillah Zaki Allam	Committee Chairman (independent member)
Abdulaziz Awajan Al-Rashidi	Member (from outside the Board)
Karim Abdelaziz Shnior	Member (from outside the Board)
Abdulsalam Majid Al-Banna*	Member (from outside the Board)

Source: The Company

The Company announced on the Tadawul website that a member of the Audit Committee, Mr. Abdulsalam Majid Al-Banna, has resigned from his membership in the Company's Audit Committee, as he submitted resignation on 06/09/2022G. The Board of Directors' decision was passed on 07/09/2022G, approving the submitted resignation, provided that it takes effect from 07/09/2022G.

The following is a table showing the number of meetings held by the Audit Committee during the last two years up to the date of publication of this Prospectus:

Table No. (85): Audit Committee Meetings

	2020	2021	2022*
Nos. of Audit Committee Meetings	4	4	5

Source: The Company

* As of the date of this Prospectus

In accordance with Article (57) of the Corporate Governance Regulations, the Audit Committee meets periodically, provided that its meetings are not less than four during the Company's financial year.

- ## Nomination and Remuneration Committee

It consists of three (3) members. The committee's terms of reference include reporting to the general assembly of shareholders and the board of directors, in addition to its responsibility in dealing with a range of operational and business affairs, including human resources, remunerations and nominations.

Table No. (86): Members of the Nominations and Remunerations Committee

Name	Position
Sari bin Ibrahim Al-Mayouf**	Chairman
Sultan Salahudin Abdulazim	Member
Salman Mohammed Nasser Al-Asmari***	Member

Source: The Company

The following is a table showing the number of meetings held by the Nomination and Remuneration Committee during the last two years up to the date of publication of this Prospectus:

Table No. (87): Nomination and Remuneration Committee Meetings

	2020	2021	2022*
Number of Nomination and Remuneration Committee Meetings	1	4	2

Source: The Company

* As of the date of this Prospectus

Pursuant to Article (50) of the Corporate Governance Regulations, the Nominations and Remunerations Committee meets periodically at least every six months. It is clear from the minutes of the meetings of the Nominations and Remunerations Committee for the year 2020, that the Company does not meet the minimum requirements by law for the meetings of this committee.

- ## Executive Committee

Executive Committee is composed of (3) members. Its members were appointed by the Board of Directors in accordance with the Board of Directors' decision issued on 17/10/2021G. As of the date of the Prospectus, the Executive Committee has not been activated and the Committee's work regulations have not been approved. Further, the Committee has not undertaken any work and has not held any meeting.

10.1.4 Executive Management

The following table shows the Company's executive management details:

Table No. (88): The Company's Executive Management

Name	Position	Nationality	Age	Date of Seniority	Owned Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Mazen Mohammed Nasser Al-Asmari	CEO	Saudi	51	14/06/2021G	-	-	-	-
James Wallis Graham Morey	Senior Executive Vice President	British	62	01/10/2015G	-	-	-	-
Majid Muhammad Hassan Balkhi	Head of Retail Sector	Saudi	42	18/12/2022G	-	-	-	-
Ayman Muhammed Abdulrahman Suleiman	Finance Manager	Egyptian	45	01/10/2012G	-	-	-	-
Faisal Mohsen Hussein Al-Attas	Director of Legal Affairs	Saudi	31	06/12/2022	-	-	-	-
Nayef bin Ahmed Al-Ghamdi	Board Secretary	Saudi	39	22/ 05/2022G	-	-	-	-
Vacant*	Head of HR and Administrative Affairs	-	-	-	-	-	-	-

Source: The Company

* The company is in the process of appointing a head of human resources and administrative affairs.

10.1.5 Corporate Governance

Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (Corresponding to 13/02/2017G). Based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. as amended by the decision of the Board of the Capital Market Authority No. 1-57-2021 dated 01/06/1442H (corresponding to 14/01/2021G). A corporate governance guideline was developed and approved by the Company's general assembly.

As of the date of this Prospectus, the Company is committed to the mandatory articles of the corporate governance regulation set by the Capital Market Authority, with the exception of the Company's failure to comply with the corporate governance regulation for listed companies and the regulations for the Company's management, as the work regulation of the Nominations and Remuneration Committee approved by the Company's general assembly on 16/07/2017G did not include the remunerations of its members, and the failure of the General Assembly to adopt the remuneration policy for the Board of Directors, the committees emanating from the Board and the Executive Management; Violating some of the requirements of Paragraph (B) of Article Sixty, Paragraph (B) of Article Sixty-four, and Paragraph (1) of Article Sixty-first of the Corporate Governance Regulations. The Company's Nomination and Remuneration Committee was not committed to holding meetings periodically at least every six months during the financial year ending on 03/31/2021G, as the Committee held only one meeting on 31/03/2021G, in violation of some of the requirements of Paragraph (7) of Article 50 of the Corporate Governance Regulations.

10.2 Company's activity

The Company practices its business under CR No. (1010290779), dated 08/07/1398H (corresponding to 13/06/1978G), Ministry of Media (previously known as Ministry of Culture and Information) License No. (23232) issued on 02/12/1412H (corresponding to 03/06/1992G), Ministry of Media License No. (30540), issued on 24/07/1423H (corresponding to 01/10/2002G) and Ministry of Media License No. (55972), issued on 08/11/1438H (corresponding to 01/08/2017G).

The activities of the Company as in the Commercial Register are represented in public relations, communication, and advertising institutions and agencies.

The Company's activities set in the Articles of Association include practicing the and attaining the following objectives:

1. Carrying out advertising work in all its readable, visual and audio means, manufacturing advertising materials of all kinds, developing and improving existing advertising means, developing new means and marketing these means.
2. Carrying out public relations works, including the organization of conferences, seminars, exhibitions... etc.
3. Media production: Such as publishing and preparing books, specialized journals, manuals and production of radio and television programs.
4. Printing of all kinds for its publications and for the third-party account.
5. Wholesale and retail trade in clerical tools, import and sale of office and school tools and supplies, advertising gifts, non-fiery toys and supplies for children, books, teaching aids, office furniture, engineering devices and tools, computers, accessories and software (application systems and databases), electronic game consoles, memory cards, associated service and maintenance work, clerical machines, telephone communication devices and accessories, sports and scouting tools, cardboard, products made of these materials, prints, bookbinding materials, photographs, stationery, pasting materials used in stationery or for domestic purposes, artists' materials, paint or coloring brushes, guidance and teaching materials, plastic packaging materials, printing letters, cliché (drawers) as well as clothing and foodstuffs, applying for government tenders to many government and private entities, importing and printing materials that go into the manufacture and printing of indoor and outdoor billboards, including wooden, iron, metal, plastic, electrical and neon materials, inks, paints, films and printing papers and securing the necessary technical labor.
6. Distribution of publications, newspapers, magazines, journals and books. The Company may have an interest in or participate in any way in institutions or companies that carry out works similar to its own, or that may help it to achieve its purpose or be complementary to, or merge into, buy or attach to it.
7. Commercial agencies within the purposes of the Company after obtaining the necessary licenses from the competent authorities and registering them in the register of commercial agencies, all after obtaining the approval of the competent authorities.
8. Training: The Company may practice training and education activity, and in order to achieve this, it may establish specialized centers for the opening of classrooms to teach programs: computer, management, accounting, typewriter and languages, provided it obtains the approval of the Technical and Vocational Training Corporation and the competent authorities.
9. Management and lease of owned or leased (residential) properties.
10. Management and lease of owned or leased (non-residential) properties.

The Company practices its business according to the applicable laws and after obtaining the licenses required from the competent authorities, if any.

The Company carries out its activities through its headquarters in Riyadh, its network of branches and subsidiaries in the KSA and through its investments in other companies inside and outside the KSA. The Company's key activities are represented in the following sectors.

For more information, refer to Subsection 3 (**Company's main activities**) of this prospectus.

10.2.1 The Company's Subsidiaries

The Company owns a controlling share in a number of companies it has established or acquired or has shares in them in the Kingdom of Saudi Arabia.

Table No. (89): Subsidiaries

Company's Name	Capital	Place of Incorporation	Main Place of Operations		Activity	Equity
			Country	City		
Core Subsidiaries						
Tihama Modern Bookstores Company	81,671,977 Saudi Riyals	KSA	KSA	Jeddah	Stationery and Libraries	100%
Tihama Distribution Company	3,500,000 Saudi Riyals	KSA	KSA	Riyadh	Publication and distribution	100%
Tihama Education Company*	200,000 Saudi Riyals	KSA	KSA	Riyadh	Retail	100%
Integrated Production Company for Audiovisual Media Production	10,000 Saudi Riyals	KSA	KSA	Riyadh	Film and program production	70%
Non-core Subsidiaries						
Tihama Holding for Commercial Investment***	500,000 Saudi Riyals	KSA	KSA	Riyadh	Business Investment	100%
Estidama International Real Estate Company***	500,000 Saudi Riyals	KSA	KSA	Jeddah	Real Estate Investment	100%
Tihama International Advertising Company***	500,000 Saudi Riyals	KSA	KSA	Riyadh	Advertising	100%
Fast Advertising Company for Advertising***	25,000 Saudi Riyals	KSA	KSA	Riyadh	Advertising	100%
International Company Advertising Services****	1,000,000 Saudi Riyals	KSA	KSA	Riyadh	Advertising	51%
Aventus Global Trading Company*****	AED 600,000	UAE	UAE	Dubai	Retail	100%
Weaving Company for Audiovisual Media Production	100,000 Saudi Riyals	KSA	KSA	Riyadh	Film production	50%
Tihama New Media for Advertising Company******	100,000 Saudi Riyals	KSA	KSA	Riyadh	Media and research	100%

Source: The Company.

* During the financial year ending on March 31, 2021G, the Company acquired additional shares from Tihama Education Company (a subsidiary Company), representing 51% of the Company's capital, so that the equity of the parent Company became 100% of the subsidiary's capital as on March 31, 2021G. As this transaction relates to the acquisition of an additional share in a subsidiary without a change in control thereover, it was recorded as an equity transaction, and the increase in consideration over the book value of the non-controlling interest amounting to 3,459,628 Saudi Riyals was recognized in the equity of the parent Company.

** During the year ending on March 31, 2019G, the parent Company participated in the establishment of the Integrated Production Company for Audio-visual Media Production, a limited liability Company with a capital of 10,000 Saudi Riyals, owned by 35%, during the financial year ending on March 31, 2021G, the parent Company acquired additional shares representing 35% of the capital of the Integrated Production Company, with an estimated value of 7,250,000 Saudi Riyals. Since this transaction relates to the acquisition of an additional share in a subsidiary without a change in control, it was recorded as a transaction within equity, and the increase in the consideration paid over the book value of the non-controlling interest amounting to 7,231,139 Saudi Riyals was recognized in the equity of the parent Company.

*** It was established for private purposes and is not currently engaged in activities.

**** The partners in the International Advertising Services Co. Ltd.– Intermarkets decided on November 16, 2011, to suspend the Company's activity for a period of six months, subject to renewal, and not to do any new business during the period to avoid loss. Tihama's inability to use its legal right to manage this Company because of stopping the Company's activity since November 16, 2011G, and the Company's inability to obtain any data and financial information that would enable it to unify the Company and the expiration of the commercial registration and licenses necessary for the Company to perform its work, which led to the parent Company losing control of the investee Company. Accordingly, the parent Company decided to stop compiling the financial statements of the International Advertising Services Co. Ltd.– Intermarkets within the Company's consolidated financial statements.

**** During the year ending March 31, 2022G, the partners in the International Advertising Services Co. Ltd.– Intermarkets decided to liquidate the Company and appointed a liquidator to take the legal procedures in this regard.

***** On May 9, 2022G, an agreement was signed between Aventus Global Trading Company operating in the United Arab Emirates and NextByte Trading Company to sell a group of assets and transfer obligations related to the business operations of Aventus Global Trading Company. The agreement is subject to and requires obtaining All necessary approvals from shareholders and relevant bodies to complete the transfer of franchise rights and lease contracts
On October 4, 2022, Aventus Global Trading Company obtained the necessary approvals from the stakeholders and relevant bodies to complete the process of transferring franchise rights and lease contracts. Accordingly, the process of transferring assets and liabilities related to the business operations of Aventus Global Trading Company and the procedures for selling the company's stock to the buyer (Next Byte Trading Company) have been completed.

****** During the year ending on March 31, 2021G, the Company acquired all the shares of the partner in Tihama New Media Company (an associate Company), and accordingly, the ownership of the Company became 100% of the Company's capital and became a subsidiary Company as of March 31, 2021G.

Below are the details of the Company's subsidiaries:

Table No. (90): Tihama Modern Bookstores Company

Company Name	Tihama Modern Bookstores Company
Address	Jeddah-Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Buying, selling and marketing stationery, computers, accessories, furniture and school supplies.
Company's Capital	Eighty-one million six hundred and seventy-one thousand nine hundred and seventy-seven (81,671,977) Saudi Riyals.
Ownership Percentage	100%
Number of shares and nominal value per share	Eight million one hundred and sixty-seven thousand one hundred and ninety-eight (8,167,198) shares at a value of ten (10) Saudi Riyals per share.
Management	- Sari Ibrahim Abdulkarim Al-Mayouf - Ibrahim Mohammed Ibrahim Al-Shabib - Abdulkarim Ibrahim Mohammed Al-Mayouf
Commercial Registration Certificate No.	4030206816
CR Date of issuance	05/01/1432H (corresponding to 11/12/2010G)
CR Expiry Date	05/01/1445H (corresponding to 23/07/2023G)

Source: The Company

Table No. (91): Tihama Distribution Company

Company Name	Tihama Distribution Company
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Publishing paper books, dictionaries, atlases and maps (includes importing and producing written, drawn or illustrated intellectual containers) - retail sale of books, magazines, newspapers and educational aids - retail sale of stationery, newspapers, magazines, and libraries.
Company's Capital	Three million five hundred thousand (3,500,000) Saudi Riyals.
Number of shares and nominal value per share	Three thousand five hundred (3,500) shares at a value of one thousand (1,000) Saudi Riyals per share.
Ownership Percentage	100%
Management	Mazen Mohammed Nasser Al-Asmari
Commercial Registration Certificate No.	1010630677
CR Date of issuance	10/07/1441H (corresponding to 05/03/2020G)
CR Expiry Date	10/07/1446H (corresponding to 10/01/2025G)

Source: The Company

Table No. (92): Tihama Education Company

Company Name	Tihama Education Company
Address	King Fahd Road - Riyadh
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Retail sale of stationery, newspapers and magazines (libraries).
Company's Capital	Two hundred thousand (200,000) Saudi Riyals.
Number of shares and nominal value per share	Two thousand five hundred (2,000) shares at a value of one hundred thousand (100) Saudi Riyals per share.
Ownership Percentage	100%
Management	Mazen Mohammed Nasser Al-Asmari
Commercial Registration Certificate No.	1010556302
CR Date of issuance	29/06/1438H (corresponding to 26/02/2017G)
CR Expiry Date	29/06/1447H (corresponding to 20/12/2025G)

Source: The Company

Table No. (93): Integrated Production for Audio -Visual Media Production Company

Company Name	Integrated Production for Audio -Visual Media Production Company
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Movies, video and television program production activities, motion picture production, including traditional animation, television commercials production.
Company's Capital	Ten thousand (10,000) Saudi Riyals.
Number of shares and nominal value per share	One hundred (100) shares at a value of one hundred (100) Saudi Riyals per share.
Ownership Percentage	70%
Management	- Abdulaziz Najeeb Al-Suwailem - Sari Ibrahim Abdulkarim Al-Mayouf - Salman Mohammed Nasser Al-Asmari
Commercial Registration Certificate No.	1010560718
CR Date of issuance	15/06/1440H (corresponding to 20/02/2019G)
CR Expiry Date	15/05/1445H (corresponding to 28/12/2024G)

Source: The Company

Table No. (94): Tihama Holding for Commercial Investment Company

Company Name	Tihama Holding for Commercial Investment Company
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Participation in the establishment of companies with a percentage that enables it to control those companies.
Company's Capital	Five hundred thousand (500,000) Saudi Riyals
Number of shares and nominal value per share	Five hundred (500) shares at a value of one thousand (1,000) Saudi Riyals per share.
Ownership Percentage	100%
Management	Mazen Mohammed Nasser Al-Asmari
Commercial Registration Certificate No.	1010179387
CR Date of issuance	25/05/1423H (corresponding to 04/08/2002G)
CR Expiry Date	24/05/1445H (corresponding to 07/12/2023G)

Source: The Company

Table No. (95): Esidama International Real Estate Company

Company Name	Esidama International Real Estate Company*
Address	Jeddah-Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Managing and leasing owned or leased real estate (residential or non-residential), and practicing real estate management activities for a commission.
Company's Capital	Five hundred thousand (500,000) Saudi Riyals
Ownership Percentage	100%
Number of shares and nominal value per share	Fifty thousand (50,000) shares at a value of ten (10) Saudi Riyals per share.
Management	- Sari Ibrahim Abdulkarim Al-Mayouf - Reda Mohammed Ibrahim Al-Haider - Khaled Fahd Abdullah Al-Abdul-Jabbar - Ibrahim Mohammed Ibrahim Al-Shabib - Abdulkarim Ibrahim Mohammed Al-Mayouf
Commercial Registration Certificate No.	4030206803
CR Date of issuance	05/01/1432H (corresponding to 11/12/2010G)
CR Expiry Date	05/02/1444 AH (corresponding to 01/09/2022 AD)

Source: The Company

* Work is underway to update the Articles of Association and then renew the commercial register

Table No. (96): Tihama International Advertising Company

Company Name	Tihama International Advertising Company*
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Online wholesale, installation and assembly of neon signs, market research and opinion polls, organization and management of exhibitions and conferences, operation of exhibition and conference centers and facilities.
Company's Capital	Five hundred thousand (500,000) Saudi Riyals
Ownership Percentage	100%
Number of shares and nominal value per share	Fifty thousand (50,000) shares at a value of ten (10) Saudi Riyals per share.
Management	- Sari Ibrahim Abdulkarim Al-Mayouf - Reda Mohammed Ibrahim Al-Haider - Khaled Fahd Abdullah Al-Abdul-Jabbar - Ibrahim Mohammed Ibrahim Al-Shabib - Abdulkarim Ibrahim Mohammed Al-Mayouf
Commercial Registration Certificate No.	1010305626
CR Date of issuance	22/04/1432H (corresponding to 27/03/2011G)
CR Expiry Date	22/04/1444 AH (corresponding to 16/11/2022G)

Source: The Company

* Work is underway to update the Articles of Association and then renew the commercial register

Table No. (97): Rapid Advertising Company.

