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Initiation Report

August 5 2026

Hani Zantout
Hani.zantout@arqaamcapital.com
+961 70 851 088

Omar Daw
Arqaam Capital Research Offshore s.a.l

Beyon

A digital growth story with an attractive yield profile. Initiate with a Buy.

- **A GCC Telco play with solid FCF generation aided by declining CAPEX intensity and sustainable operational growth spurred by digital streams.**
- **We forecast a 6-yr revenue/EPS CAGR of c.6.5%/6.9% (FY 25A-31e) led by international opcos and auxiliary/digital business avenues.**
- **We see a solid rebound in FCF as CAPEX intensity normalizes from 27% in FY 25A to 19% by FY 31e, lifting FCFY from 5.5% to 13%.**
- **Beyon trades at 5.7x FY 26e EV/EBITDA, at a c.20% discount to MENA telecom peers, which we find unwarranted given FCF expansion, attractive DY of >7%, and digital-enabled growth. Risks: geopolitical shock or prolonged escalation.**

Beyon is a Bahrain-based technology group combining telecom connectivity, digital infrastructure and emerging digital services across regional and international markets. We view Beyon as a compelling GCC telecom and digitalization play, supported by improving free cash flow generation, growing digital revenue streams and diversified geographic exposure. Its connectivity business, led by Batelco as well as operations across Bahrain, Jordan, Maldives and the Channel Islands, provides fixed and mobile telecoms, broadband, global connectivity, cloud and data center solutions to consumer, enterprise, government and wholesale customers. Complementing this is a fast-growing Digital portfolio, including Beyon Money, Beyon Solutions, Beyon Cyber and Beyon Connect, which expands the group's exposure to fintech, ICT solutions, cybersecurity, digital identity and digital platforms, diversifying growth beyond legacy telco services. Beyon is also entering Kuwait through a 40%-owned but fully consolidated national fixed-network PPP, under which the company will serve as the exclusive wholesale fibre infrastructure provider.

We forecast revenues to register a 6.5% CAGR over FY25A-31e: Domestically, we expect Bahrain to print a 3.5% CAGR led by WS and adjacent/other services. This should offset pressure in legacy fixed-line revenue, while mobile remains stable. In int'l opcos, we see growth led by Jordan, expanding at a 6% CAGR on subscriber and M/S gains, higher penetration, and higher ARPUs (5G), followed by Maldives (5% CAGR) and Sure Group (4% CAGR). We also expect upside via Kuwait, contributing 5% to total top line by FY 28e and reaching 9% by FY 31e ACe. For FY 26e, we pencil in a 1.5% y/y growth in group revenues driven by international/auxiliary businesses, while Bahrain slightly declines 1% y/y with a partial recovery/stabilization in H2 only partly offsetting the H1 decline.

FCF profile is on the mend as CAPEX intensity normalizes: We forecast consolidated EBITDAm to only marginally decline by c.1ppt from 37.9% in FY 25A to c.37% by FY 31e, as growth is led by lower-margin non-telco and auxiliary businesses. CAPEX intensity stood at 26.5% in FY 25A, but we expect it to gradually decline to c.19% by FY 31e as elevated spending on Jordan 5G, Sure fiber rollout and Bahrain ICT/wholesale capacity moderates. This lifts FCFY from 5.5% in FY 25A to 13% by FY 31e, supporting an improving DY from 7% to 9.4% over the same period, based on a conservative 64-73% DPO post-2026.

We initiate with a Buy recommendation on attractive valuation/yields: Beyon trades at 5.7x FY 26e EV/EBITDA, at a c.20% discount to MENA Telco peers. We find this discount largely unwarranted given the group's solid FCF generation, attractive yields and growth via digital/auxiliary revenues. We initiate with a Buy rating and BHD 0.53 TP, implying c.15% upside vs. CMP. Risks: geopolitical shock or prolonged escalation materially limiting the group's growth profile.