Company Name	Rapid Advertising Company
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Advertising institutions and agencies.
Company's Capital	Twenty-five thousand (25,000) Saudi Riyals.
Ownership Percentage	100%
Number of shares and nominal value per share	Five hundred (25) shares at a value of one thousand (1,000) Saudi Riyals per share.
Management	Mazen Mohammed Nasser Al-Asmari
Commercial Registration Certificate No.	1010475663
CR Date of issuance	27/02/1440H (corresponding to 05/11/2018G)
CR Expiry Date	27/02/1445H (corresponding to 12/09/2023G)

Source: The Company

Table No. (98): Aventus Global Trading Company

Company Name	Aventus Global Trading Company
Address	United Arab Emirates
Legal Entity	Single-Member LLC
Activity (according to Commercial Register)	General trade, consumer goods store, consumer goods complex, grocery, book trade, food and beverage trade, greeting and invitation card trade.
Company's Capital	Six hundred thousand UAE dirhams.
Number of shares and nominal value per share	Six hundred (600) shares at a value of one thousand (1,000) UAE dirhams per share.
Ownership Percentage	100%
Management	Mazen Mohammed Nasser Al-Asmari
Commercial Registration Certificate No.	652228
CR Date of issuance	02/05/1432H (corresponding to 06/04/2011G)
CR Expiry Date	05/09/1444H (corresponding to 05/04/2023G)

Source: The Company

* On May 9, 2022, an agreement was signed between Aventus Global Trading Company (100% owned subsidiary) operating in the United Arab Emirates and NextByte Trading Company to sell a group of assets and transfer liabilities related to the business operations of Aventus Global Trading Company.

The value of the transaction is 3.7 million UAE dirhams, of which 0.7 million dirhams will be used to pay part of Aventus' liabilities in accordance with the agreement concluded with the buyer. In addition, Aventus' stock will be sold to NextByte at cost as on the date of completion of the transaction.

The transaction represents the transfer of assets and liabilities related to the business operations of Aventus Global Trading, which operates in the retail sector in the United Arab Emirates and operates branches in Dubai, Abu Dhabi and Sharjah for the sale of books, stationery, magazines, newspapers, entertainment products, confectionery and accessories. The transfer to the buyer will include the transfer of the franchise agreement to use the trademark, in addition to the assets and liabilities under the deal, all the assets of the company's commercial activity on the date of the deal's implementation, including property and equipment of branches, projects under implementation, inventory and automated systems, and all obligations will be transferred. The future lease contracts of the branches from the date of completion of the deal and the dues of the contractors of the projects under implementation related to the branches, and the dues of all the company's employees will be transferred.

The carrying amount of the transferred assets and liabilities depends on the actual date that the transfer of each asset or liability was carried out.

On October 4, 2022G, Aventus Global Trading Company obtained the necessary approvals from stakeholders and relevant bodies to complete the process of transferring franchise rights and lease contracts. Accordingly, the process of transferring the assets and liabilities related to the commercial operations of Aventus Global Trading Company and the procedures for selling the Company's stock to the buyer (Next Byte Trading Company) were completed.

Table No. (99): Nassaj AlKhayal for Audio-visual Media Production Company

Company Name	Nassaj AlKhayal for Audio-visual Media Production Company *
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Providing marketing services on behalf of others
Company's Capital	One hundred thousand Saudi Riyals
Number of shares and nominal value per share	One hundred (100) shares at a value of one (1.00) Saudi Riyals per share.
Ownership Percentage	50%
Management	Abdulkarim Ibrahim Mohammed Al-Mayouf Reda Mohammed Ibrahim Al-Haider
Commercial Registration Certificate No.	1010597777
CR Date of issuance	07/02/1441H (corresponding to 07/10/2019G)
CR Expiry Date	07/02/1444H (corresponding to 03/09/2022G)

Source: The Company

* Work is underway to update the Articles of Association and then renew the commercial register

Table No. (100): Tihama New Media Company

Company Name	Tihama New Media Company*
Address	Riyadh -Saudi Arabia
Legal Entity	A Saudi limited liability Company
Activity (according to Commercial Register)	Commercial certification and undertaking, marketing on behalf of others, wholesale and retail of gifts and luxuries, e-marketing, market research and opinion polls.
Company's Capital	One hundred thousand Saudi Riyals
Number of shares and nominal value per share	One hundred (100) shares at a value of one thousand (1000) Saudi Riyals per share.
Ownership Percentage	100%
Management	Abdulkarim Ibrahim Mohammed Al-Mayouf
Commercial Registration Certificate No.	1010893591
CR Date of issuance	25/11/1438H (corresponding to 18/08/2017G)
CR Expiry Date	25/11/1443 H (corresponding to 06/25/2022G)

Source: The Company

* Work is underway to update the Articles of Association and then renew the commercial register

Table No. (101): International Advertising Services Limited (Intermarkets)*

Company Name	Tihama New Media Company*
Address	Jeddah-Saudi Arabia
Legal Entity	A Saudi mixed limited liability Company
Activity (according to Commercial Register)	Implementation of advertising services in accordance with Industry Resolution No. 169 of 14/05/1440 and the Ministry of Information license No. 184/m
Company's Capital	One hundred thousand Saudi Riyals
Number of shares and nominal value per share	One hundred (100) shares at a value of one thousand (1000) Saudi Riyals per share.
Ownership Percentage	51%
Management	Fahad Mohammed Ahmed Bakhaider Muhammed Saeed Abdullah Tayeb Irvin Ladellas Grovich Khalil Malik Bitar
Commercial Registration Certificate No.	4030037855
CR Date of issuance	29/02/1401H (corresponding to 05/01/1981G)
CR Expiry Date	30/05/1423H (corresponding to 09/08/2002G)

Source: The Company

* The record has not been renewed, as the Company has been suspended for more than 10 years, and is now under the liquidation procedure and a liquidator has been appointed.

Table No. (102): Companies under investment by the Company.

Company Name	Capital (SAR)	Place of Establishment	The main place of operations		Activities	Ownership Percentage
			Country	City		
United Advertising Company Limited*	500,000	KSA	KSA	Riyadh	Advertising	50%
United Journalists Company **	2,143	UK	Middle East	Cairo	Publication & Distribution	50%
Saudi for Selling Advertising Materials	1,000,000	KSA	KSA	Jeddah	Advertising	42.5%
Tihama Global Dubai****	51,000	UAE	UAE	Dubai	Advertising & Marketing	40%
Gulf Systems Development Company *****	500,000	KSA	KSA	Riyadh	Financial Solutions Technology	30%
Renewable Technology Company *****	500,000	KSA	KSA	Riyadh	Financial Solutions Technology	30%
Qutrob Production Company******	10,000	KSA	KSA	Riyadh	Production	35%
National Unified Distribution Company *******	12,000,000	KSA	KSA	Riyadh	Distribution	8.3%
Fogo Company ********	3,075,000	USA	USA	Delaware	Advertising	4.0%
J. Walter Thompson MENA Company *********	3,750,000	Bahrain	MENA	Manama	Advertising and Public Relations	30%

Source: The Company

* On June 30, 2021G, the company signed an agreement with WBP Group to establish a new company in the Kingdom of Saudi Arabia under the name ICG Saudi Arabia, provided that WBP would own 70% of the new holding company, while Tihama's share would be 30%. During the year ending March 31, 2022, the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before December 31, 2022 instead of December 31, 2021 as per the original agreement. Subsequently, the structure of the agreement was modified so that the United Advertising Company becomes the new holding company, whereby WPP Group will transfer some of its owned companies to the United Advertising Company and Tihama will waive 20% of its ownership in the United Advertising Company to the WPP Group to become Tihama's ownership in United Advertising Company after the completion of all relevant official procedures 30%. It should be noted that the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before June 30, 2023 instead of December 31, 2022, according to the appendix to the agreement. Any financial impact arising from the transaction based on the assets and liabilities on that date will be recorded upon completion, and any potential impact cannot be estimated reliably at this time.
The Partner Agreement between Tihama and WPP includes an unconditional and irrevocable option for WBP to require Tihama to transfer all of its shares (the "Purchase Option") at any time after the fifth year of completing the legal title transfer and satisfying all other regulatory approvals to purchase all its shares (the "Put Option") at any time after the fifth year after the completion of the legal title transfer and all other regulatory approvals have been met, the call option or the put option may be exercised at any time between January 1 and March 31 in any year after the fifth year after the legal title transfer has been completed and fulfill all other regulatory approvals. ("Option Execution Period"). Provided that WBB or Tihama (as the case may be) give written notice to the other party within the option window ("Exercise Notice"), the call option may be exercised only if the put option has not been used and vice versa. Once notice of exercise has been given, which may not be rescinded without the written consent of the receiving party, the consideration payable to Tihama for all of its shares in the Company for the exercise of either option (the "Option Execution Value") shall be calculated as follows:
(a) in case of a call option, at the discretion of the Tihama, either at the sales revenue multiple or the average earnings multiple (based on audited annual accounts), chosen at the discretion of the Tihama. (b) in the case of the put option, at the average multiple Earnings based on audited annual accounts.

** The United Journalists Company is currently suspended, the company's investment in the United Journalists Company Limited has been recorded as on March 31, 2022G, nil, and March 31, 2021G, nil, as the accumulated losses of this associate exceeded its capital and the company does not intend to provide financial support to it in excess of its share In its capital, being a limited liability company, and accordingly, the company's share of the change in the net assets of the associate was not recorded for the two years ending on March 31, 2022 and 2021, and the last financial statements obtained by the company were on December 31, 2009.

*** The partners in the Saudi Company for the Sale of Advertising Materials Limited decided during the year ending on March 31, 2012 to start liquidating it due to its incurring operational losses for successive years and its inability to continue its activities. The legal procedures for this decision are still being completed as on March 31, 2022, The Company's share in the net equity of the partners in this associate company as of March 31, 2022G was nil and on March 31, 2021G was nil.

**** During the year ending on March 31, 2022, the company filed a compensation claim against the company's former director and partner in the associate company in the United Arab Emirates, and a final judgment was issued in favor of the company by the Dubai Courts of Appeal after the appeal was rejected. The former director of the company submitted a request to set aside the judgment, which was rejected by the Dubai Court of Cassation, and accordingly, the ruling became final and enforceable in favor of the Company .

***** The company's investment in J Walter Thompson MENA was recorded based on the accounts prepared by the management of the associate company, as the financial statements of that group as of December 31, 2021G are still under review. On June 30, 2021, the company signed an agreement with WPP to merge J. Walter Thomson Middle East and North Africa (an associate company of Tihama) with Wonderman Middle East and North Africa to establish Wonderman Thomson Middle East and North Africa (a holding group in the Kingdom of Bahrain). The agreement includes the merger of J. Walter Thompson ("GWT") Middle East and North Africa and Wonderman Middle East and North Africa, to be consolidated into Wonderman Thompson Middle East and North Africa. Tihama will own 25% of Wonderman Thomson MENA after the completion of the stake transfer and all related formal procdures. Tihama's share resulting from Wunderman Thompson MENA's business will be recorded as an associate company in the financial statements. Any financial impact resulting from the transaction will be recorded upon completion, based on the assets and liabilities at that date. No potential impact can be estimated reliably at present. During the financial year ending on March 31, 2022G, the period for completing the transfer of legal ownership and all other required regulatory approvals was extended to be before June 30, 2022G instead of December 31, 2021G, according to the original agreement. It should be noted that the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before February 28, 2023G. ******The investments in these two associate companies include the company's investment share in them, as they have not practiced any activities since their establishment and that no financial information was available regarding the Renewable Technology Company until the date of preparing these consolidated financial statements and based on the study of the decline that was conducted, The company recorded a loss of 100% on these investments during the financial year ended March 31, 2017G.

******* Qutrob for Media Production Company is a company owned by the subsidiary company; Integrated Production for Audio -Visual Media Production Company, which owns 50% of the company's capital.

******** The company's share in the National Unified Distribution Company (a Saudi limited liability company) is through a subsidiary (Tihama Distribution Company)

********* The company's share in the capital of Fogo, one of the emerging companies in the United States of America, through a subsidiary company (Tihama New Media Company, which was acquired during the fiscal year ending on March 31, 2021G).

10.3 Government Approvals, Licenses and Certificates

The Company (including some of its branches and some of its subsidiaries) has obtained several regulatory and operational licenses and certificates from the competent authorities, and these licenses and certificates are renewed periodically. The members of the Board of Directors acknowledge that the Company has obtained all the necessary licenses and approvals to carry out and continue its business. It is worth noting that due to the fact that the regulations of the Ministry of Commerce do not allow all the Company's purposes to be mentioned in its main commercial register, but rather refer to the Company's Articles of Association; When the Company submits for some public tenders, the concerned authorities ask it to submit commercial records in which the purposes for which the Company is submitting its bid are specifically mentioned, so the Company issues subsidiary commercial records that specifically mention the purposes of the bid without there being a real branch for such records . The following tables show the statutory licenses and certificates obtained by the Company:

Table No. (103): Details of the commercial records of the Company, its subsidiaries and branches.

Site	Type of Legal Entity	Commercial Registration Certificate No.	Date of Issue	Expiry Date
Details of the commercial records of the Company and branches				
Company - Riyadh	Joint Stock	1010016722	07/08/1398H (Corresponding to 14/06/1978G)	05/29/1444H (Corresponding to 23/12/2022G)
Company - Jeddah	Branch	4030008889	04/03/1395H (Corresponding to 15/04/1975G)	29/05/1444H (Corresponding to 23/12/2022G)
Details of the commercial records of the companies Details of the commercial records of the Company's subsidiaries and subsidiaries of the Company and its subsidiaries				
Tihama Education Company one person Company - Riyadh	LLC	1010556302	29/06/1438H (Corresponding to 28/03/2017G)	29/06/1447H (Corresponding to 20/12/ 2025G)
Tihama Education Company one person Company– Riyadh**	Branch	1010519778	28/05/1440H (Corresponding to 03/02/2019G)	28/05/1447H (Corresponding to 19/11/ 2025G)
Tihama Education Company one person Company– Jeddah	Branch	4030032382	10/02/1402H (Corresponding to 07/12/ 1981G)	05/29/1447H (Corresponding to 20/11/ 2025G)
Tihama Modern Bookstores Company - Jeddah	LLC	4030206816	05/01/1432H (Corresponding to 11/12/2010G)	05/01/1445H (Corresponding to 23/07/2023G)
Tihama Holding for Commercial Investment Company	LLC	1010179387	25/05/1423H (Corresponding to 30/11/2002G)	05/24/1445H (corresponding to 07/12/2023G)
Esidama International Real Estate Company	LLC	4030206803	05/01/1432H (Corresponding to 11/12/2010G)	05/02/1444H (corresponding to 01/09/2022G)
Tihama International Advertising Company– Riyadh	LLC	1010305626	22/04/1432H (Corresponding to 27/03/2011G)	22/04/1444H (corresponding to 16/11/ 2022)
International Advertising Services ***	Limited Mixed	4030027855	02/29/1401H (Corresponding to 06/01/ 1981G)	30/05/1423H (Corresponding to 09/08/2002G)
Rapid Advertising Company - One Person Company	LLC	1010475663	27/02/1440H (Corresponding to 05/11/2018G)	27/02/1445H (Corresponding to 12/09/2023G)
Integrated Production for Audio -Visual Media Production Company	LLC	1010560718	15/06/1440H (Corresponding to 20/02/2019G)	15/06/1445H (Corresponding to 28/12/2023G)
Tihama Distribution Company one person Company - Riyadh	LLC	1010630677	10/07/1441H (corresponding to 05/03/2020G)	10/07/1446H (corresponding to 10/01/2025G)
Aventus Global Trading - Single Person LLC Dubai	LLC	1430060	17/05/2011G	05/09/1444H (corresponding to 05/04/2023G)
Nassaj AlKhayal for Audio-visual Media Production Company*****	LLC	1010597777	07/02/1441H (corresponding to 06/10/2019G)	07/02/1444H (corresponding to 03/09/2022G)
Tihama New Media Company	LLC	1010893591	25/11/1438H (Corresponding to 17/08/2017G)	25/11/1444 H (Corresponding to 13/06/2023G)
Details of the commercial records of the invested companies				
United Advertising Company Limited	LLC	4030029817	06/16/1401H (Corresponding to 21/04/ 1981G)	01/06/1447H (Corresponding to 01/07/ 2025G)
United Advertising Company Limited	Branch	1010241456	11/29/1428H (Corresponding to 09/12/2007G)	29/11/1447H (Corresponding to 16/05/ 2026G)

Site	Type of Legal Entity	Commercial Registration Certificate No.	Date of Issue	Expiry Date
United Journalists Company	LLC	CR number is not available	06/19/1409 H (Corresponding to 26/01/1989G)	Without expiration date
Saudi for Selling Advertising Materials*	LLC	4030103722	26/11/1414 H (Corresponding to 07/05/1994G)	25/11/1434H (Corresponding to 30/09/2013G)
Tihama Global Dubai**	LLC	91453	06/08/1438H (Corresponding to 07/03/2017G)	Without expiration date
J. Walter Thompson MENA Company	Closed Shareholding Co.	44942	26/12/1420H (Corresponding to 01/04/2000G)	10/09/1444H (corresponding to 01/04/2023G)
Gulf Systems Development Company ******	LLC	1010299758	23/01/1432H (corresponding to 29/12/2010G)	22/01/1434H (corresponding to 06/12/2012G)
Renewable Technology Company*******	LLC	1010287607	24/05/1423H (Corresponding to 03/08/2002G)	Without expiration date

Source: The Company

* The Company is under liquidation, and the commercial registration of the Saudi Company for the sale of advertising materials has not been renewed due to the partners' decision to liquidate it.