BUY BHD 0.53

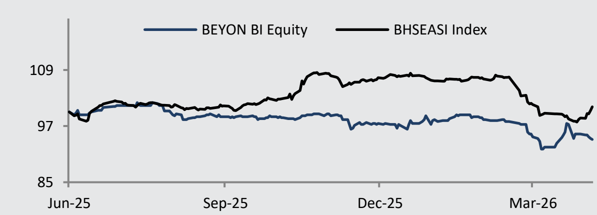
Telecom Services / Bahrain

Bloomberg code	BEYON BI
Market index	BHSEASI
Target Price	0.53
Upside (%)	15

Market data 8/3/2026	
Last closing price	0.46
52 Week range	0.5-0.5
Market cap (BHD m)	763
Market cap (USD m)	2,030
Average Daily Traded Value (BHD m)	0.00
Average Daily Traded Value (USD m)	0.1
Free float (%)	23%

Year-end (BHD m)	2025	2026e	2027e	2028e
Revenues	497	504	542	598
EBITDA	188	187	200	222
Net income	71	68	74	84
EPS	0.04	0.04	0.04	0.05
EPS growth (%)	(2.0)	(4.0)	8.7	13.1
P/E (current price)	10.7	11.1	10.3	9.1
DPS	0.03	0.03	0.03	0.03
Div. yield (%)	7.1	7.1	7.1	7.5
FCF/share	0.03	0.02	0.03	0.04
FCF yield (%)	5.5	5.4	7.2	8.5
CAPEX	131	116	117	129
CAPEX/sales (%)	26	23	22	22
Net Debt/EBITDA (x)	1.0	1.0	1.0	0.8
EV/EBITDA (x)	5.6	5.7	5.3	4.8
RoAE (%)	11.3	10.5	11.0	11.8
RoIC (%)	13.5	12.6	13.1	14.0

Price Performance



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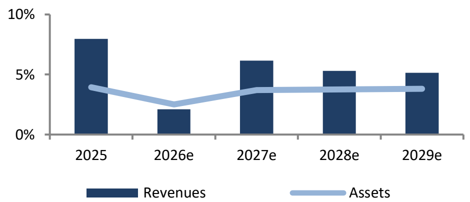
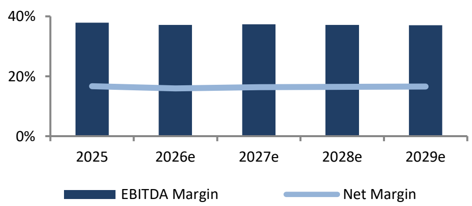
Arqaam Capital Fundamental Data

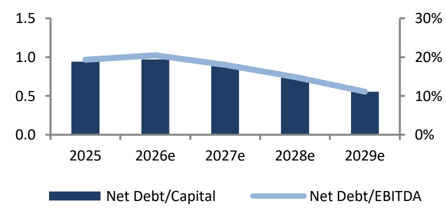
Profitability



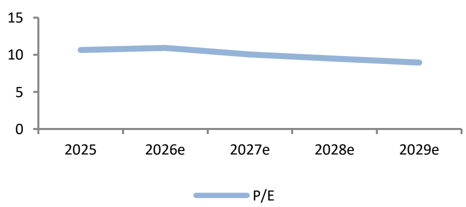
Growth



Gearing



Valuation



Beyon

Year-end (BHD)	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	0.04	0.04	0.04	0.04	0.05	0.06
Diluted EPS	0.04	0.04	0.04	0.04	0.05	0.06
DPS	0.03	0.03	0.03	0.03	0.03	0.04
BVPS	0.37	0.38	0.40	0.42	0.44	0.47
Weighted average shares	1,663	1,663	1,663	1,663	1,663	1,663
Average market cap	763	763	763	763	763	763

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	10.5	10.7	11.1	10.3	9.1	8.2
P/E (x) (target price)	12.0	12.3	12.6	11.6	10.9	10.3
EV/EBITDA (x) (current price)	5.8	5.6	5.7	5.3	4.8	4.4
EV/EBITDA (x) (target price)	5.5	5.6	5.7	5.3	4.9	4.5
EV/FCF (x)	33.0	25.2	25.5	19.1	16.4	15.4
Free cash flow yield (%)	4.2	5.5	5.4	7.2	8.5	9.0
Dividend yield (%)	7.1	7.1	7.1	7.1	7.5	8.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	8.3	8.0	1.5	7.4	10.5	7.4
EBITDA	7.2	2.6	(0.7)	7.3	10.7	7.8
EBIT	5.3	0.7	(2.1)	7.5	11.1	8.4
Net income	1.0	(2.0)	(4.0)	8.7	13.1	10.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	39.9	37.9	37.1	37.0	37.1	37.2
EBIT	23.8	22.2	21.4	21.4	21.5	21.7
Net	15.8	14.4	13.6	13.7	14.1	14.4

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	6.0	5.6	5.2	5.5	5.9	6.2
RoAE	12.1	11.3	10.5	11.0	11.8	12.2
RoIC	14.3	13.5	12.6	13.1	14.0	14.5
FCF margin	7.0	8.4	8.2	10.2	10.8	10.7

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	15.6	18.8	19.6	18.9	17.3	15.7
Net debt/Equity	22.8	28.5	29.3	27.8	25.0	22.2
Interest cover (x)	6.4	5.7	5.6	5.9	6.5	7.2
Net debt/EBITDA (x)	0.8	1.0	1.0	1.0	0.8	0.7

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Abacus *Arqaam Capital Fundamental Data*

Company description

Beyon is a Bahrain-based technology group that combines telecom connectivity, digital infrastructure and emerging digital services across regional and international markets. The Connectivity business, led by Batelco by Beyon as well as other international operations, focuses on fixed and mobile telecoms, broadband, global connectivity, cloud and data center solutions for consumer, enterprise, government and wholesale customers. The Digital Growth portfolio, which includes Beyon Money, Beyon Solutions, Beyon Cyber and Beyon Connect, spans fintech, ICT solutions, cybersecurity and digital platforms.

Ownership and management

Major Shareholders

Bahrain Mumtalakat Holding Co.	37%
Amber Holding Ltd.	20%
Social Insurance Organization	20%
Freefloat	23%

Management

H.E. Shaikh Abdulla bin Khalifa Al Khalifa	Chairman
Andrew Kvalseth	CEO
Reem Altajer	CFO

Source: Bloomberg, Company Data

Beyon

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (BHD m)						
Sales revenue	460	497	504	542	598	642
Cost of sales	(166)	(180)	(183)	(197)	(219)	(236)
Gross profit	**294**	**317**	**321**	**344**	**360**	**377**
SG&A	(50)	(57)	(61)	(66)	(71)	(75)
EBITDA	**183**	**188**	**187**	**200**	**222**	**239**
Depreciation	(74)	(78)	(79)	(84)	(93)	(100)
EBIT	**109**	**110**	**108**	**116**	**129**	**140**
Interest expense	(17)	(19)	(19)	(20)	(20)	(19)
Share of results of associates & JV	2	2	2	3	3	3
Profit before tax	94	96	92	100	114	125
Taxes	(10)	(13)	(13)	(14)	(16)	(17)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	85	83	80	86	98	108
Minorities	(12)	(12)	(11)	(12)	(14)	(15)
Net profit (parent)	**73**	**71**	**68**	**74**	**84**	**93**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**73**	**71**	**68**	**74**	**84**	**93**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (BHD m)						
Cash and equivalents	144	146	133	134	143	153
Receivables	165	177	182	199	223	243
Inventories	8	7	7	8	9	9
Tangible fixed assets	483	529	566	599	635	675
Other assets including goodwill	456	446	446	446	446	446
Total assets	**1,256**	**1,305**	**1,335**	**1,386**	**1,456**	**1,527**
Payables	228	236	240	259	287	309
Interest bearing debt	286	328	328	328	328	328
Other liabilities	120	105	105	105	105	105
Total liabilities	**634**	**668**	**672**	**691**	**719**	**741**
Shareholders equity	622	637	663	695	737	786
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**1,256**	**1,305**	**1,335**	**1,386**	**1,456**	**1,527**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (BHD m)						
Cashflow from operations	**173**	**173**	**157**	**172**	**194**	**208**
Net capex	(141)	(131)	(116)	(117)	(129)	(140)
Free cash flow	**32**	**42**	**41**	**55**	**65**	**69**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(71)	(62)	(54)	(54)	(56)	(59)
Net inc/(dec) in borrowings	31	40	-	-	-	-
Other investing/financing cash flows	(19)	(19)	-	-	-	-
Net cash flow	**(101)**	**25**	**(13)**	**1**	**9**	**10**
Change in working capital	(2)	(3)	(1)	1	3	1

Hani Zantout
Hani.zantout@arqaamcapital.com
+961 70 851 088

Omar Daw
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We initiate coverage on Beyon with a Buy recommendation and BHD 0.53TP