** The branch of Tihama Education Company has a decision to close it.

*** The commercial register has not been renewed because the Company is suspended due to a lawsuit filed against its former manager.

**** The record is under renewal.

***** The record is under renewal

****** The partners in the Company are, Tihama Advertising and Public Relations, a Company owned by a former board chairman and an organization owned by a former board member; The management of Tihama Advertising and Public Relations was unable to communicate with them to issue a decision from the partners to start liquidation. Investment in the Company is also among the files under litigation against a previous board of directors, before the Committee for the Resolution of Securities Disputes.

******* The partners in the Company are, Tihama Advertising and Public Relations Company, the Company of a former chairman of the board, and a former board member in his name. The management of Tihama Advertising and Public Relations was unable to communicate with them to issue a decision from the partners to start liquidation. Investment in the Company is also among the files under litigation against a previous board of directors, before the Committee for the Resolution of Securities Disputes.

Table No. (104): Details of the statutory licenses and certificates obtained by the Company.

Details of the statutory licenses and certificates obtained by the Company and branches.				
Issuing Authority	License Type	Issued for	License No.	Expiry Date
General Authority for Audiovisual Media	Media license, type of activity (advertising institutions and agencies)	Tihama Advertising and Public Relations Company	55972	08/11/1444H (Corresponding to 28/05/2023G)
General Authority for Audiovisual Media	Media license, type of activity (public relations and communication)	Tihama Advertising and Public Relations Company	30540	24/11/1444H (Corresponding to 13/06/2023G)
General Authority for Audiovisual Media	Media license, type of activity (advertising institutions and agencies)	Tihama Advertising and Public Relations Company	23232	24/11/1444H (Corresponding to 13/06/2023G)
Chamber of Commerce and Industry - Riyadh Chamber -	Subscription Certificate	Tihama Advertising and Public Relations Company	6326	29/05/1444 H (corresponding to 23/12/2022G)
Chamber of Commerce and Industry - Jeddah Chamber -	Subscription Certificate	Branch Tihama Advertising and Public Relations Company	7000035563	29/05/1444 H (corresponding to 23/12/2022G)
General Authority of Zakat and Income	ZAKAT Certificate	Tihama Advertising and Public Relations Company and branches	1110407184	01/13/1445H corresponding to 07/31/2023G
Ministry of Labor and Social Development	Saudization Certificate (A commitment certificate that is valid for a maximum of three months and is electronically renewable upon request)	Tihama Advertising and Public Relations Company	10773897.-152705	16/03/1444H (Corresponding to 12/10/2022G)
Ministry of Labor and Social Development	Saudization Certificate (A commitment certificate that is valid for a maximum of three months and is electronically renewable upon request)	Tihama Advertising and Public Relations Company - Branch	19048081.-193474	21/03/1444 AH (corresponding to 17/ 10/2022G)
Zakat, Tax and Customs Authority	VAT Certificate	Tihama Advertising and Public Relations Company - Branch	3001897736	Without expiration date
General Organization for Social Insurance	GOSI Certificate	Tihama Advertising and Public Relations Company	48759586	09/03/1444H (corresponding to 10/5/2022G)
General Organization for Social Insurance	GOSI Certificate	Tihama Advertising and Public Relations Company - Branch	48760885	09/03/1444H (corresponding to 10/5/2022G)
Qiwa Platform - Ministry of Human Resources and Social Development	A performance report stating that the Company's entity scope is high green and entity size (small class B).	Tihama Advertising and Public Relations Company	Facility No. 187754-1	September 2022, the report was released, and the report has no expiration date.
Qiwa Platform - Ministry of Human Resources and Social Development	A performance report stating that the Company's entity scope is high green and entity size (small class B).	Tihama Advertising and Public Relations Company - Branch	Facility No. 8105-9	September 2022, the report was released, and the report has no expiration date.
Ministry of Human Resources and Social Development	A certificate of compliance with the wage protection system stating that the Company is committed to the controls of the wage protection program	Tihama Advertising and Public Relations Company	20012208013291	After 60 days from the date of its issuance on 23/01/1444H (corresponding to 21/08/2022G)
Ministry of Human Resources and Social Development	A certificate of compliance with the wage protection system stating that the Company is committed to the controls of the wage protection program	Tihama Advertising and Public Relations Company - Branch	20092208004830	After 60 days from the date of its issuance on 23/01/1444H (corresponding to 21/08/2022G)
MoMRA - Riyadh Amana-	Municipality license	Tihama Advertising and Public Relations Company (Riyadh)	40031846266	10/08/1444H (corresponding to 02/03/2023G)
MoMRA - Jeddah Amanah -	Municipality license	Tihama Advertising and Public Relations Company - Branch	39111394470	14/11/1444H (corresponding to 06/03/2023G)

Source: The Company

Table No. (105): Details of Statutory licenses and certificates obtained by Tihama Advertising sole proprietorship

Details of Statutory licenses and certificates obtained by Tihama Advertising sole proprietorship				
Issuer	License type	Licenser	License no	Date of expiration
Chamber of Commerce and Industry - Riyadh Chamber-	Subscription certificate	Tihama Advertising sole proprietorship- main branch	399881	29/06/1447H (corresponding to 20/12/2025G).
Zakat, Tax and Customs Authority	VAT certificate	Tihama Advertising sole proprietorship – main branch	3101706099	It has no expiration dare
General Authority of Zakat & Tax	Zakat certificate	Tihama Advertising sole proprietorship and its branch	1020763234	10/10/1444H (corresponding to 30/04/2023G).
Saudi Post (National Address)	National Address	Tihama Advertising sole proprietorship- main branch	31310256082	28/03/1444H (corresponding to 24/10/2022G).
Ministry of Human Resources and Social Development	Saudization certificate (commitment certificate valid for three months maximum which is electronically renewable upon request)	Tihama Advertising sole proprietorship – main branch	136665-19816086	20/03/1444H (corresponding to 16/10/2022G).
General Organization for Social Insurance	Social insurance certificate	Tihama Advertising sole proprietorship- main branch	48776896	09/03/1444H (corresponding to 05/10/2022G).
Qiwa Platform - Ministry of Human Resources and Social Development	Performance report stating that the Company entity extent is platinum and the Company entity size is (small category A)	Tihama Advertising sole proprietorship (main-Riyadh)	Facility no-1-1716420	In September 2022 AD, the report is issued and it has no expiration date.
Ministry of Municipal and Rural Affairs- Riyadh Municipality -	Municipality license	Tihama Advertising sole proprietorship- main branch	40102408748	06/04/1445H (corresponding to 21/10/2023G).
Ministry of Municipal and Rural Affairs- Riyadh Municipality -	Municipality license	Tihama Advertising sole proprietorship- branch	41012570818	20/01/1444H (corresponding to 18/08/2022G).
General Directorate of Civil Defense - Riyadh	Civil defense permits	Tihama Advertising sole proprietorship - branch	3-000403335-43	05/04/1444H (corresponding to 31/10/2022G).

Source: The Company

* Expired.

Table No. (106): Details of Statutory licenses and certificates obtained by Integrated Production Co. for Audio and Visual Media Production

Details of Statutory licenses and certificates obtained by Integrated Production Co. for Audio and Visual Media Production				
Licensee	License type	Licenser	License no	Date of expiration
General Commission for Audiovisual Media	Media license, activity type (producing Audiovisual media content)	Integrated Production Co. for Audio and Visual Media Production	83.72	11/09/1446H (corresponding to 11/03/2025G).
Chamber of Commerce -Riyadh Chamber-	Subscription certificate	Integrated Production Co. for Audio and Visual Media Production	101000485434	15/06/1445H (corresponding to 28/12/2023G).
Zakat, Tax and Customs Authority	VAT certificate	Integrated Production Co. for Audio and Visual Media Production	3103644019	It has no expiration dare
Zakat, Tax and Customs Authority	Zakat certificate	Integrated Production Co. for Audio and Visual Media Production	1020261723	10/10/1444H (corresponding to 30/04/2023G).
Ministry of Human Resources and Social Development	Saudization certificate (Commitment certificate valid for three months maximum which is electronically renewable upon request)	Integrated Production Co. for Audio and Visual Media Production	35106874-154019	08/03/1445H (corresponding to 04/10/2022G).
General Organization for Social Insurance	Social insurance certificate	Integrated Production Co. for Audio and Visual Media Production	48619320	03/03/1444H (corresponding to 29/09/2022G).

Details of Statutory licenses and certificates obtained by Integrated Production Co. for Audio and Visual Media Production				
Licensee	License type	Licenser	License no	Date of expiration
Ministry of Human Resources and Social Development	Commitment to WPS Certificate stating that the Company shall be liable to settings of WPS	Integrated Production Co. for Audio and Visual Media Production	20012204004951	Valid for 60 days from its issuance date on 24/09.1443H (corresponding to 25/04/2022G)
General Directorate of Civil Defense - Jeddah	Civil Defense permits- Safety Certificate	Integrated Production Co. for Audio and Visual Media Production	100162750	It has no expiration dare

Source: The Company

Table No. (107): Details of Statutory licenses and certificates obtained by Modern Tihama Libraries Company

Details of Statutory licenses and certificates obtained by Modern Tihama Libraries Company				
Licensee	License type	Licensor	License No	Date of expiration
* Ministry of media	Media license	Modern Tihama Libraries Company	20088	27/10/1441H (corresponding to 19/06/2020G).
Jeddah Chamber of Commerce & Industry	Subscription certificate	Modern Tihama Libraries Company - Jeddah -	-	05/01/1445H (corresponding to 23/07/2023G).
General Organization for Social Insurance	Social insurance certificate	Modern Tihama Libraries Company	48776739	09/03/1444H (corresponding to 05/10/2022G).
General Authority of Zakat & Tax**	Zakat certificate	Modern Tihama Libraries Company	1030891147	18/09/1442H (corresponding to 30/04/2021G).
Zakat, Tax and Customs Authority	VAT certificate	Modern Tihama Libraries Company	3005786965	It has no expiration dare
Qiwa Platform – Ministry of Human Resources and Social Development****	Performance report stating that the Company entity extent is green and the Company entity size is (small category A)	Modern Tihama Libraries Company	Facility no 9-1644596	In September 2022, The report was issued and it has no expiration date.
Ministry of Human Resources and Social Development	Saudization certificate (Commitment certificate valid for three months maximum which is electronically renewable upon request)	Modern Tihama Libraries Company	352021-18974669	21/03/1444H (corresponding to 17/10/2022G).
Ministry of Human Resources and Social Development	Commitment to WPS Certificate stating that the Company shall be liable to settings of WPS	Modern Tihama Libraries Company	20092208004833	Valid for 60 days from its issuance on 23/01/1444H (corresponding 21/08/2022G)
General Directorate of Civil Defense – Jeddah ***	Permits of Civil Defense	Modern Tihama Libraries Company	38289-000023	12/04/1439H (corresponding to 31/12/2017G).

Source: The Company

* Under renewal progress

** Zakat certificate of the Company expired on 18/9/1442H (corresponding to 30/04/2021G) whereas the Company doesn't provide Zakat acknowledgment for the year ended on 31st December 2021 AD till Date of a such prospectus, updated certificate of Zakat shall not be issued for the Company. In witness whereof, the Company has liabilities for the benefit of Zakat, Tax and Customs Authority about Zakat differences according to assessments amended by the Authority for the previous financial year. The Company has applied an object to it before committees Zakat, tax and customs disputes.

*** Under renewal progress

**** Qiwa report indicates the suspension of facility services: because of the amounts that it is due to Zakat, Tax and Customs Authority.

Table No. (108): Details of Statutory licenses and certificates obtained by Aventus Global Trading LLC Company

Details of Statutory licenses and certificates obtained by Aventus Global Trading LLC Company				
Licensee	License type	Licensor	License No	Date of expiration
Department of Economy and Tourism in Dubai	Permits for municipalities, secretariats and commercial activities	Aventus Global Trading LLC - Dubai	652228	05/04/2023G
Federal Tax Authority	VAT certificate	Aventus Global Trading LLC - Dubai	100312420100003	It has no expiration dare
Ministry of Culture & Youth, United Arab Emirates*	Media license	Aventus Global Trading LLC branch-WHsmith	1093306	07/02/1444H (corresponding to 04/09/2022G).
Ministry of Culture & Youth, United Arab Emirates**	Media license	Aventus Global Trading LLC branch-WHsmith	6627134	25/09/1444H (corresponding to 04/09/2022G).
Ministry of Culture & Youth, United Arab Emirates***	Media license	Aventus Global Trading LLC branch-WHsmith	1897743	07/02/1444H (corresponding to 04/09/2022G).
Ministry of Culture & Youth, United Arab Emirates****	Media license	Aventus Global Trading LLC branch-WHsmith	4228588	07/02/1444H (corresponding to 04/09/2022G).
Ministry of Culture & Youth, United Arab Emirates	Media license	Aventus Global Trading LLC branch-WHsmith	7600342	27/03/1444H (corresponding to 23/10/2022G).
Department of Economic Development – Abu Dhabi Business Center	Commercial License	Aventus Global Trading LLC - Dubai	CN-1415251	17/02/1444H (corresponding to 13/09/2022G).
Abu Dhabi Airports Free Zone	Commercial License	Aventus Global Trading LLC - Dubai	ADAFZ00073-A	06/02/1444H (corresponding to 03/09/2022G).
Directorate General of Civil Defense- Dubai	Civil Defense Permits	Aventus Global Trading LLC	INV10573159-2022	It has no expiration dare
Directorate General of Civil Defense- Dubai	Civil Defense Permits	Aventus Global Trading LLC	BD-ALST-0001374	It has no expiration dare
Directorate General of Civil Defense- Dubai	Civil Defense Permits	Aventus Global Trading LLC	BD-ALST-0005550	It has no expiration dare

Source: The Company

*Under renewal progress

**Under renewal progress

***Under renewal progress

****Renewal progress

Table No. (109): Details of Statutory licenses and certificates obtained by Tihama Distribution Company

Details of Statutory licenses and certificates obtained by Tihama Distribution Company				
Licensee	License type	Licensor	License No	Date of expiration
Chamber of Commerce and Industry - Riyadh Chamber -	Subscription certificate	Tihama Distribution Company (Riyadh)	555400	10/07/1446H (corresponding to 10/01/2025G).
Saudi Post (National Address)	National Address	Tihama Distribution Company (Riyadh)	31319565809	11/02/1444H (corresponding to 07/09/2022G).
Chamber of Commerce and Industry - Jeddah Chamber-	Subscription certificate	Tihama Distribution Company branch	7000492202	29/05/1447H (corresponding to 20/11/2025G).
Saudi Post (National Address)	National Address	Tihama Distribution Company	980781641	24/06/1444H (corresponding to 17/01/2023G).
Zakat, Tax and Customs Authority *	Zakat certificate	Tihama Distribution Company (Jeddah branch)	1030341609	10/10/1444H (corresponding to 30/04/2023G).
Zakat, Tax and Customs Authority	VAT certificate	Tihama Distribution Company	3002490615	It has no expiration dare
Ministry of Human Resources and Social Development	Saudization certificate (commitment certificate valid for three months maximum which is electronically renewable upon request)	Tihama Distribution Company (Jeddah branch)	166846-13005453	29/02/1444H (corresponding to 25/09/2022G).
General Organization for Social Insurance	Social insurance certificate	Tihama Distribution Company (Jeddah branch)	47592590	18/01/1444H (corresponding to 16/08/2022G).
Qiwa Platform – Ministry of Human Resources and Social Development	Performance report stating that the Company entity extent is high green and the Company entity size is (small category B)	Tihama Distribution Company (Jeddah branch)	Facility no 9-152011	The report is issued in July 2022G, it has no expiration date

Source: The Company

* Record no 1010630677 was added to Zakat Certificate and is in the process of its issuance.

Table No. (110): Details of Statutory licenses and certificates obtained by Al E3lan Al Saree For advertising sole proprietorship Company

Details of Statutory licenses and certificates obtained by Al E3lan Al Saree For advertising sole proprietorship Company				
Licensee	License type	Licensor	License No	Date of expiration
Chamber of Commerce and Industry -Riyadh-	Subscription certificate	Al E3lan Al Saree For advertising sole proprietorship Company	46838	26/02/1445H (corresponding to 12/09/2023G).
Zakat, Tax and Customs Authority	VAT certificate	Al E3lan Al Saree For advertising sole proprietorship Company	310364401900003	It has no expiration dare
Zakat, Tax and Customs Authority	Zakat certificate	Al E3lan Al Saree For advertising sole proprietorship Company	1020353880	10/10/1444H (corresponding to 30/04/2023G).
General Organization for Social Insurance	Social insurance certificate	Al E3lan Al Saree For advertising sole proprietorship Company	47274290	23/02/1444H (corresponding to 19/09/2022G).
Saudi Post	National Address	Al E3lan Al Saree For advertising sole proprietorship Company	31322579168	22/05/1444H (corresponding to 06/12/2022G).