- **We initiate coverage on Beyon with a Buy recommendation and BHD 0.53 TP (+15% vs. CMP) using an equally weighted i) a DCF model (+28% vs. CMP), ii) relative valuation peer target EV/EBITDA (+6% vs. CMP), and iii) DDM (+15% vs. CMP).**
- **We factor in a 6.5% revenue and a 7% EPS 6-yr CAGR (FY 25A-31e) driven by growth across opcos/verticals led by auxiliary revenues and aided by Kuwait entry.**
- **We expect operational margins to gradually decline 1ppt over our forecast horizon on a less favorable revenue mix.**
- **We model for elevated CAPEX in the NT/MT, declining from 26.5% in FY 25A to 19% by FY 31e despite increased spending in Kuwait, while FY 25A DY of 7% is to reach 9.4% on a conservative 65% DPO by FY 31e supported by a 13% FCFY.**
- **Beyon trades at 5.7x FY 26e EV/EBITDA, at a c.20% discount vs MENA Telecom sector peers, which we find largely unwarranted on attractive yield profile.**

Our TP is derived from a combination of i) a 6yr DCF model (33% weight, 28% upside), ii) relative valuation multiples using forward EV/EBITDA (33% weight, 6% upside), and iii) DDM (33% weight, 15% upside).

Our 6-yr DCF model produces a FVE of BHD 0.6 per share; +28% vs. CMP

Our DCF valuation model reflects +28% vs. CMP due to Beyon's anticipated improvement in FCF generation on declining CAPEX intensity and OCF generation. Our WACC of 10% (exhibit 1) is derived using a cost of equity of 12% with a risk-free rate of 8% and an equity risk premium of 7%. We use a beta of 0.6 and a cost of debt of 5%, with a terminal growth rate of 3% as growth upside will come from auxiliary businesses and Kuwait.

Exhibit 1: Beyon's WACC breakdown

WACC calculation	
Debt to capital	30%
Equity to capital	**70%**
Beta	0.6
ERP	6.9%
RFR	8.1%
Cost of Equity	**12.2%**
Effective interest rate	6.2%
Effective tax rate	13.9%
Cost of Debt after tax	**5.3%**
WACC	**10.1%**
LT growth rate	3%

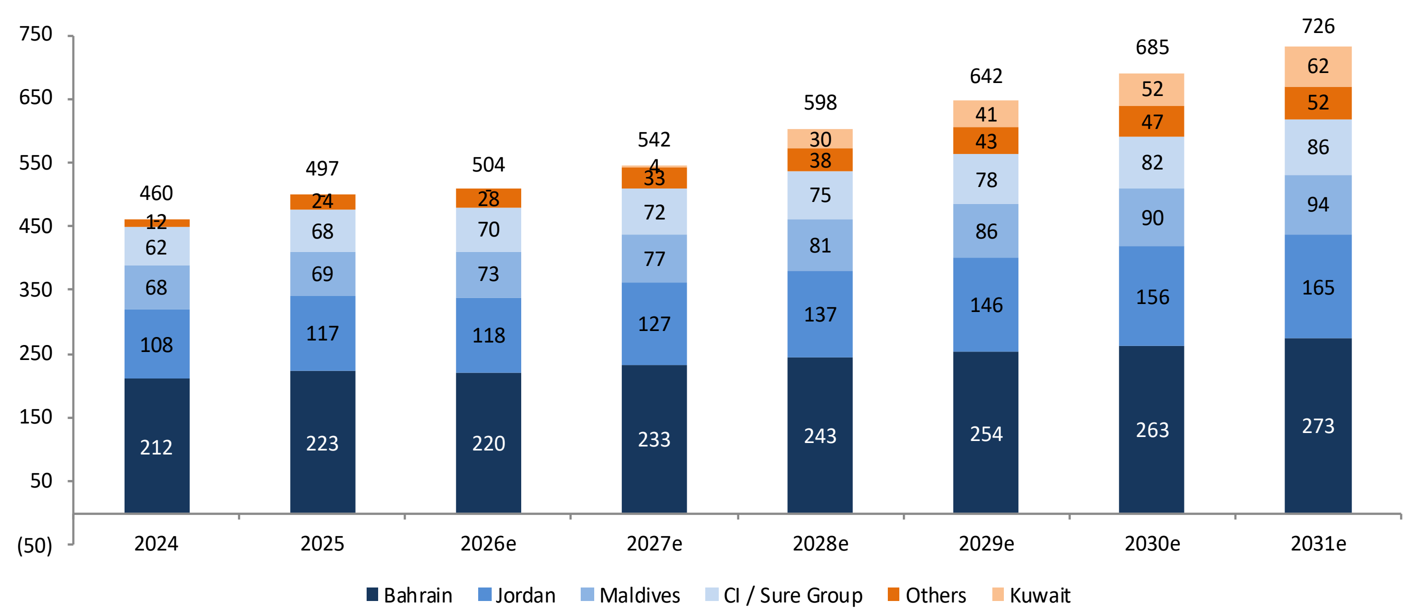
Source: Arqaam Capital Research

We forecast consolidated revenue to grow at a mid-single-digit 6.5% CAGR over FY25A–FY31e. In Bahrain, revenue grows at a 3.5% CAGR, with the headline trajectory supported by higher-growth wholesale services and adjacent / other services, which grow at a 9.2% and 7.6% CAGR, respectively. This more than offsets ongoing pressure in legacy fixed-line revenue, which declines from BD7.8m to BD5.8m over the same period, while mobile and fixed broadband remain more stable contributors.

Outside Bahrain, the growth profile is mixed. Jordan is expected to be one of the stronger growth engines, expanding at a 5.8% CAGR, driven by market subscriber growth, higher penetration, and market share gains, while ARPUs should improve moving forward on 5G adoption. Maldives should grow at a slightly slower pace (5% CAGR ACe), with mobile revenue growth supported by rising subscribers and penetration. Sure Group / Channel Islands revenue is forecast to grow at a 4% CAGR, reflecting continued investment-led growth, including network investment, fibre rollout, sovereign cloud, and enterprise ICT initiatives. We also anticipate a stellar 14% CAGR from “Other revenues” as digital revenue streams gain traction, while Kuwait should begin to contribute meaningfully to group revenue by FY 28e (5% of total top line ACe, and reaching 9% by FY 31e).

Our FY 26e base case assumes stabilization towards the end of the year. We conservatively assume Bahrain revenues will slightly decline 1% y/y in FY 26e with the stabilization and partial recovery in H2 only partly offsetting the decline seen in H1, while we pencil in a 1.5% y/y growth for the full group (vs. 8% in FY 25A) driven by international/auxiliary businesses .

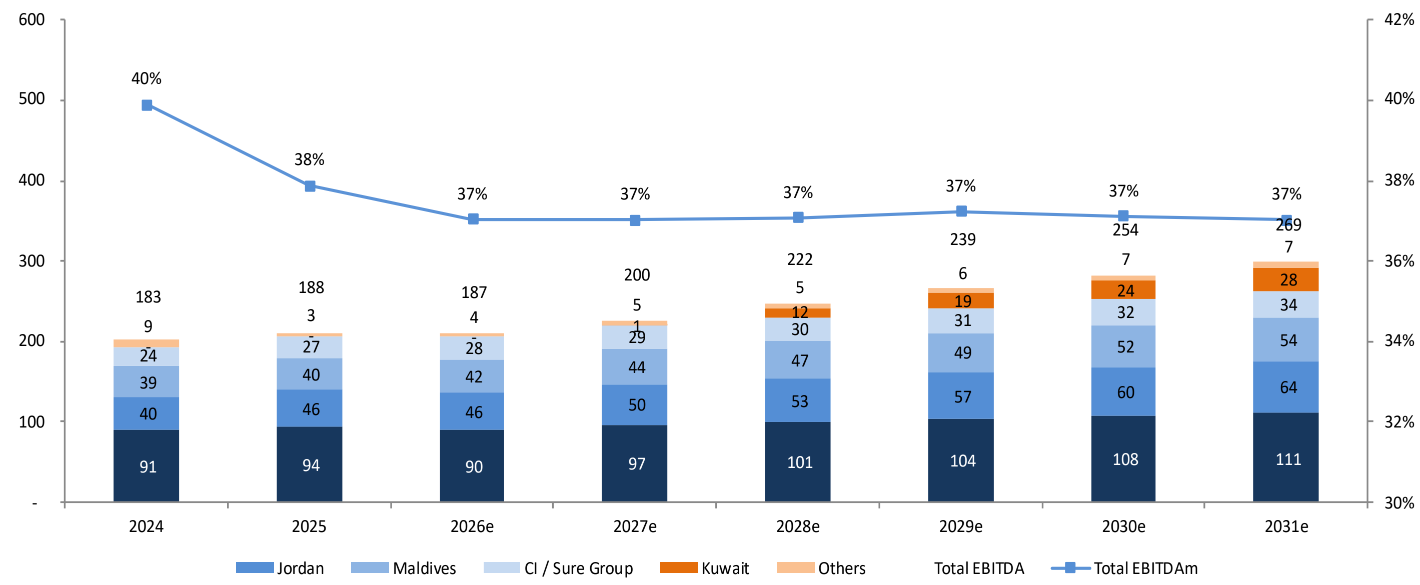
Exhibit 2: Beyon’s Revenue Forecasts by Country (BHDm; excl. eliminations)