Source: The Company

Table No. (111): Details of Statutory licenses and certificates obtained by Tihama Company for new media and advertising

Details of Statutory licenses and certificates obtained by Tihama for new media and advertising				
Licensee	License type	Licensor	License No	Date of expiration
Zakat, Tax and Customs Authority	Zakat certificate	Tihama Company for new media and advertising	1020351748	10/10/1444H (corresponding to 30/04/2023G).
Chamber of Commerce and Industry –Riyadh-	Subscription certificate	Tihama Company for new media and advertising	420015	22/11/1444H (corresponding to 14/06/2023G).

Source: The Company

Table No. (112): Details of Statutory licenses and certificates obtained by Tihama holding for commercial investment

Details of Statutory licenses and certificates obtained by Tihama holding for commercial investment				
Licensee	License type	Licensor	License No	Date of expiration
Zakat, Tax and Customs Authority	Zakat certificate	Tihama holding for commercial investment	10320552	10/10/1444H (corresponding to 30/04/2023G).
Chamber of Commerce and Industry – Riyadh-	Subscription Certificate	Tihama holding for commercial investment	125176	24/05/1445H (corresponding to 08/12/2023G

Source: The Company

Table No. (113): Details of Statutory licenses and certificates obtained by Tihama International for Advertising Company

Details of Statutory licenses and certificates obtained by Tihama International for Advertising Company				
Licensee	License type	Licensor	License No	Date of expiration
Zakat, Tax and Customs Authority	Zakat certificate	Tihama International for Advertising Company	1020322286	10/10/1444H (corresponding to 30/04/2023G).
Chamber of Commerce and Industry – Riyadh -	Subscription Certificate	Tihama International for Advertising Company	247250	22/04/1444H (corresponding to 16/11/2022G).

Source: The Company

Table No. (114): Details of Statutory licenses and certificates obtained by Istidama Real Estate Company

Details of Statutory licenses and certificates obtained by Istidama Real Estate Company				
Licensee	License type	Licensor	License No	Date of expiration
Zakat, Tax and Customs Authority	Zakat certificate	Istidama Real Estate Company	1030323281	10/10/1444H (corresponding to 30/04/2023G).
Chamber of Commerce and Industry – Jeddah	Subscription Certificate	Istidama Real Estate Company	Facility no: 7007370179	05/02/1444H (corresponding to 01/09/2022G).

Source: The Company

Table No. (115): Details of Statutory licenses and certificates obtained by Naseej Al-Khaial Company for Audio and Visual Media Production

Details of Statutory licenses and certificates obtained by Naseej Al-Khaial Company for Audio and Visual Media Production				
Licensee	License type	Licensor	License No	Date of expiration
Zakat, Tax and Customs Authority	Zakat certificate	Naseej Al-Khaial Company for Audio and Visual Media Production	1020353710	10/10/1444H (corresponding to 30/04/2023G).
Zakat, Tax and Customs Authority	VAT certificate	Naseej Al-Khaial Company for Audio and Visual Media Production	310477788900003	It has no expiration dare
Chamber of Commerce and Industry – Riyadh *	Subscription Certificate	Naseej Al-Khaial Company for Audio and Visual Media Production	526106	07/02/1444H (corresponding to 03/09/2022G).

Source: The Company

*Expired

10.4 Continuous liabilities imposed by governmental authorities on the Company and its subsidiaries in its capacity "licensee"

The below regulatory authorities shall oblige the Company to commit to some essential requirements as follows:

10.4.1 Continuous liabilities according to requirements of the Ministry of Media

- The Company and its subsidiaries shall practice media and public relations activities, services of media methods, publishing, retail and education as practicing media activities in terms of media and production in KSA require determined regulatory licenses, the Company has got Ministry of Media (Ministry of Culture and Media previously) license no 23232 issued on 02/12/1412H (corresponding to 03/06/1992G), Ministry of Media license no 30540 issued on 24/07/1423G (corresponding to 01/10/2002G), Media license from General Authority for Audio-Visual Media no 55972 issued on 11/10/1442G (corresponding to 30/08/2020G).
- Therefore, the Company shall be obliged towards Media regulations in KSA of both media and audio media systems, publishing and prints system. It shall be obliged to Media policy in KSA issued by Ministry Council resolution no 169 dated on 20/10/1402H and settings of practicing media activities.
- Besides the Company shall be obliged to conditions and instructions imposed by the Ministry of Media upon companies in the field of Media and advertising. Board Members shall ensure that the Company continues to commit to the requirements of the Ministry of Media till the prospectus date. They acknowledge continuing its commitment.

10.4.2 Continuous liabilities according to requirements of the Ministry of Commerce

- The Company shall be obliged to commercial record regulation in terms of registering at the Commercial record department in Riyadh. A commercial record certificate has been extracted from Tihama Advertising Company, its branches and subsidiaries. The Company and its subsidiaries shall be obliged to commercial record regulation as they were registered in Riyadh chamber. Membership certificates shall be expired in the commercial chambers by the end of commercial register certificates validation terms referred hereto.
- The Company shall be liable to the Company's regulation to approve the statute in line with the latest modifications entered into companies' regulation after the prior consent of the Ministry of Commerce upon statute and shareholders' approval in the general assembly extraordinary meeting on 22/07/1443H (corresponding to 23/02/2022H). The Statute was approved by the Corporate Governance Department in the Ministry of Commerce dated on 15/10/1442H (corresponding to 16/05/2022G).
- The Company shall not upload this (latest) version of the statute on (Tawadul) Website in the Company page.

10.4.3 Continuous liabilities according to Capital Market Authority requirements

- The Capital Market Authority shall oblige the included companies to rules of submitting securities and continuous liabilities besides the regulations and instructions issued by the authority, as well as those issued by the Saudi Tadawul Group (Tadawul), particularly the rules for submission and periodic disclosure of material and financial developments and the Board report, and the provided media forms should be adhered to within the instructions of companies' announcements of their financial results, the Company shall also provide a statement of all the reasons and influences for the financial results change in the current financial year with the comparison period so that the reasons shall involve all the items for announcing the financial results.
- It should be noted that for the solvency of public liability Company, Capital Market Authority has issued on 23/01/1438H (corresponding to 10/24/2016G) no 2016-130-1 (To amend procedures and instructions of companies whose shares are listed in the market amounted to their accumulated losses (50%) or more of its capital, and its name shall be amended to be "Procedures and instructions of companies which shares are listed in the market, whose accumulated losses amounted to (20%) or more of its capital."
- The procedures and instructions of companies whose shares are listed in the market amounted to (20%) or more of their capital have included marking the Company name on the Saudi Financial Market website (Tadawul) as it indicates amounting accumulated losses of the Company 20% or more not less than 35% of its capital, another mark indicates amounting accumulated losses of the Company 35% or more not less than 50% of its capital and a mark indicates amounting accumulated losses of the Company 50% or more of its capital. The Authority shall oblige companies included in Market Authority to follow the instructions regulation of joint stock companies whose names are included in Market Capital.
- Till the date of such prospectus, the Company shall not violate any of the above-mentioned instructions. It shall be liable to Market capital regulation and its executive regulation otherwise the provided in sections 10.12 (**penalties**). Board members ensure that the companies shall continue complying with regulations, provisions and instructions of Capital Market Authority and Capital Market (Tadawul) and acknowledge their commitment shall continue.

10.4.4 Continuous liabilities according to the Ministry of Human Resources and Social Development

- The Company work file shall be opened and Facility Unified Number is issued no 7013991919 as indicated in joint stock companies' registration certificate (CR), commercial register of the Company no 1010016722. The Company shall benefit from the electronic services of Human Resources and Social Development till the date of the prospectus.
- Besides, Saudization certificate shall be extracted stating that the Company shall be liable to its required saudization rates according to Nitaqat program, the facility no 1-187754. The Company shall be located in a high green one (small, category B).
- The Company shall be liable to WPS according to commitment to WPS certificate issued by Ministry of Human Resources and Social Development no 20012208013291 issued on 23/01/1444H (corresponding to 21/08/2022G).
- Ministry of Human Resources and Social Development approved the Company's internal regulation of law under resolution no 1000008666 on 29/03/1442H (Corresponding to 15/11/2020H) including the following articles: General provisions, employment, work contract, embarkation, training and qualification, wages, performance reports, bonuses, promotions, assignment, benefits and allowances, working days and hours, overtime, administrative inspection, vacations, medical care, work environment, social services, work behavior controls, violations and penalties, grievance, and schedule Violations and penalties.

10.4.5 Continuous liabilities according to General Organization for Social Insurance requirements

- General Organization for Social Insurance has issued a certificate for Tihama Advertising Company, code no 47593168 dated on 19/12/1443H (corresponding to 18/07/2022G) stating that the Company is registered by subscription no 110048611 and it has fulfilled its liabilities towards institution according to its provided data.
- General Organization for Social Insurance has issued a certificate for Tihama Advertising Company- Jeddah branch, code no 47598700 dated on 19/12/1443H (corresponding to 02/06/2022G) stating that the Company is registered by subscription no 110048602 and it has fulfilled its liabilities towards institution according to its provided data.

10.4.6 Continuous liabilities according to Zakat, Tax and Customs Authority requirements

- The Company shall be liable to provide its Zakat and tax assessments within 120 days as of financial year-end according to article 18 of its executive regulation of income tax provision issued by ministerial resolution no 1535 dated on 11/06/1425H corresponding 28/07/2004G for the purpose of renewing certificate issued by Zakat, Tax and Customs Authority.
- The Company was registered in its capacity (taxpayer) under the unique tax number (3001897736). The Company has submitted its Zakat resolution for the year ended on 31/03/2022G, it has obtained a Zakat certificate stating that it has submitted its Zakat/ tax assessment by Zakat, Tax and Customs Authority with the number (1110407184) dated 05/02/1444H (corresponding to 01/09/2022G) and is valid until 13/01/1445H (corresponding to 31/07/2023G)
- The Company has provided its tax/Zakat assessments for the financial year 01/04/2018G to 31/03/2019G under fiscal number: 300189773600005 and financial year 01/04/2019G to 31/03/2020G.
- The Company shall be liable to VAT regulation and its executive regulation. It is registered at Zakat, Tax and Customs Authority under tax number (300189773600003).

10.4.7 Continuous liabilities according to Ministry of Municipal Rural Affairs & Housing requirements

The Company shall be liable to Municipal Rural Affairs & Housing requirements and it has extracted the licenses required for building and operating its projects and real estate assets.

10.4.8 Continuous liabilities according to General Directorate of Civil Defense requirements

The Company shall be liable to safety standards required by Civil Defense and the General Directorate of Civil Defense has issued safety certificates required for building and operating the Company projects and real estate assets.

10.4.9 Continuous liabilities according to Ejar platform requirements

According to Ministerial Council no (292) dated 16/05/1438H (corresponding to 13/02/2017G); a lease contract that is not registered in the electronic network of hiring services "Ejar platform" shall not be deemed valid for its judicial and administrative impacts therefor the Company shall be partially liable to register Ejar contract in "Ejar platform".

10.5 Summary of material contracts

The below tables indicate the summary of agreements that the Company sees its material based on its importance and impact on the operational processes of the Company.

The Company and its subsidiaries have concluded representation and distribution contracts with a number of companies of a value amounting to seventy million eight hundred and thirty-three thousand one hundred and sixty-six (70,833,166) Saudi Riyals besides determined certain rates of franchise agreements revenues as indicated in the following table:

Table No. (116): Contracts of Tihama Advertising Company

Agreement Title	Date and Term	Parties	Subject
Lease contract of (15) location of billboards in Dammam	25/05/1441H (corresponding to 20/01/2020G) to 24/05/1446H (corresponding to 27/11/2024G).	First Party: Eastern Province Municipality Second Party: Tihama Advertising Company	Lease contract of (15) location of billboards, Uni-Ball type in Dammam Metropolitan-Sixth group
Merge agreement of J. Walter Thomson Middle East and North Africa (an associate of Tihama) with Wonderman Thomson Middle East and North Africa to establish Wonderman Thomson Middle East and North Africa as a holding group in the Kingdom of Bahrain*	Validation date: 20/11/1442H (corresponding to 30/06/2021G)	First Party: (Cavendish Square) holding Second Party: Y&R team holing limited (The first and second parties shall constitute shareholders of WBB) Third-party: Tihama Advertising Company Fourth party: WNY limited Fifth party: Mohamed Tariq Dagany Sixth party: shareholders of DNY Seventh party: of J. Walter Thomson Middle East and North Africa	of J. Walter Thomson Middle East and North Africa (an associate of Tihama) with Wonderman Thomson Middle East and North Africa to establish Wonderman Thomson Middle East and North Africa (a holding group in the Kingdom of Bahrain) Tihama Company shall have 25% of Wonderman Thomson after transferring shares and all relevant official procedures.
Agreement to establish a new Company in the Kingdom of Saudi Arabia titled ICG Saudi Arabia**	Validation date: 20/11/1442H (corresponding to 30/06/2021G)	First Party: Tihama Advertising Company Second Party: WBB group	Establish a new holding Company which is ICG Saudi Arabia which will provide a set of media and communications services which is competent in KSA by the trademarks of agencies dealing directly with customers. WBB owes 70% of the holding Company while Tihama owes 30% and the initial processes of ICG will serve customers through five trademarks which are Ogilvy, MediaCom, Mindshare, Wavemaker and Gray. It is expected that a lot of trademarks are added as new opportunities occurred.
Franchise agreement ***	From: 02/06/1438H (corresponding to 01/03/2017G) To: 22/09/1448H (corresponding to 01/03/2027G)	First Party: WH Smith Travel Limited Second Party: The Company	Giving franchise to the Company in KSA.

source: the Company

* With reference to the above-mentioned agreement, as it is subject to the complete legal property transfer and all other regulatory approvals required before 31st December 2021G. (Developments of company disclosure to concluding an agreement with WBB group for merging J Walter Thomson Middle East and North of Africa with Wonderman Thomson Middle East and North Africa to establish Wonderman Thomson Middle East and North Africa to (a holding group in the Kingdom of Bahrain).It should be noted that the period for completing the transfer of legal ownership and all other required regulatory approvals has been extended to be before June 30, 2023 instead of December 31, 2022, according to the appendix to the agreement.

** With reference to the above-mentioned agreement, as it is subject to the complete legal property transfer and all other regulatory approvals required before 30th September 2022G.

*** according to agreement terms, WHS shall give the franchisee the right to work at travel locations under the trademark exclusively, WHS may not give anyone the right to operate retail works like the sale of newspapers, magazines, books, sweets, drinks, travel, accessories, gifts, souvenirs, cosmetics, tobacco and toys under the trademarks by using regulation during the term besides the franchisee shall not manage retail for the above-mentioned resources itself or on behalf of any third party at any retail location to travel within the area. The agreement shall be subject to England and Wales laws and regulations.

Table No. (117): Contracts of Integrated Production Co. for Audio and Visual Media Production

Agreement Title	Date and Term	Parties	Subject
Post-production services contract	From: 21/06/1443H (corresponding to 24/01/2021G) To: Each party fulfilment of its liabilities and ends the work execution in full after conducting all the required amendments and approve work by the first party and client, besides the continuity of confidentiality and property rights.	First Party: Photo Field Association for Art Production Second Party: Integrated Production Co. for Audio and Visual Media Production	The second party shall perform post-. production tasks for TV Series "Urim2", one of these tasks for example: montage and video editing work.
Documentary films production project contract	From: 11/10/1442H (corresponding to 23/05/2021G) To: (16) full months as of Date of project start minute.	First Party: governmental authority Second Party: Integrated Production Co. for Audio and Visual Media Production	Execute the technical equipment for the documentation project based upon first party desire to produce a number of movies, with contract and services being subject to the regulations of governmental competitions and procurements and its executive provision and its issued resolutions.
Providing services contract between Integrated Production Co. for Audio and Visual Media Production and a Company for art production and distribution*	From: 16/05/1443H (corresponding to 20/12/2021G) To: (90) days as of validation date or full delivery of the project and services to the first party satisfactorily.	First Party: Integrated Production Co. for Audio and Visual Media Production Second Party: a Company for art production and distribution	Providing logistic services for the series project, services extent includes executing all work scenes in the Arab Republic of Egypt
Program production contract	From: 17/04/1442H (corresponding to 02/12/2020G) To: Execute the work in full after doing all required amendments and approving work by the first party besides the continuity of conditions related to confidentiality and property rights.	First Party: governmental authority Second Party: Integrated Production Co. for Audio and Visual Media Production	Deliver the program work for the sake of the first party according to the agreed terms and specifications herein provided that work shall be produced in a highly distinctive and highly technical technology.
Management contract of TW series executive production services	From: 20/03/1443H (corresponding to 26/10/2021G) To: Complete executing work in full and fulfilling each party its liabilities besides the continuity of conditions related to confidentiality and property rights.	First Party: Al Sadaf For Sonic And Visual Production Limited- one of the MBC group companies Second Party: Integrated Production Co. for Audio and Visual Media Production	Management of TW series executive production provided that it should be performed by the best specifications according to the best quality standards.

source: the Company

* The contract includes confidentiality and non-disclosure term, the Company doesn't get written approval for its disclosure.