Source: Company Data, Arqaam Capital Research

We model for a gradual but limited decline in consolidated EBITDA margins over the forecast horizon as revenue growth comes from a less favorable revenue mix. Maldives remains the most lucrative geography, with EBITDAm holding steady at c.58%. We pencil in a gradual margin erosion in Bahrain, Jordan and CI / Sure Group as a result of a worsening revenue mix as higher growth comes from non-Telco businesses. Overall, we pencil in a gradual EBITDAm decline of c.1ppt from 37.9% in FY25A to 37% by FY31e.

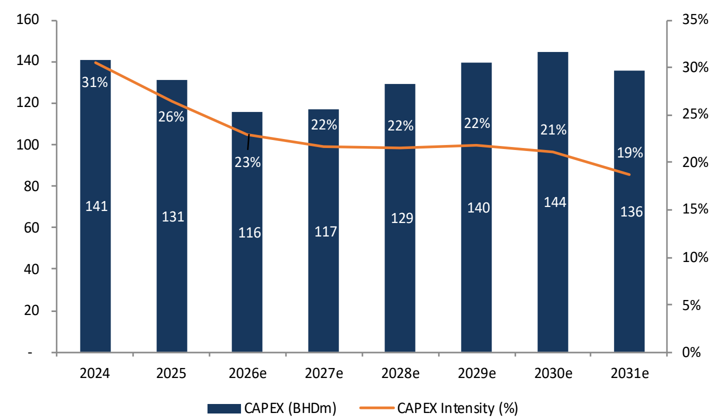
Exhibit 3: Beyon's EBITDA Forecasts by Country (BHDm; excl. eliminations)



Source: Company Data, Arqaam Capital Research

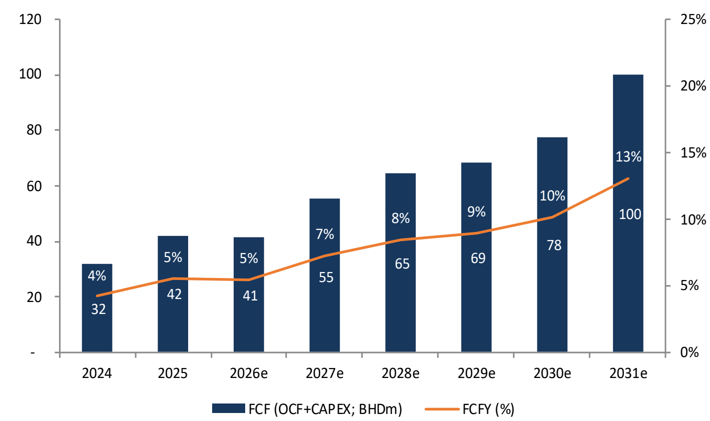
Spending will continue in international opcos, including Kuwait, as well as on non-core investments in Bahrain, but FCF profile is on the mend. Beyon's CAPEX intensity stood at 26.5% in FY 25A, but we expect this figure to normalize to c.14.5% by FY 31e (excluding Kuwait-related investments). We expect that most of the heavy 5G CAPEX cycle in Jordan as well as much of the fiber and international cable-related CAPEX cycle to be nearing their ends while we continue to expect non-core CAPEX spending in Bahrain to develop Batelco's ICT capacity and WS capacity. Beginning in FY 27e, we also expect additional CAPEX spending by the group related to the Kuwaiti operation (BHD ~1bn commitment over 50 years, c.18% of which we expect will be spent during the first 5 years). As such, we see overall group CAPEX declining from 26.5% in FY 25A to 19% by FY 31e. Accordingly, we expect Beyon's FCF profile to improve moving forward on strong OCF generation as well as declining CAPEX intensity. We anticipate FCFY to improve from 5.5% in FY 25A to 13% by FY 31e, supporting an improving DY which we expect to increase from 7% in FY 25A to 9.4% by FY 31e on a conservative DPO estimate of 65% (vs. 74%+ in the previous 4 years).