Table No. (118): Contracts of Tihama Distribution Company

Agreement Title	Date and Term	Parties	Subject
*Executive international distribution agreement	From: 10/07/1442H (corresponding to 22/02/2021G) To: 18/06/1445H (corresponding to 31/12/2023G)	First Party: Houghton Mifflin Harcourt Second Party: Tihama Distribution Company	Tihama Distribution Company shall be assigned as the exclusive agent for selling and distributing publications and books in the region, and Houghton Mifflin Harcourt Company shall supply goods according to purchase orders.

source: the Company

* Agreement concluded between the Company and Houghton Mifflin Harcourt shall be subject to arbitration in New York, the USA in case of any disputes between them.

Table No. (119): Contracts of Tihama Education Company

Agreement Title	Date and Term	Parties	Subject
Lease and operation contract with a governmental authority	From: 16/04/1443H (corresponding to 21/11/2021G) For five years	First Party: governmental authority. Second Party: Tihama Education Company (subsidiary Company)	Lease and operation contract of the retail unit. Tihama shall operate the unit pursuant to exclusive franchisee of trademark WHsmith. The total value of the contract for five years shall exceed 10% of the Company's net assets as of 31st December 2021G
Lease and operation contract with a governmental authority	From: 08/09/1442H (corresponding to 20/04/2021G), which is valid for five Georgian years as of the date of location delivery minute.	First Party: governmental authority. Second Party: Tihama Education Company (subsidiary Company)	Lease and operation contract of two retail units. Tihama shall operate the units pursuant to exclusive franchisee of trademark WHsmith. The total value of the contract for five years shall exceed 10% of the Company's net assets as of 31st December 2021G

source: the Company

Table No. (120): Contracts of Aventus Global Trading LLC Company (subsidiary Company)

Agreement Title	Date and Term	Parties	Subject
Assets sale agreement if (3,700,00) AED including 0,7 million dirhams that will be used to pay a part of Aventus Company liabilities according to agreements concluded with the purchases. Besides, the stock of Aventus Global Trading LLC Company shall be sold to Next Payment Company by cost as of the deal completion date.	Validation date: 08/10/1443H (corresponding to 09/05/2022G)	First Party: Next payment trading Company Second Party: Aventus Global Trading LLC Company (subsidiary Company)	Assessment sale agreement between Aventus Global Trading LLC Company (subsidiary Company owned 100%) working in UAE and Next payment trading Company to sell a set of assets and transfer liabilities related to trading processes of Aventus Global Trading LLC Company. The agreement shall be subject to and require getting the required approvals by shareholders and relevant authorities to complete the process of transferring franchising rights and lease contracts.

source: the Company

* After Aventus Global Trading LLC has sold its assets and liabilities related to its trading process of 3.7 million AED to Next Payment Company, the redemption of mortgage of the property owned by Tihama Company in UAE and which is mortgaged against its performance guarantees besides reducing the value of non-monetary facilities on the group.

10.6 Conflict of interest

The board members acknowledge that there is no conflict of interest between board members regarding contracts/ transactions concluded with the Company and they are not part of any similar or competent activity to Company activities as of this prospectus date.

10.7 Credit facilities and loans

- Banking facilities agreement with Saudi National Bank on 26/03/1443H (corresponding 01/11/2021G) for one year of twenty million (20,000,000) Saudi Riyals as a comprehensive limit could be used for several sub limits conforming to the Islamic legitimate provisions. The financial cost shall be paid with the financial origin on the due date and the above-described facilities shall be borne according to common rates in KSA plus the approved margin.

The guarantees provided by the Company shall be represented as follows accordingly:

- A promissory note valued at twenty-two million (22,000,000) Saudi Riyals.
- Mortgaging a deposit of twenty million (20,000,000) Saudi Riyals with Saudi National Bank.
- During the period ending on December 31, 2022G, the credit facilities with Saudi National Bank became due and have not been paid as of the date of this Prospectus, according to the financial reorganization procedures, which require the suspension of claims against the Company that precedes the date of issuance of the Commercial Court's decision to accept the Company's request to open the financial reorganization procedures. It is noteworthy that the balance owed by the Company in favor of Saudi National Bank is (20,751,000) Saudi riyals, and the Company has made an additional provision of (161,000) Saudi riyals in the event that the bank claims additional interest on the amount in return for the period of suspending claims against the company that precedes the date of issuance of the commercial court's decision accepting the Company's request to open financial reorganization procedures.

- A non-monetary bank facility agreement with Riyadh Bank on 28/06/1443H (corresponding to 31/01/2022G) for three years with a value of five hundred and ninety-one thousand (591,000) Saudi Riyals to issue guarantees and documentary credits
- A promissory note valued at Five hundred and ninety-one thousand (591,000) Saudi Riyals.
- Cash coverage margin with Riyadh Bank of eighty-eight thousand seven hundred and four (88,704) Saudi Riyals with Riyadh Bank

The agreement includes a condition allowing Riyadh bank to deduct any monetary amounts retained by the Company at Riyadh bank to pay facility, the cash balances retained by the Company with the bank amounted to forty thousand seven hundred and ninety-one (40,791) Saudi Riyals as on March 31, 2022G, and no amounts were recorded as on March 31, 2021 AD. These balances are shown in the cash and its equivalent statement without clearing, in addition to the amount of eighty-eight thousand seven hundred and four (88,704) Saudi Riyals as on March 31, 2022G, while no amounts were recorded as on March 31, 2021G. These balances are shown within commercial receivables and other debit balance statements, by net without clearing. The Company also obtained NOC letter from Riyadh Bank on 01/12/1443H (corresponding to 30/06/2022G) of the Company's capital increase.

A financing agreement from Emirates NBD Bank for the benefit of the subsidiary Company (Aventus Global Trading) in return for the purchase of cars with a book value as of March 31, 2022G, one hundred and ninety-four thousand four hundred and thirty-eight (194,438) Saudi Riyals and an amount of three hundred and forty-five thousand two hundred and twenty-three (345,223) Saudi Riyals as on March 31, 2021G, the financing is paid in monthly installments for a period of 48 months against the car mortgage in favor of the bank.

The guarantees provided by the Company under this Agreement are as follows:

The value of the cars was mortgaged to the bank, and the net book value of the cars shown under the statement of net property and equipment, amounted to two hundred and thirty-two thousand nine hundred and eighty-eight (232,988) Saudi Riyals as on March 31, 2022G, and the amount of four hundred and eleven thousand seven hundred and seventeen (411,717) Saudi Riyals as on 31 March 2021G.

During the period ending on December 31, 2022G, the subsidiary company (Aventus Global Trading) terminated the financing with the bank after paying all amounts related to the financing, and accordingly, the existing mortgage on the subsidiary company's vehicles was canceled in favor of the bank, and the financing is no longer valid.

- A non-monetary facility from Ras Al Khaimah Bank* for the subsidiary Company (Aventus Global Trading) against issuing performance guarantee letters in the amount of four million, nine hundred and thirty-five thousand and fifty-three (4,935,053) Saudi Riyals as on March 31, 2022G and an amount of four million nine hundred and thirty-five thousand and fifty-three (4,935,053) Saudi Riyals as on March 31, 2022G, the most important terms and guarantees of the facility include the following items:
  - A promissory note amounting to four million nine hundred thirty-five thousand and fifty-three (4,935,053) Saudi Riyals.
  - Mortgaging the real estate units owned by the Tihama Education Company in the United Arab Emirates in favor of the bank. It represents the item of real estate investments and owned buildings in the statement of financial position).
  - Assignment of the right in rental income for real estate investments to the bank, amounting to no less than six hundred thousand (600,000) Saudi Riyals.
  - Mortgaging the stock of Aventus Global Trading Company (appearing under the stock item).
  - Referral of the right to point of sale sales for the bank.
  - Referral of the right to the real estate investment insurance policy for the bank.
  - Maintaining a monetary balance in the Company's bank accounts with the bank of no less than one million four hundred and forty-two seventy (1,442,070) Saudi Riyals.

Accordingly, the total Monetary guarantees including within the statement of cash and cash equivalents retained by the bank against the above facility amount to two million and thirty-one thousand two hundred and ninety-five (2,031,295) Saudi Riyals as on March 31, 2022G, the amount of eight hundred and sixty-three thousand sixteen (863,016) Saudi Riyals as on March 31, 2021G.

This agreement includes a condition allowing the bank to deduct any amounts retained by the subsidiary Company for the bank in fulfillment of the non-monetary facility. An amount of eight hundred and sixty-three thousand and sixteen (863,016) Saudi Riyals as on March 31, 2021G. These balances are referred to within the cash and its equivalent statement without clearing.

* During the period ending on December 31, 2022G, the subsidiary company (Aventus Global Trading Company) agreed with the bank to cancel the non-cash facilities for issuing performance guarantee letters as part of the exit process from the group's commercial operations after the completion of the sale and transfer agreement of the assets and liabilities of the subsidiary company. Accordingly, all mortgages and restrictions on the assets of the subsidiary company and the cash balances of the subsidiary company with the bank were cancelled, and Sukuk were issued.

Till the date of this prospectus, the Company shall not violate any of the provided terms and acknowledges hereinto.

10.8 Document policies

The Company shall retain insurance policies covering different types of risks that may be encountered, these documents shall be concluded with several insurance companies within the kingdom.

The following table shows the main details of the insurance policies held by the Company:

Table No. (121): Insurance documents

Insurer	Type of insurance coverage	Maximum limit of insurance coverage	Date of policy end
MEDGULF The Mediterranean and Gulf Cooperative Insurance and Reinsurance Co SJSC.	Insurance for professional indemnity.	3,000,000 Saudi Riyals	30/09/2022G
MEDGULF The Mediterranean and Gulf Cooperative Insurance and Reinsurance Co SJSC.	Insurance for money loss.	Total insurance Coverage is (1,140,000 Saudi Riyals)	30/09/2022G
MEDGULF The Mediterranean and Gulf Cooperative Insurance and Reinsurance Co SJSC.	General liability insurance.	Total insurance Coverage is (10,000,000 Saudi Riyals)	31/10/2022G
MEDGULF The Mediterranean and Gulf Cooperative Insurance and Reinsurance Co SJSC.	All-risk property insurance	Total insurance Coverage is (77,026,038 Saudi Riyals)	30/09/2022G
Bupa Arabia for Cooperative Insurance Co SJSC	medical insurance	Total insurance Coverage is (500,000 Saudi Riyals)	23/09/2022G

source: the Company

10.9 Real Estate

The following table shows a summary of the real estate lease purchase agreements that the Company has leased.

Table No. (122): A summary of the real estate lease purchase agreements that the Company has leased.

Location	Lease Date	Landlord	Tenant	Term	Annual rent	Renewal
A unit in The Zone, Riyadh - Al Takhasusi Street - Al-Hamdaniya District.	26/08/1440H (Corresponding to 01/05/2019G)	Construction Methods Company for Real Estate Investment is a one-person Company	Tihama Education is a one-person Company	6 months	Three hundred and twelve thousand eight hundred and twenty-nine (312,829) Saudi Riyals.) For six months	It shall not be renewed except by signing a new lease contract between the two parties, and the expiry date thereof shall be 30/04/2022G, and it was renewed for 6 months starting from 01/05/2022G and ending on 10/31/2022.
A Warehouse at 8357, Al Sahel District - Jeddah 22517-3574.	26/05/1442H (corresponding to 10/01/2021G)	Abdulaziz Alajlan Sons for Trading & Real Estate Investments Co.	Tihama Advertising	3 years	Four hundred and nine thousand three hundred and seventy (409,370) Saudi Riyals.	It shall not be renewed except by signing a new lease contract between the two parties, and the expiry date thereof shall be 09/01/2024G
A Warehouse in Al Hamra - Al Sururiya District - Ahmed Mazaher Street, Jeddah.	03/07/1442H (corresponding to 15/02/2021G)	A warehouse of Intensive Care Company for Medical Services	Tihama Education is a one-person Company	One year	Sixty thousand (60,000) Saudi Riyals.	It shall not be renewed except by signing a new lease contract between the two parties one month before the expiry of the current contract, which shall expire on 25/02/2023G.
A Warehouse in Al Hamra - Al Sururiya District - Ahmed Mazaher Street, Jeddah.	03/07/1442H (corresponding to 15/02/2021G)	A warehouse of Intensive Care Company for Medical Services	Tihama Education is a one-person Company	One year	Twelve thousand (12,000) Saudi Riyals.	It shall not be renewed except by signing a new lease contract between the two parties one month before the expiry of the current contract, which shall expire on 25/02/2023G.

Location	Lease Date	Landlord	Tenant	Term	Annual rent	Renewal
A Warehouse in Al Hamra - Al Sururiya District - Ahmed Mazaher Street, Jeddah.	03/07/1442H (corresponding to 15/02/2021G)	A warehouse of Intensive Care Company for Medical Services	Tihama Education is a one-person Company	One year	Two hundred twenty-eight thousand (228,000) Saudi Riyals.	It shall not be renewed except by signing a new lease contract between the two parties one month before the expiry of the current contract, which shall expire on 25/02/2023G.
Riyadh - As Sulay District. *	10/04/1443H (corresponding to 15/11/2021G)	A commercial corporation	Tihama Education is a one-person Company	One year	One Hundred Twenty Thousand (120,000) Saudi Riyals.	The contract shall be valid for one year, starting from 15/11/2021G and ending on 14/11/2022G. No mechanism for renewal has been specified.
King Khalid International Airport Sales Point - Arrival Hall - International Terminal 2.	11/12/1440H (corresponding to 12/08/2019G)	Riyadh Airports Company	Tihama Education is a one-person Company	One year	Eight Hundred Thousand (800,000) Saudi Riyals or 15% as a sharing percentage, whichever is higher.	The contract shall be valid for two years, starting from 12/08/2019G and ending on 11/08/2021G. It shall be renewable under the two parties' written consent, provided that the landlord shall be notified one year before the specified expiry date It was renewed for one Gregorian year, starting from 12/11/2021G and ending on 11/11/2022G.
King Khalid International Airport Sales Point - Departure Hall - Domestic Terminal 5.	11/12/1440H (corresponding to 12/08/2019G)	Riyadh Airports Company	Tihama Education is a one-person Company	Two years	Eight Hundred Thousand (800,000) Saudi Riyals) or 15% as a sharing percentage, whichever is higher.	The contract is valid for two years plus an optional year starting from the site handover date on 12/08/2019G to 11/08/2021G, and it was extended to 11/11/2021G under contract extension No. (2) of the lease contract No. (R-40- 06- commercial) The contract was renewed according to renewal agreement No. (3) of the lease contract No. (R-40-06 - commercial), as it was renewed for a period of one Gregorian year starting from 12/11/2021G and ending on 11/11/2022G, and the contract shall be renewable for another period or periods under the two parties' written consent, provided that the second party shall notify the first party in writing of its desire to renew one year before the expiry date thereof and shall obtain the first party's written consent for the renewal.
Points of sale	17/08/1442H (corresponding to 30/03/2021G)	Government Authority	Tihama Education is a one-person Company	5 years	The total contract value for a period of five years exceeds 10% of the Company's net assets as on December 31, 2021G	The contract shall be valid for a period of 5 years, starting from 30/03/2021G and ending on 29/03/2026G, and the renewal conditions stipulate that the tenant shall submit a written request 180 days before the expiry thereof.

Location	Lease Date	Landlord	Tenant	Term	Annual rent	Renewal
Points of sale	18/04/1443H (corresponding to 23/11/2021G)	Government Authority	Tihama Education is a one-person Company	5 years	The total contract value for a period of five years exceeds 10% of the Company's net assets as on December 31, 2021G	The contract shall be valid for a period of 5 years, starting from 23/11/2021G and ending on 22/11/2026G, and the renewal conditions stipulate that the tenant shall submit a written request 180 days before the expiry thereof.
Points of sale	16/06/1443H (corresponding to 19/01/2022G)	Government Authority	Tihama Education is a one-person Company	5 years	The total contract value for a period of five years exceeds 10% of the Company's net assets as on December 31, 2021G	The contract shall be valid for a period of 5 years, starting from 19/01/2022G and ending on 18/01/2027G, and the renewal conditions stipulate that the tenant shall submit a written request 180 days before the expiry thereof.
Points of sale	27/10/1442H (corresponding to 08/06/2021G)	Government Authority	Tihama Education is a one-person Company	5 years	The total contract value for a period of five years exceeds 10% of the Company's net assets as on December 31, 2021G	The contract shall be valid for a period of 5 years, starting from 08/06/2021G and ending on 07/06/2026G, and the renewal conditions stipulate that the tenant shall submit a written request 180 days before the expiry thereof.
Points of sale	-	Government Authority	Tihama Education is a one-person Company	5 years	The total contract value for a period of five years exceeds 10% of the Company's net assets as on December 31, 2021G	The contract shall be valid for a period of 5 years, starting from the date of the site handover report. The renewal conditions stipulate that the tenant shall submit a written request 180 days before the expiry thereof.
A Fair with an area of 33 square meters in the (Boulevard Mall) in Riyadh.	30/03/1443H (corresponding to 05/11/2021G)	Sela Sport Company	Tihama Education is a one-person Company	3 years	The rental value is variable every year, as the rental value for the first year is one hundred and seventy-four thousand (171,144) Saudi Riyals, and the rental value for the second year is one hundred and eighty thousand two hundred and fifty-two (180,252) Saudi Riyals, and the rental value for the third year is one hundred and eighty-nine thousand eight hundred and sixty-one (189,861) Saudi Riyals.	The contract shall be valid for three years, starting from 05/11/2021G and ending on 04/11/2024G. If both parties wish to renew the contract, a new contract shall be written, and agreed upon by both parties.
A Shop No. (6B) in Sehat Al Sharq Hospital with an area of 43 square meters.	28/05/1443H (corresponding to 01/01/2022G)	Sehat Al-Sharq Medical co. Ltd	Tihama Education is a one-person Company	3 years	The rental value shall be an amount of one hundred and ten thousand (110,000) Saudi Riyals or 15% of the annual sales, whichever is higher).	Three Gregorian years starting on 01/01/2022G and ending on 31/12/2024G. The agreement shall not be automatically renewed unless one of the parties is notified the other party of its unwillingness to renew the agreement, before the expiry thereof or thirty days before the expiry of the Renewal period.