Exhibit 4: Evolution of CAPEX and CAPEX Intensity



Source: Company Data, Arqaam Capital Research

Exhibit 5: Evolution of FCF and FCFY (based on CMP)



Source: Company Data, Arqaam Capital Research

Exhibit 6: Beyon DCF valuation summary: +28% vs. current price

DCF (BHDm)						
	2026e	2027e	2028e	2029e	2030e	2031e
Revenues	504	542	598	642	685	726
EBITDA	187	200	222	239	254	269
EBIT	108	116	129	140	148	157
Zakat/Tax	(13)	(14)	(16)	(17)	(19)	(20)
WC change	(1)	1	3	1	1	0
CAPEX	(116)	(117)	(129)	(140)	(144)	(136)
Free cash flow to the firm	**57**	**71**	**80**	**83**	**92**	**113**
Compounding period	0.65	1.65	2.65	3.65	4.65	5.65
Discount factor	0.94	0.85	0.77	0.70	0.64	0.58
Discounted FCF	35	60	62	59	59	66
PV of discounted FCF	340					
PV of terminal value	950					
Total EV	**1,290**					
Net debt (cash)	207					
PV of lease liabilities	61					
+Associates	16					
-Minorities	62					
Fair value of equity	**977**					
Number of shares (m)	**1,663**					
Fair value per share (BHD)	**0.6**					

Source: Arqaam Capital Research

Multiples based valuation produces a 6% upside with a TP of BHD 0.5

Beyon trades at 5.7x FY 26e EV/EBITDA, at a c.20% discount vs MENA Telecom sector peers, which we find largely unwarranted on attractive yield profile: Our target valuation multiples use a forward FY 26e EV/EBITDA of 6x. This is based on comparable listed Telcos in MENA. This method yields a 6% upside vs the current market price.

Exhibit 7: MENA Telco Peers valuation

			P/E		EV/EBITDA		Mcap	EV
Ticker	**Company Name**	**Country**	**FY 26e**	**FY 27e**	**FY 26e**	**FY 27e**	**(USDm)**	**(USDm)**
STC AB	Saudi Telecom Co	KSA	14.8x	13.6x	8.7x	8.2x	58,512	59,997
EAND UH	e&	UAE	15.8x	14.0x	7.8x	7.2x	48,067	59,932
IAM MC	Maroc Telecom	Morocco	15.0x	14.7x	5.6x	5.6x	8,942	11,299
ORDS QD	Ooredoo Group	Qatar	10.4x	10.0x	4.7x	4.6x	11,535	13,941
EEC AB	Mobily	KSA	12.6x	11.2x	6.6x	6.2x	12,781	14,127
ZAIN KK	Zain Group	Kuwait	9.1x	7.6x	6.1x	5.6x	8,574	16,407
DU UH	DU	UAE	17.6x	16.7x	9.4x	9.0x	14,983	14,689
VFQS QD	Vodafone Qatar	Qatar	14.7x	13.3x	7.6x	7.3x	3,033	3,219
OTEL OM	Oman Telecom	Oman	11.7x	10.0x	5.0x	4.6x	2,765	15,743
ETEL EY	Telecom Egypt	Egypt	6.8x	5.5x	4.5x	4.1x	3,721	5,038
OOREDOO KK	Ooredoo Kuwait	Kuwait	9.1x	8.6x	2.8x	2.7x	2,713	3,057
ZAINKSA AB	Zain KSA	KSA	15.1x	13.0x	5.3x	5.1x	2,472	4,949
STC KK	STC Kuwait	Kuwait	17.4x	16.8x	5.7x	5.6x	2,016	1,783
ORDS OM	Ooredoo Oman	Oman	13.4x	11.9x	3.2x	3.2x	551	710
Median			**14.1x**	**12.5x**	**5.7x**	**5.6x**		
Average			**14.2x**	**12.8x**	**7.1x**	**6.7x**		

Source: Bloomberg, Arqaam Capital Research

Exhibit 8: EV/EBITDA based valuation produces a +6% vs. CMP

Multiples Valuation (BHDm)	
Target EV/EBITDA 2026e	**6x**
EBITDA 2026e	187
Target EV	**1,121**
Less net debt and other adjustments	(314)
Target market capitalization	**807**

Source: Bloomberg, Arqaam Capital Research

Our DDM assumes a maintained DPS in 2026e and a conservative 65-75% DPO from 2027e onwards. This produces a TP of BHD 0.5 (+15% vs. CMP).