Location	Lease Date	Landlord	Tenant	Term	Annual rent	Renewal
A fair in Al Hamra district, Jeddah, with an area of 315 square meters, and unit No. S-02.	10/11/1441H (corresponding to 01/07/2020G)	Emaar Properties PJSC is one Person Company	Tihama Modern Bookstores Company Ltd.	One year	The rental value shall be an amount of two hundred and six thousand (206,000) Saudi Riyals.	One Gregorian year, starting from 18/06/2022G and ending on 17/06/2023G, and if both parties wish to renew the contract, a new contract shall be written, and agreed upon by both parties.
An office, on the second floor, unit No. 22, and a unit with an area of 336.4 square meters	27/08/1442H (corresponding to 09/04/2021G)	Al Zamil real estate Company	Integrated Production Co. for Audio and Visual Media Production	One year	The rental value shall be an amount of two hundred seventy thousand eight hundred and two (270,802) Saudi Riyals.	One Gregorian year starting from 01/04/2022G and ending on 30/03/2023G. The lease term shall be automatically renewed for a similar period unless one of the parties notifies the other party of its desire to terminate the contract (20 days) before the expiry of the lease term.
Tihama Education headquarters - Riyadh	24/04/1443H (Corresponding to 01/01/2022G)	First Real Estate Company	Tihama Education is a one-person Company	One year	The rental value shall be an amount of two hundred and sixty-nine thousand eight hundred and thirty-nine (269,839) Saudi Riyals only.	One Gregorian year, starting from 01/03/2022G and ending on 28/02/2023G, and the contract shall not be renewed only after its authentication is approved through "Ejar" electronic platform.
Dammam	06/05/1441H (corresponding to (01/01/2020G)	Saleh Marzouq Office (Al Marzouq Real Estate)	Tihama Advertising	3 years	The total contract value shall be one hundred and five thousand (105,000) Saudi Riyals.	No mechanism for the contract renewal has been specified.
Dammam	14/02/1443H (corresponding to 21/09/2021G)	Efficiency Center	Tihama Advertising	6 months	The total contract value shall be six thousand seven hundred and twenty (6,720) Saudi Riyals.	No mechanism for the contract renewal has been specified.

Source: Company

* The lease contract concluded with the corporation requires approval to be disclosed, and the Company did not obtain the approval.

The company has leased advertising and promotion sites for a total of eight million seven hundred and thirty seven thousand (8,737,000) Saudi Riyals. The following table shows a summary of the agreements of the advertising billboard sites that the company has leased:

Table No. (123): A summary of the agreements of the advertising billboard sites that the Company has rented.

Area	Lease Date	Landlord	Tenant	Term
Al-Madinah Al-Munawarah	21/05/1440H (Corresponding to 27/01/2019G)	Madinah Municipality	The Company	(5) years
Dammam	22/07/1438H (Corresponding to 19/04/2017G)	Eastern Region Municipality	The Company	(5) years
Dammam	26/05/1441H (Corresponding to 22/01/2020G)	Eastern Region Municipality	The Company	(5) years
Makkah Al-Mukarramah	20/03/1440H (Corresponding to 27/11/2018G)	Holy Makkah Municipality	The Company	(5) years

Source: The Company

10.10 Trademarks and Intellectual Property

The Company relies on its trade name registered in its commercial register, which is reflected in its logo, supports its business and its competitive position, and gives it a clear distinction in the market among customers, to market its services and products. The table below shows the Company's trademark.

Table No. (124): The Company's trademark.

Expiration date of the intellectual property protection	Commencement date of the intellectual property protection	Registration number	Owner	Category	Trademark Design
25/11/1450H (corresponding to 09/04/2029G)	26/11/1440H (corresponding to 29/07/2019G)	1440028800	Tihama Education is a one-person Company	30	
07/03/1441H (corresponding to 04/11/2019G)	08/03/1431H (corresponding to 22/02/20210G)	143102286	Tihama Advertising*	16	
19/02/1439H (corresponding to 08/11/2017G)	20/09/1429H (corresponding to 27/02/2008G)	142901995	Tihama Advertising**	16	
21/03/1446H (corresponding to 24/09/2024G)	22/03/1436H (corresponding to 13/01/2015G)	1436006597	Estidama Real Estate Co.	37	
12/03/1446H (corresponding to 15/09/2024G)	13/03/1436H (corresponding to 04/01/2015G)	1436005901	Tihama Advertising	35	
12/05/1446H (corresponding to 14/11/2024G)	13/05/1436H (corresponding to 04/03/2015G)	1436009917	Tihama Holding Investment Company	37	
05/05/1446H (corresponding to 07/11/2024G)	06/05/1436H (corresponding to (25/02/2015G)	1436009625	Tihama Distribution Company	16	
-	-	-	Integrated Production Co. for Audio and Visual Media Production ***	35	

The Company has created its own website on the Internet with the name of the Company as follows: www.tihama.com

*The term of intellectual property protection expired

** The term of intellectual property protection expired

*** The application is under registration with the Saudi Authority for Intellectual Property

10.11 Disputes and Lawsuits

A summary of the cases and lawsuits, which are still under consideration, is stated below:

Table No. (125): Lawsuits, claims and statutory procedures.

Cases filed by the Company				
Defendant	Jurisdiction and Its Date	Description	Claim amount (Saudi Riyals)	Lawsuit status
Mafatih Alwasael Company	Riyadh Commercial Court On 32/02/1440H	A financial claim due to the defendant's failure to implement the conditions of the contract concluded between the two parties and a compensation claim for the damages sustained by the claimant.	6,215,373.66 Saudi Riyals in addition to compensating the Company with an amount of 2,000,000 Saudi Riyals	On 14/05/1444H, the circuit ruled that the case was not accepted, and on 02/06/1444H, the appeal statement against the initial judgment was submitted. The objection to be referred to the Court of Appeal is still pending.
UTC International Chartered Accountants LLC	Riyadh General Court On 11/10/1443H	A financial claim due to a professional fault on the part of the defendant with a liability to refund an amount.	5,152,500 Saudi Riyals	Valid. On 16/9/1443H, a resolution was issued by the Committee for the Settlement of Jurisdictional Disputes to assign the jurisdiction of the General Court to consider the lawsuit. - On 11/10/1443H, the lawsuit was assigned to the General Court, and a hearing has not been set until the date of this Prospectus. It should be noted that because the company (the defendant) is under the liquidation procedure, the circuit decided to suspend the case until the liquidation procedure is opened.
Ibn Khaldoun Educational Co Ltd	Riyadh General Court On 10/11/1443H	A financial claim due to the non-payment of the amounts owed by the defendant, in addition to a compensation claim for the damage incurred by the Company.	1,013,586 Saudi Riyals	On 26/05/1444H, the department ruled that the case was not accepted due to lack of entitlement. On 02/06/1444H, the appeal statement against the initial judgment was submitted. The objection to be referred to the Court of Appeal is still pending.
Al Sahafa International Schools	Riyadh General Court On 7/11/1443H	A financial claim for the sale of textbooks.	539,050 Saudi Riyals	On 13/9/1442H, the circuit compelled the defendant to pay the full amount. On October 29/10/1443H, the Commercial Court of Appeal in Riyadh ruled the following: To annul the judgment given to compel the defendant to pay the claimant an amount of five hundred and thirty-nine thousand and fifty (539,050) Saudi Riyals and to uphold the judgment due to the lack of qualitative jurisdiction of the commercial judiciary to consider this lawsuit. A new lawsuit was assigned to the General Court. A hearing has not been set as of the date of this prospectus. On 08/11/1443H, the case was registered with the General Court in Riyadh. It should be noted that a hearing date was set for 14/08/1444H. Advocacy procedures are still in process.
Zamzam Association of Voluntary Health Services	Jeddah General Court 14/10/1443H	A financial claim due to the defendant's failure to pay the remaining amount payable under the lease contract of two billboards.	105,000 Saudi Riyals	The lawsuit is still in process according to the pleading procedures.
Mafatih Alwasael Company	Supreme court in 1443H	A financial claim due to the defendant's failure to implement the conditions of the contract to provide consultancy and expertise work, in addition to compensation for the damage incurred by the Company due to the non-performance of the contract.	15,374,000 Saudi Riyals An additional claim is as follows: An amount of 4,000,000 Saudi Riyals As compensation for Tihama. 200,000 Saudi Riyals for attorney fees.	A judgment was given by the Court of First Instance dismissing the case for lack of qualitative jurisdiction. The judgment was challenged before the Court of Appeal and a judgment was given to uphold the judgment of the Court of First Instance. An appeal was filed to the Supreme Court and no resolution has been issued until the date of this prospectus.

Cases filed by the Company				
Defendant	Jurisdiction and Its Date	Description	Claim amount (Saudi Riyals)	Lawsuit status
Fayez Nayef Al-Mutairi	Al Khobar General Court	A Claim for the repayment of a loan amount	3,000,000 Saudi Riyals	A judgment was given to compel the defendant to pay 3,000,000 Saudi Riyals. It should be noted that the judgment deed did not include the identity of the defendant, which impeded his submission for execution, and a complaint was filed with the Supreme Judicial Council, and no decision was issued until the date of this Prospectus.
Abuljadayel Company	Jeddah Execution Court On 29/6/1441H	Claim to pay property rent.	704,792 Saudi Riyals	The execution request was accepted and the defendant's money was seized and no payment was made until the date of this prospectus.
Previous board of directors.	Committees for the Resolution of Securities Disputes in 1443H	Liability lawsuit against the Company's previous board of directors. Demanding them to pay an amount of (56,496,247). The imposition of penalties is stipulated in Article 211 of the Companies Law.	56,496,247 Saudi Riyals	The lawsuit is still in process according to the pleading procedures.
Riyadh Municipality	The Administrative Court of Appeal in Riyadh on 24/01/1443H	A claim to compensate Tihama Advertising in the amount of 15,637,910 Saudi Riyals in addition to the amount of 10% of the value of the adjudicated amount as attorney's fees to compensate for the damages incurred by the advertising columns owned by it and which were removed by the defendant in a way that caused damage to it.	15,637,910 Saudi Riyals	The lawsuit was filed in 1443H The case was discussed in hearings and the claimant and the defendant submitted their memoranda, and a judgment was given to dismiss the lawsuit on 8/7/1443H. An appeal was filed against the judgment and the lawsuit is still under consideration. The circuit ruled that the case is inadmissible.
Mr. Nasser bin Saleh Al Sarami Kanayen General Trading Company	Commercial lawsuit before the Dubai Execution Court	A claim to compel Nasser Al-Sarami to pay the claimant an amount of (4,825,773) for the damages caused by Nasser Al Sarami while managing Tihama Global Company in Dubai (an associate Company) in his capacity as general manager and a member of Tihama Global Company's board of directors, in addition to compelling him to pay legal interest at the rate of 9% annually from the date of Judgment becomes final until full payment, Kanayen General Trading Company was compelled to pay the claimant an amount of (1,217,925), which it shall pay to fund the operational activity of Tihama Global, according to the contract signed between the two parties, in addition to compelling Kanayen General Trading Company to pay the legal interest at the rate of 9% from the date of maturity until full payment, and compelling both defendants to pay fees, expenses, deposits and attorney's fees.	4,825,733 +1,217,925 AED	A judgment was given to compel Mr. Nasser bin Saleh Al Sarami to pay Tihama Advertising an amount of 3,825,733 AED, in addition to the legal interest at the rate of 5% from the date of the judicial claim until full payment, and to compel the Kanayen General Trading Company to pay an amount of 1,217,925 AED to Tihama advertising in addition to the legal interest at the rate of 5% from the date of the judicial claim until full payment, and to compel each defendant to pay the costs of his claim and five hundred AED in return for attorney's fees. Nasser Al Sarami's shares were seized. The executive seizure has been imposed on the commercial register of Kanayen General Trading Company. The Dubai Execution Court ordered the disclosure of the defendants' assets, and the banks and the Department of Land and Property in Dubai reported that the defendants had no assets.
Muhannad Muhammad Al-Muhawlis	Riyadh Execution Court	A Request for executing a judgment in favor of the Company.	396,602 Saudi Riyals	Regarding the aforementioned lawsuit, a judgment was given in favor of the Company to compel the defendant to pay the value of the claim, and the execution request was filed.
United Food Company	Riyadh Execution Court	A Request for executing a judgment in favor of the Company.	360,000,00 Saudi Riyals	A resolution was issued for the executive seizure of the defendant's money.
Muhammad Fayez Wafa	Riyadh General Court	Request for compensation and recovery of a petty-cash.	838,993 Saudi Riyals	Advocacy procedures are still in process.

Source: The Company

Cases filed against the Company*					
Plaintiff	Defendant	Court	Description	Claim amount (Saudi Riyals)	Lawsuit status
Maha Mohammed Al-Rehan & Partner Company	Tihama Advertising	Riyadh General Court in 1440H	The claimant's claim for the dues of a service agreement.	893,705 Saudi Riyals	It is still pending, as the last hearing, according to the attorney's report, was set on 06/11/1443H and it was attended. It was attended by the claimant who submitted a rejoinder. The case is still pending
Eastern Region Municipality	The Company	Jeddah Supreme Administrative Court In 1442H	The Claimant demands the seizure of the defendant's money represented in renting several sites as billboards for the period 29/09/1436H to 21/07/1438H, according to the investment contract concluded between the two parties on 29/05/1432H.	1,820,621 Saudi Riyals	The circuit ordered the seizure of the defendant's money within the limits of the amount owed by it (1,820,621 Saudi Riyals), and the judgment was contested by appeal. On 22/02/1443H corresponding to 29/09/2021G, the Appeals Circuit gave its judgment rejecting the appeal, and a request to challenge the judgment was submitted to the Supreme Administrative Court. The case is still pending, until the hearing date is scheduled. Referred to the second circuit of the Supreme Administrative Court. It was ordered to stay execution pending consideration of the case. The case is still pending for consideration by the court.
Riyadh Municipality	The Company	The Supreme Administrative Court in Riyadh in 1443H	The claimant claims for compelling the defendant to pay an amount of (1,000,000 Saudi Riyals) which is the Residual rent value.	1,000,000 Saudi Riyals	The circuit ruled that the defendant shall pay the amount owed by It (1,000,000 Saudi Riyals). The judgment was contested on 20/08/1443H corresponding to 23/03/2022G, the Appeals Circuit accepted the appeal in form and rejected it in merits and upheld the appealed judgment. On 19/09/1443H corresponding to 20 /04/2022G. The appeal was filed electronically, and the appeal was accepted to be considered on 24/10/1443H On 27/11/1443H, the circuit's resolution was issued to suspend the execution of the judgment until a resolution is issued on the appeal.
Riyadh Municipality	The Company	The Administrative Court of Appeal in Riyadh in 1441H	A financial claim to compel the defendant to pay the rest of the dues resulting from the rental of advertising sites.	11,769,914 Saudi Riyals	The judgment of the Administrative Court of Appeal in Riyadh was given on 18/03/1443H corresponding to 24/10/2021G, rejecting the appeal submitted by the Company and upholding the judgment given on 17/08/1442H from the Eighth Circuit of the Administrative Court in Riyadh. The commercial register number was not written, which hindered the execution process against the appellant. It has not been executed until the date of this prospectus.
Muhannad Muhammad Al-Muhawlis*	The Company	Riyadh Execution Court On 10/6/1442 H	A Request for executing a judgment in favor of the claimant.	3,448,186 Saudi Riyals	An executive seizure of the defendant's money was made in the Central Bank.
Tayyeb Al Asayel Plastic Production Company *	The Company	Riyadh Execution Court On 27 /10 /1442H	A Request for executing a judgment in favor of the claimant.	1,871,743 Saudi Riyals	An executive seizure of the defendant's money was made in the Central Bank.
Abdullah bin Abdul Mohsen bin Abdan*	The Company	Riyadh Execution Court 22/10/1442H	An execution request of a judgment in favor of the claimant in which the claimant claimed for compelling the defendant to pay an amount of an assignment of debt from a creditor Company to the defendant.	13,906,443 Saudi Riyals	An executive seizure of the defendant's money was made in the Central Bank.

Cases filed against the Company*					
Plaintiff	Defendant	Court	Description	Claim amount (Saudi Riyals)	Lawsuit status
General Authority for Competition	The Company	The Administrative Court in Riyadh on 08/10/1443HH	An allegation that the company compelled another company not to deal with another competitor and confirmed that they shall not sell competitors' products.	A fine not exceeding (10%) of the total value of the annual sales subject to the violation, or not exceeding (ten million) Saudi riyals when it is impossible to estimate the annual sales.	The twenty-second circuit ruled to reject the appeal submitted by the General Authority for Competition against Resolution No. 214 in Case No. 1/1442H, which judged that it was not proven that Tihama had committed this violation, and dismissed the lawsuit of the Public Prosecutor of the General Authority for Competition against the company.
Abdulaziz Alenezi	The Company	Riyadh Commercial Court	A claim for the fees of a lawsuit filed by the claimant in his capacity as a representative of the Company	36,000 Saudi Riyals	The circuit ruled the case is inadmissible
Abdulaziz Alenezi	The Company	Riyadh Commercial Court	Claiming fees for attending sessions	250,000 Saudi Riyals	The circuit dismissed the case

Source: Company.

*The Execution Court withdrew the amounts available at the Company's portfolio with Yaqeen Financial Company and distributed a portion to the creditors in whose favor execution requests were issued according to a distribution report from the court as follows:

- An amount of (627,247) Saudi riyals in favor of Muhannad Al-Mahoulis.
- An amount of (352,965) Saudi riyals in favor of Taib Al-Asayel Plastic Production Company.
- An amount of (2,622,415) Saudi riyals in favor of Abdullah bin Abdulmohsen bin Abdan.

10.12 Penalties and Fines

The total penalties and fines that were imposed on the Company in the financial year ending on March 31, 2022G amounted to (80,000) Saudi Riyals, for violating Article Thirty of the Listing Rules, and Paragraph (D) of the General Instructions of the Corporate Declarations and Paragraph (6) of the Article sixty-third of the rules on the Offering of securities and continuing obligations, as amended under the CMA Board of directors' Resolution No. (3-45-2018), issued on 07/08/1439H corresponding to 23/04/2018G, and paragraph No. (26) of Article sixty-two of the Rules on the Offer of Securities and continuing obligations, by not disclosing two new fundamental developments as a result of a material event previously announced by the Company on Tadawul website on 21/03/2017G, as soon as possible and before the trading period following the occurrence of the two relevant events, whereas a judgment was given by the Commercial Court in Riyadh on 29/08/1439H corresponding to 15/05/2018G, and a judgment was given by the Court of Appeal in Riyadh on 09/04/1440H corresponding to 16/12/2018G, and it did not disclose this on the website of the Saudi Stock Exchange (Tadawul) until 10 /05/2021G. and it did not disclose a lawsuit, filed against it before the General Court in Riyadh on 06/01/1441H corresponding to 09/05/2019G, to the CMA and the public immediately and without delay, and it did not disclose a judgment given by the General Court in Riyadh against it on 07/06/1442H corresponding to 20/01/2021G, and a judgment given by the Court of Appeal on 07/10/1442H corresponding to 19/05/2021G, as it has not disclosed this on the website of the Saudi Stock Exchange (Tadawul) until the date thereof.

In addition to the above, the CMA has issued warnings and notices to the Company related to the Company governance and the preparation of financial statements, and the CMA has not imposed any other penalties or fines.

10.13 Material information that has changed since the CMA's approval of the last share prospectus

The following is a summary of the most prominent amendments since the CMA's approval of the last share prospectus (the pre-emptive rights shares prospectus), which was issued on (its date):

- **Articles of Association:** It was amended in line with the amendments to the capital after reducing the capital from (175,000,000) Saudi Riyals to (50,000,000) Saudi Riyals by canceling 17.5 million ordinary shares, and it was approved during the Extraordinary General Assembly meeting on 22/07/1443H (corresponding to 23/02/2022G) to amend the articles of the Company's Articles of Association in line with the capital reduction, and the Articles of Association were approved by the Company Governance Department at the Ministry of Commerce on 10/15/1443H (corresponding to 16/05/2022G).

- **Capital:** On 22/07/1443H (corresponding to 23/02/2022G), the Company's extraordinary general assembly agreed to reduce the capital by (71.428%) to cover the losses incurred by the Company.
- **Board of Directors:** The General Assembly decided on 26/02/1443H (corresponding to 03/10/2021G) to appoint 7 members of the Board of Directors for the new session starting on 14/10/2021G and for a period of three years ending on 13/10/2024G. A member of the Board of Directors, Ms. Asmaa Fattani, resigned from the membership of the Board of Directors on 06/08/1443H (corresponding to 09/03/2022G), and the seat is still vacant until the date of this prospectus. (Kindly see subsection No. (10.1.2.1) "**Formation of the Board of Directors**" thereof).
- **Company's Committees Members** of the Board of Directors committees were appointed for the new session that started on 14/10/2021G and for a period of three years ending on 13/10/2024G. The Remuneration and Nominations Committee was also appointed by the Board of Directors for its new session, and it was submitted to the General Assembly to approve its work regulation and the recommendation was rejected. This regulation has not been approved until the date of this prospectus. (Kindly see subsection No. (10.1.3) "**Company's Committees**" thereof).
- **Executive Management:** The Board of Directors decided to form an executive committee and it has not been executed nor its work regulation, duties and remuneration approved until the date of this prospectus (Kindly see subsection No. (10.1.4) "**Executive Management**" thereof).
- **Request to open financial regulation procedures:** On 06/10/2022G, the company announced on its page on the Tadawul website that it had submitted a request to open a financial reorganization procedure to the Commercial Court, in accordance with the decision of the company's board of directors in its meeting held on today 06/10/2022G. On 06/10/2022G, the Capital Market Authority issued its decision to suspend trading of the company's shares from Sunday 09/10/2022G, due to the fact that the company registered a request to open a financial reorganization procedure with the Commercial Court under the bankruptcy law. On 07/12/2022G, the company announced on its page on Tadawul website that a court ruling had been issued by the Commercial Court in Riyadh approving the opening of the Company's financial reorganization procedures and the appointment of Osama Al-Sudais' office as a trustee to carry out the financial regulation work, and that the deadline granted to the company by the Commercial Court to prepare the proposal It is 150 days from the date of opening the procedure. On 08/12/2022G, the Capital Market Authority issued its decision to lift the suspension of trading the company's shares, starting from Sunday 11/12/2022G, due to the issuance of a judicial ruling by the Commercial Court in Riyadh approving the opening of the company's financial reorganization procedures.

10.14 Declarations of legal information

The members of the Board of Directors acknowledge the following:

a. The issuance shall not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.

b. The issuance shall not prejudice any of the contracts or agreements in which the Company is a party.

c. All material legal information relating to the Company is disclosed in the prospectus.

d. Notwithstanding the provisions of the Section (10.11) "**Disputes and Lawsuits**" of this prospectus, the Company and its subsidiaries shall not be subject to any legal claims or proceedings that, collectively or individually, may materially affect the business of the Company, its subsidiaries or their financial situation.

e. The members of the Company's board of directors shall not be subject to any lawsuits or legal procedures that, collectively or individually, may materially affect the business of the Company or its subsidiaries or their financial situation.

f. The Company continues to comply with the requirements of the Ministry of Media until the date of this prospectus, and they also undertake to continue to comply with them.

g. The Company continues to comply with the requirements of the Ministry of Commerce until the date of this prospectus, and they also undertake to continue to comply with them.

h. The Company continues to comply with the requirements of the law, regulations and instructions of the Capital Market Authority and the Saudi Stock Exchange (Tadawul) until the date of this prospectus, and they also undertake to continue to comply with them.

11

Underwriting

The Company and the underwriter (Alinma Investment Company) entered into an agreement to cover the underwriting of thirty-five million (35,000,000) ordinary shares, at a price of ten (10) Saudi Riyals per share, and with a total value of three hundred and fifty million (350,000,000) Saudi Riyals, representing (100%) of preemptive rights shares offered for Underwriting ("Underwriting Agreement").

11.1 Underwriters

Alinma Investment Company
Riyadh, King Fahd Road
(Burj Al Anoud 2)
P.O. Box 55560, Riyadh, 11544
Kingdom of Saudi Arabia (KSA)
Tel.: +599921811966
Fax: +218597011966
Website: www.alinmainvestment.com
Email: info@alinmainvestment.com

الإنماء للاستثمار
alinma investment

11.2 Summary of the underwriting Agreement

According to the terms and conditions of the Underwriting Agreement:

- The Company shall undertake to the underwriters that on the date of allocation all preemptive rights shares contracted to be covered in this underwriting shall be issued and allocated to the underwriters and which have not been underwritten by the eligible shareholders as additional shares at the underwriting price.
- The Company's underwriters shall undertake that on the date of allocation, they shall purchase the shares covered in this underwriting, which have not been underwritten by eligible shareholders as additional shares at the underwriting price.
- Underwriter shall receive a specific payment for their underwriting which shall be paid from the proceeds of the underwriting.
- The Underwriter's obligation to purchase all of the remaining shares shall be subject to provisions relating to the termination of the Agreement such as the occurrence of any force majeure as defined in the Agreement, or failure to meet a number of preconditions in connection with the underwriting.

12

Exemptions

The Company did not submit any exemption request to the Capital Market Authority in connection with the Offering.

13

Information of shares, terms and conditions of the Offering

The Company has applied to the Capital Market Authority to register and offer new shares and to Saudi Stock Exchange (Tadawul) to list the new shares and all requirements have been met under the rules of Offering securities, continuing obligations and listing rules.

All eligible shareholders, holders of acquired equities and bidders shall read and peruse the terms and instructions of the underwriting very carefully before the electronic underwriting or submit the underwriting application through the intermediary or fill out the remaining Offering form. Submission of the underwriting application or the signature and delivery of the remaining Offering form shall constitute approval and acceptance of the mentioned terms and conditions.

13.1 Offering

The Offering shall be considered an increase in the Company's capital by issuing preemptive rights shares of three hundred and fifty million (350,000,000) Saudi Riyals divided into thirty-five million (35,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share and an Offering price of ten (10) Saudi Riyals per share.

13.2 How to submit an underwriting application for the preemptive rights shares (new shares)

Registered shareholders wishing to underwrite preemptive rights shares shall submit an application during the underwriting period through the investment portfolio in the trading platforms through which sale and purchase orders are entered, in addition to the possibility of underwriting through any other means provided by the intermediary and custodian of shares in the Kingdom of Saudi Arabia during the underwriting period. If there is still time remaining in the Offering period, underwriting applications for any remaining shares may also be submitted by institutional investors only.

By participating in the underwriting, the underwriter shall acknowledge:

- Approving its underwriting in the Company with the number of shares underwritten in the underwriting application.
- It reviewed, understood, and examined this prospectus and all its contents.
- Approving the Company's Articles of Association and the conditions set out in this prospectus.
- It has never applied for the same shares for this offer with the intermediary. The Company shall be entitled to refuse all applications if there is a repeat application.
- Accepting the shares allocated pursuant to the underwriting application and accepting all the terms and conditions of the underwriting set out in the application and in this prospectus.
- Ensure that the application is not canceled or amended after submission to the intermediary.

13.3 Underwriting Application

The eligible person who willing to exercise its full right and underwrite to all shares of preemptive rights to which it is entitled to underwrite, shall underwrite through the investment portfolio in the trading platforms through which buy and sell orders are entered or through any other means provided by the intermediary and the custodian of the shares.

The number of shares in which the eligible person is entitled shall be calculated according to the number of preemptive rights he or she owns. The underwriting amount which shall be paid by the underwriter, will be calculated by multiplying the number of existing preemptive rights owned by it before the end of the underwriting period by ten (10) Saudi Riyals.

13.4 Stage of trading, underwriting, remaining Offering period

Eligible shareholders and those wishing to underwrite the pre-emptive rights shares shall submit the underwriting application during the underwriting period, which begins on ••/••/••••H (corresponding to ••/••/••••G) and ends on ••/••/••••H (corresponding to ••/••/••••G). During the period from ten o'clock (10:00) in the morning until two o'clock (2:00) in the evening.

Eligible shareholders wishing to trade in the pre-emptive rights shares can also submit an trading application during the trading period, which begins on ••/••/••••H (corresponding to ••/••/••••G) and ends on ••/••/••••H (corresponding to ••/••/••••G), during the period from ten o'clock (10:00) in the morning until three o'clock (3:00) in the evening.

The Extraordinary General Assembly held on ••/••/••••H (corresponding to ••/••/••••G) approved the Board of Directors' recommendation to increase the Company's capital through the issuance of pre-emptive rights shares. Under this prospectus, Thirty-five million (35,000,000) ordinary shares shall be offered for underwriting to preemptive rights shares, which represent (700.00%) of the Company's pre-underwriting capital at an Offering price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and a total Offering value of Three hundred and fifty million (350,000,000) Saudi Riyals, the new shares shall be issued at the rate of one share for each preemptive right. Underwriting the pre-emptive rights shares offered to shareholders registered in the Company's shareholders register shall be at the end of the second trading day following the Extraordinary General Assembly meeting held on ••/••/••••H (corresponding to ••/••/••••G), and to those eligible who have purchased the pre-emptive rights during the pre-emptive rights trading period, including the registered shareholders who have purchased additional pre-emptive rights in addition to the equities they originally owned.

If the preemptive rights of eligible individuals are not exercised by the end of the underwriting period, the remaining shares (resulting from the non-exercise or sale of those equities by eligible individuals) shall be submitted to the institutional investors through their Offering in the remaining Offering period.

Registered shareholders shall be able to trade preemptive rights deposited in the portfolios via the Saudi Stock Exchange (Tadawul). These equities shall be considered to be an acquired right of all shareholders on the Company's records at the end of the second trading day following the extraordinary General Assembly for capital increase. Each equity shall grant its holder the right to underwrite a new share at the price of the Offering. Preemptive rights shall be deposited after the Assembly's holding. Equities shall appear in the registered shareholders' portfolios under a new preemptive rights symbol and the registered shareholders shall then be notified of the deposit of equities in their portfolios.

The schedule for sequencing and detailing the submission of preemptive rights shares shall be as follows:

1. **Maturity date:** The end of trading on the day of holding the Extraordinary General Assembly on •• ••/••/••••H (corresponding to ••/••/••••G).
2. **Trading and underwriting stage The trading and underwriting stage** begins on ••/••/••••H (corresponding to ••/••/••••G) provided that the trading period ends on ••/••/••••H (corresponding to ••/••/••••G), and the underwriting period continues until the end of the day ••/••/••••H (corresponding to ••/••/••••G), it should be noted that the hours of trading in pre-emptive rights shares starts from ten o'clock (10:00) in the morning until three o'clock (3:00) in the evening, while the hours of underwriting for pre-emptive rights shares starts from ten o'clock (10:00) in the morning until two o'clock (2:00) in the evening.
3. **Remaining offer period** It shall begin at ten o'clock in the morning on ••/••/••••H (corresponding to••/••/••••G) and continues until five o'clock in the evening on ••/••/••••H (corresponding to ••/••/••••G). During this period, the remaining shares shall be offered to a number of institutionalized investors (referred to as "institutional investors") provided that these institutional investors shall make offers to buy the remaining shares. The remaining shares shall be allocated to institutional investors with the highest and then the lowest offer (provided that not be less than the offer price). The shares shall be allocated proportionately to institutional investors that offer the same offer. For fractional shares, they shall be added to the remaining shares and reciprocated. The underwriting price for new shares which were not underwritten in this period shall be at the minimum Offering price, and if the unscripted share price is higher than the Offering price, the difference (if any) shall be distributed as compensation to preemptive rights holders who have not underwritten to their equities in proportion to their own equities.
4. **Final allocation of shares** shall be allocated to each investor based on the number of rights he exercised fully and correctly. As for fractional shares receivers, the fractional share shall be collected and submitted to the institutional investors during the remaining Offering period. The total Offering price of the remaining shares shall be paid to the Company, and the rest of the proceeds from the sale of the remaining shares and fractional shares shall be distributed without calculating any fees or deductions) in excess of the Offering price) to their beneficiaries, each according to what he is entitled to, no later than the day ••/••/••••H (corresponding to ••/••/••••G).

5. **Trading the new shares in the market:** Trading in the shares offered for underwriting in (Tadawul) upon completion of all procedures related to the registration and allocation of the Tadawul shares.

The Company has applied to the Capital Market Authority to register and offer new shares. The Company has also applied to the Saudi Stock Exchange (Tadawul) to accept its listing.

13.5 Allocation and surplus refund

The Company and the underwriting manager shall open a trust account in which the proceeds of the underwriting shall be deposited.

Preemptive rights shares shall be allocated to eligible individuals based on the number of equities they have exercised fully and correctly. For fractional shares receivers, the shares shall be collected and offered to the institutional investors during the remaining Offering period. The total share Offering price shall be paid to the Company, and the remaining share sale proceeds and share fractures shall be distributed (If any) (in excess of the offer price) to its beneficiaries each as due no later than one day •• ••/••/••••H (corresponding to •• ••/••/••••G). Noting that the investor who did not underwrite or sell his equities, and the owners of fractional shares, may not receive any consideration if the sale takes place during the remaining Offering period at the Offering price. If some shares were not underwritten thereafter, the underwriters shall purchase and allocate to the remaining new shares.

The final number of shares allocated to each eligible individual without any commissions or deductions from the underwriting manager is expected to be announced by recording them in the underwriter's accounts. Eligible individuals shall contact the intermediary through which the underwriting application was submitted for any additional information. The results of the allocation shall be announced no later than on ••/••/••••H (corresponding to ••/••/••••G).

The surplus (the rest of the proceeds of the Offering in excess of the Offering price) (if any) and the compensation amount (if any) shall be refunded to the eligible individuals who did not fully or partially exercise their right to underwrite in whole or in part to the new shares and to those entitled to fractional shares without any deductions, no later than one day ••/••//••••H (corresponding to ••/••/••••G).

13.6 Supplementary prospectus

The Company shall submit to the Authority a supplementary issuance, in accordance with the requirements of the Rules on the Offering of Securities and Continuing Obligations, if the Company is informed at any time after the date of publication of this issuance and prior to the completion of the Offering of any of the following:

- There is a significant change in substantive matters contained in this prospectus.
- The appearance of any important issues should have been included in this prospectus.

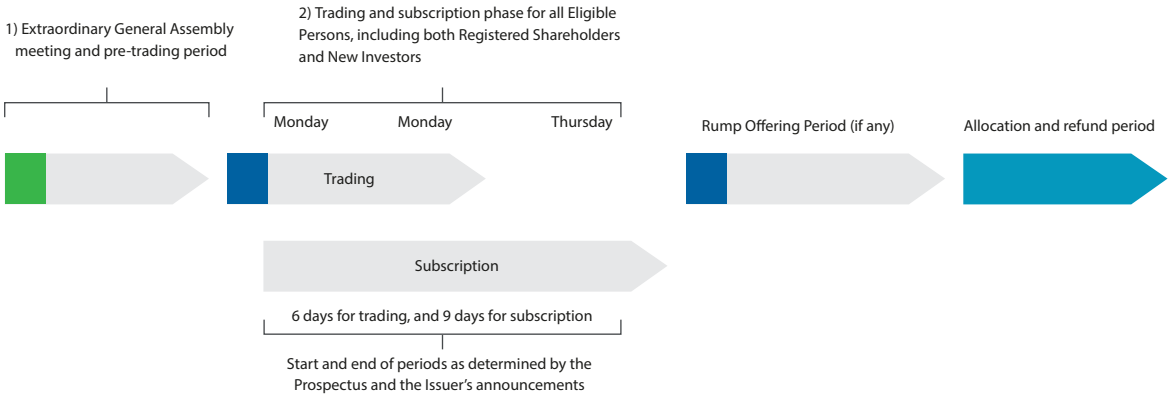
An investor who has underwritten to the new shares prior to the publication of the supplementary prospectus may cancel or modify its underwriting to the shares prior to the expiration of the Offering period.

13.7 Suspension or cancellation of the Offering

The CMA may at any time issue a resolution to suspend the Offer if it considers that the Offer may result in a breach of the Financial Market Regulations, Executive Regulations or Market Rules. The Offering shall also be canceled if the extraordinary General Assembly did not approve any details of the Offering.

The following figure shows the mechanism for trading and underwriting traded preemptive rights:

Figure No. (2): Trading and underwriting mechanism for traded preemptive rights.



Source: Trading

13.8 Questions and answers about preemptive rights

What are preemptive rights?

They are negotiable securities that give the holder the right to underwrite the new shares offered upon the adoption of the capital increase, a right acquired by all shareholders that own the shares on the day of the extraordinary General Assembly on the increase of capital and which are entered in the Company's shareholders' registry at the Depositary Centre by the end of the second trading day following the date of the extraordinary General Assembly. Each equity grants its holder the right to underwrite for one share, at the Offering price.

To whom are preemptive rights granted?

All shareholders registered in the Company's shareholders register at the end of the second trading day following the date of the extraordinary general assembly.

When are preemptive rights deposited?

After the extraordinary General Assembly and its approval of capital raising through the Offering of preemptive rights shares s shareholders register with the Depositary Center by the end of the second trading day after the extraordinary General Assembly, Shares in their portfolios shall appear under a new preemptive rights symbol related to the preemptive rights. Trading or underwriting of these equities shall be permitted only at the beginning of the trading and underwriting periods.

How is the investor notified of the preemptive rights by depositing the equities in the portfolio?

Notification is made by advertising at a trading site as well as by the service (Tadalati) provided by the Securities Depository Center Company and SMS sent through intermediary companies.

How many preemptive rights shall the registered shareholder have?

The number depends on the percentage of what each shareholder owns in the capital, according to the Company's shareholders register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly.

What is the maturity coefficient?

The coefficient by which registered shareholders can determine the number of preemptive rights owed to them against the shares they own by the end of the second trading day after the extraordinary General Assembly and calculated by dividing the number of new shares by the number of existing shares of the Company, Thus, the maturity coefficient shall be (7) equities of approximately every single share (1) owned by the registered shareholder at the date of maturity and, accordingly, if a registered shareholder owns (1,000) shares on the date of the receivable, 7,000 shares shall be allocated to him.

Will the name and symbol of trading these equities differ from the name and symbol of the Company's shares?

Yes, as the acquired equity shall be added to the investors' portfolios under the name of the original share, and by adding the word preemptive rights, in addition to a new symbol for these equities.

What is the value of the equity at the beginning of its trading?

The opening price of the equity shall be the difference between the closing price of the Company's share on the day prior to listing the equity and the Offering price) the equity indicative value). For example, if the closing price of the Company's share on the previous day was (15) Saudi Riyals, and the offer price was (10) Saudi Riyals, then the opening price of the equity shall be (5) Saudi Riyals.

Who is the registered shareholder?

Any shareholder who appears in the Company's shareholder register at the end of the second trading day after the extraordinary general assembly.

Can listed shareholders underwrite additional shares?

Yes, registered shareholders can underwrite additional shares by purchasing new equities through the market during the trading period.

Is it possible for a shareholder to lose his eligibility to underwrite even if he is entitled to attend the extraordinary general assembly and vote on raising the capital by Offering pre-emptive rights shares?

Yes, the shareholder loses his eligibility to underwrite if he sells his shares on the day of the extraordinary general meeting or one working day before it.

How is the underwriting process?

Underwriting applications are submitted through the investment portfolio on the trading platforms through which buy and sell orders are entered, in addition to the possibility of underwriting through any other means provided by the intermediary to investors and the custodian of shares.

Can an Eligible Person underwrite more shares than the equities owned by him?

An Eligible Person cannot underwrite more shares than the equities owned by him.

In the event that the Company's shares are owned by more than one investment portfolio, in which portfolio are the preemptive rights deposited?

The preemptive rights shall be deposited in the same portfolio in which the shares of the Company associated with the equities are deposited. For example, if a shareholder owns (1,000) shares in the Company as follows (800) shares in a portfolio (a) and (200) shares in a portfolio (b), the total equities to be deposited (7,000) equities as each share has a (7) equities. Accordingly, (5,600) equities shall be deposited in portfolio (A) and (1,400) equities in portfolio (B).

Do share certificate holders are entitled to underwrite and trade?

Yes, holders of stock certificates are entitled to underwriting, but they shall only be able to trade after the certificates are deposited in electronic wallets through the receiving entities or the Securities Depository Center Company ("Deposit"), and to bring the necessary documents.

Can someone who bought additional equities trade them again?

Yes, he is entitled to sell them and buy other equities during the trading period only.

Is it possible to sell part of the preemptive rights?

Yes, the investor can sell part of these equities and underwrite the remaining part.

When can a shareholder underwrite the preemptive rights that he purchased during the equities trading period?

After the end of the equities purchase settlement (which is two working days), the preemptive rights shall be underwritten during the underwriting period.

Can the holder of the preemptive rights sell or assign the equity after the expiry of the trading period?

No, it can't. After the expiry of the trading period, only the equity holder shall be entitled to exercise the right to underwrite for the preemptive rights shares or not to exercise that. If the equity is not exercised, the investor may incur a loss or decrease in the value of his investment portfolio.

What happens to the preemptive rights that have not been sold or underwritten during the trading period and the underwriting stage?

In the event of non-underwriting of all the new shares during the underwriting period, the remaining new shares shall be offered for underwriting organized by the underwriting manager, and the compensation value (if any) is calculated for the equities holder after deducting the underwriting price. Note that the investor may not receive any consideration if the sale is made during the remaining Offering period at the Offering price.

Who is entitled to attend the Extraordinary General Assembly and vote on increasing the Company's capital through Offering pre-emptive rights shares?

A shareholder who is registered with the Depositary Centre after the end of the unusual General Assembly Day trading day is entitled to attend the Extraordinary General Assembly and vote to increase the Company's capital by Offering preemptive rights shares.

When shall the share price be adjusted as a result of the Company's capital increase through Offering pre-emptive rights shares?

The share price is adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor purchases securities on the day of the assembly, is he entitled to obtain the preemptive rights resulting from the increase in the issuer's capital?

Yes, since the investor shall be registered in the Company's shareholders register two working days after the date of purchase of shares (i.e. the end of the second trading day following the day of the extraordinary General Assembly(, knowing that preemptive rights shall be granted to all shareholders on the Company's shareholders register by the end of the second trading day following the date of the extraordinary General Assembly However, it shall not be entitled to attend or vote in the extraordinary general assembly of the capital increase.

If the investor has more than one portfolio with more than one intermediary firm, how shall the equities be calculated for him?

The investor's share shall be distributed to the portfolios owned by the investor, depending on the ownership ratio in each portfolio. If there are fractures, those fractures shall be collected. If you complete one or more valid numbers, the correct number shall be added to the portfolio in which the investor has the largest number of equities.

What are the trading and underwriting periods?

Trading and underwriting equities begin at the same time until the end of trading on the sixth day, while underwriting continues until the ninth day, according to what is mentioned in this prospectus and the Company's announcements.

Is it possible to underwrite during the weekend?

No, it can't.

Can the general investors who are not registered shareholders underwrite to the pre-emptive rights shares?

Yes, after completing the purchase of the preemptive rights during the trading period.

Additional help:

In case of any inquiries, please contact the Company on email (investor-relations@tihama.com). For legal reasons, the Company shall only be able to provide the information contained in this prospectus and shall not be able to advise on the merits of the issuance of equities or even provide financial, tax, legal or investment advice.

The trading and underwriting equities begins at the same time until the end of trading on the sixth day, while for more information on the terms, conditions and instructions for underwriting, please see section (13) "**Information related to shares and the terms and conditions of the Offering**" and the rest of the information contained in this prospectus.

13.9 Resolutions and approvals under which the shares shall be offered

The Company's board of directors recommended on 06/07/1443H (corresponding to 07/02/2022G) to increase the Company's capital through Offering pre-emptive rights shares, with a value of three hundred and fifty million (350,000,000) Saudi Riyals, so that the capital after the increase becomes four hundred million (400.000.0000) Saudi Riyals, after obtaining all the necessary statutory approvals and the approval of the extraordinary general assembly.

On ••/••/••••H (corresponding to ••/••/••••G), the Company's extraordinary general assembly agreed to increase the Company's capital through the issuance of pre-emptive rights shares. The underwriting is represented in Offering pre-emptive rights shares at a value of three hundred and fifty million (350,000,000) Saudi Riyals, so that the capital after the increase becomes four hundred million (400,000,0000) Saudi Riyals, after obtaining all the necessary statutory approvals and the approval of the extraordinary general assembly.

The Saudi Stock Exchange (Tadawul) has approved the request to list the new shares on 03/03/1444H (corresponding to 29/09/2022G), and the publication of this prospectus and all supporting documents have also been approved. Which was requested by the Authority on the date of its announcement on the Authority's website on 09/03/1444H (corresponding to 05/10/2022G).

13.10 Miscellaneous Clauses

- The underwriting application and all related terms, conditions and undertakings shall be binding and for the benefit of its parties, successors, assigns, wills executors, estate managers and heirs. It is required that, except as specified in this prospectus, the application or any rights, interests or obligations arising therefrom shall not be waived or delegated to any of the Parties referred to in this prospectus without the other Party's prior written consent.
- These instructions and clauses and any receipt of underwriting application forms or contracts arising therefrom shall be governed by and construed in accordance with the laws of the Kingdom. This prospectus may be distributed in both Arabic and English languages, and in the event of a conflict between the Arabic text and the English text, the Arabic text of the prospectus shall prevail.

13.11 A statement of any arrangements in place to prevent the disposal of certain shares

There are no arrangements in place to prevent the disposal of any shares.

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Change in share price as a result of capital increase

The closing price of the Company's extraordinary General Assembly Day stock is Saudi Riyals (••), expected to reach Saudi Riyals (•) in the opening of the following day. This change represents a decrease by (••%). If none of the shareholders registered in the Company's shareholders register with the Deposit Center at the end of the second trading day following the date of the extraordinary General Assembly, this shall result in a decrease in their ownership of the Company.

The method of calculating the share price as a result of the capital increase is as follows:

First: Calculating the market value of the Company at closing on the day of the extraordinary general assembly

The number of shares at the end of the day of the extraordinary general assembly x closing price of the Company's shares on the day of the extraordinary general assembly = market value of the Company at closing on the day of the extraordinary general assembly.

Second: Calculating the share price on the opening day of the day following the convening date of the extraordinary general assembly

(The Company's market value at close on the extraordinary General Assembly holding date + the value of the shares offered) /(the number of shares at the end of the extraordinary General Assembly holding date + the number of shares submitted for underwriting) = the expected share price at the opening of the day following the extraordinary General Assembly holding date.

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Underwriting undertakings

15.1 A brief synopsis of the underwriting application and undertakings

Underwriting can be done using trading platforms or through any other means provided by the intermediary to the investors. The new shares shall be underwritten in one phase according to the following:

1. During this period, all registered shareholders and new investors shall be able to underwrite the new shares.
2. The registered shareholder shall be able to directly underwrite his shares during the underwriting period. If he purchases new equities, he may underwrite them after the expiry of the settlement period (two working days).
3. New investors shall be able to underwrite the new shares immediately after settling the purchase of equities (two business days).
4. Underwriting shall be available electronically through the investment portfolio in the trading platforms and applications through which buy and sell orders are entered, in addition to underwriting to the channels and other means available to the intermediary.

Each pre-emptive right gives its holder the right to underwrite one new share, at the offer price. The underwriter to the new shares acknowledges the following:

- His acceptance of all terms and conditions of underwriting contained in this prospectus.
- That he has read this prospectus and all its contents, carefully studied it and understood its content.
- Acceptance of the Articles of Association of the Company.
- Undertaking not to cancel or modify the underwriting application after its implementation.

15.2 Allocations

Preemptive rights shares shall be allocated to eligible individuals based on the number of equities they have exercised fully and correctly. For fractional shares receivers, the shares shall be collected and offered to the institutional investors during the remaining Offering period. The total share Offering price shall be paid to the Company, and the remaining share sale proceeds and share fractures shall be distributed (in excess of the offer price) to its beneficiaries each as due no later than one day •• ••/••/••••H (corresponding to •• ••/••/••••G). If shares remain unencumbered thereafter, the cover contractors shall purchase and allocate the remaining new shares.

Eligible individuals shall contact the intermediary through which the underwriting was made to obtain any additional information. The results of the allocation shall be announced no later than on ••/••/••••H (corresponding to ••/••/••••G).

15.3 Saudi Stock Exchange (Tadawul)

A trading system was established in 2001 as an alternative system to the Electronic Securities Information System, and electronic stock trading began in the Kingdom of Saudi Arabia in 1990. The trading process takes place through an integrated electronic system from the execution of the dealing to the settlement of the dealing. Trading takes place every working day of the week from Sunday to Thursday from 10 am to 3 pm, during which orders are executed. Notwithstanding these times, orders may be entered, amended and canceled from 9:30 am to 10 am.

Dealings shall be executed by automatically matching orders, and orders shall be received and prioritized according to price. Market orders are generally executed first, with orders containing the best prices, followed by fixed-price orders, and if several orders are entered at the same price, they are executed according to the timing of the entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website, and market data is provided instantly to well-known information providers such as Reuters." Dealings shall be automatically settled within two working days according to (T + 2).

The Company shall disclose all resolutions and information relevant to investors through the "Tadawul" system. Tadawul shall be liable for monitoring the market, with a view to ensuring fair trading and efficient market operations.

15.4 Trading Shares in Saudi Stock Exchange

An application was submitted to CMA for registration and placement of preemptive rights shares in the Saudi Stock Exchange and an application to the financial market (Tadawul) for listing. This prospectus was approved and all requirements were met.

Registration is expected to be approved and trading in pre-emptive rights shares in the Saudi Stock Exchange (Tadawul) shall commence after the final allocation of preemptive rights shares is completed, which shall be announced then on the Tadawul website. The dates mentioned in this prospectus are tentative and may be changed with the approval of the CMA.

Although the outstanding shares are registered in the Saudi Stock Exchange (Tadawul) and the Company is listed in the Saudi Stock Exchange (Tadawul), the new shares can be traded only after the final allocation of shares is approved and deposited in the underwriters' portfolios. Trading in new shares shall be strictly prohibited before the allocation process is adopted.

The underwriters and bidders of the remaining Offering who deal in these prohibited trading activities shall be fully liable for them and the Company shall not assume any legal liability in this case.

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Documents Available for Inspection

The following documents will be available at the Company's headquarters located in Riyadh, Muhammadiyah District, King Fahd Road, First Building, Fourth Floor, Kingdom of Saudi Arabia, during the official working days from Sunday to Thursday between 08:00 a.m. and 04:00 p.m., from the first working day after the date of the convening of the extraordinary General Assembly, that period shall not be less than 14 days prior to the meeting of the extraordinary General Assembly. These documents shall remain available for examination until the end of the Offering:

- **Documents for incorporation and Company law:**
  - The Company's commercial register certificate.
  - The Company's Articles of Association and the amendments thereto.
  - The Articles of Association of the Company
- **Offering Approvals:**
  - A copy of the Capital Market Authority's approval declaration to offer pre-emptive rights shares.
  - The approval of the Saudi Stock Exchange (Tadawul) to list the pre-emptive rights shares.
  - The Board of Directors' recommendation to increase the Company's capital.
  - The resolution of the extraordinary general assembly approving the capital increase of the Company.
- **The Company's future business plan is to use the proceeds of the Offering**
- **Reports, letters and documents:**
  - Underwriting agreement and underwriting management agreement.
  - Written consents by the financial advisor, lead manager, underwriters, legal advisor and chartered accountants to use their names, logos and statements in the prospectus.

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