We assume a maintained DPS in 2026e and a conservative 64-73% DPO from 2027e onwards, with the DDM yielding a 15% upside vs. CMP: We do not expect management to cut dividends in 2026e despite the geopolitical turmoil impacting Bahrain. Moving forwards, we conservatively pencil in a lower DPO of 73% starting in 2027e and declining to 65% by FY 31e, but leading to a gradual increase in DPS, reaching BHD 0.042 by FY 31e and representing a 9.4% DY (on CMP) supported by an increasing FCFY (to 13% by FY 31e on declining CAPEX intensity and higher OCF).

Exhibit 9: DDM valuation summary produces 15% upside

Discounted dividend model (BHD)	2026e	2027e	2028e	2029e	2030e	2031e
DPS	**0.03**	**0.03**	**0.04**	**0.04**	**0.04**	**0.04**
Discount factors	0.93	0.83	0.74	0.66	0.59	0.52
Present value of DPS	0.03	0.03	0.03	0.02	0.02	0.02
Sum of DPS	0.2					
Terminal value of DPS	**0.4**					
DDM target equity value per share (BHD)	**0.5**					

Source: Arqaam Capital Research

We use an average the three valuation methods to arrive at our TP of BHD 0.53 (+15% vs. CMP), with an equal 33% weight for DCF, RV, and DDM.

Exhibit 10: Beyon average TP of BHD 0.53

(BHDm)	*BHDm*	*Per share*	*Upside*	*Weight*
DCF target market capitalization	977	0.6	28%	33%
Multiple-based target market capitalization	807	0.5	6%	33%
DDM target market capitalization	879	0.5	15%	33%
Average	879			
# of shares (m)	1,663			
Weighted average target value (BHD)	**0.53**			
Current market price	0.46			
Upside (downside)	**15%**			

Source: Arqaam Capital Research

Exhibit 11: Sensitivity analysis

		Beta				
		0.50	**0.55**	**0.60**	**0.65**	**0.70**
	7.1%	0.65	0.62	0.59	0.57	0.55
	7.6%	0.60	0.58	0.56	0.54	0.52
Rf	**8.1%**	0.57	0.55	**0.53**	0.51	0.49
	8.6%	0.54	0.52	0.50	0.49	0.47
	9.1%	0.51	0.50	0.48	0.47	0.45

		Debt to capital				
		40%	**35%**	**30%**	**25%**	**20%**
	4.0%	0.62	0.60	0.59	0.57	0.56
	3.5%	0.59	0.57	0.56	0.54	0.53
LT Growth	**3.0%**	0.56	0.54	**0.53**	0.52	0.50
	2.5%	0.53	0.52	0.51	0.49	0.48
	2.0%	0.51	0.50	0.49	0.48	0.47

Source: Arqaam Capital Research

Q1 2026 Earnings Review

Revenues: BHD 119.0m (-8.7% q/q, +1.2% y/y)
EBITDA: BHD 43.0m (-14.1% q/q, -5.2% y/y)
EBIT: BHD 23.6m (-21.9% q/q, -9.1% y/y)
Net Profit: BHD 15.3m (-21.0% q/q, -15.4% y/y)

Exhibit 12: Beyon Q1 26A Results

BHDm	Q1 26A	Q1 25A	y/y	Q4 25A	q/q
Revenues	119	118	1%	130	(9%)
EBITDA	43	45	(5%)	50	(14%)
EBIT	24	26	(9%)	30	(22%)
Net Profit	15	18	(15%)	19	(21%)
EBITDA margin	36%	39%	(244 bps)	38%	(227 bps)
EBIT margin	20%	22%	(226 bps)	23%	(336 bps)
Net margin	13%	15%	(253 bps)	15%	(199 bps)

Source: Company Data, Arqaam Capital Research

Consolidated revenues were resilient, up 1% y/y driven international/auxiliary businesses, offsetting decline in Bahrain. We observe a 3% y/y decline in Bahrain's top line which we link to the geopolitical turmoil seen during the last month of the quarter. This was offset by growth across the group with i) Other/auxiliary businesses (+15% y/y), ii) Channel Islands (+7% y/y), iii) Maldives (+5% y/y), and iv) Jordan (+1.6% y/y).

EBITDA was down 5% y/y on a 2.4ppt margin contraction. The decline was mainly on higher i) network operating expenses (+3% y/y), ii) staff costs and other OpEx both up 7% y/y, and iii) a jump in ECL (+37% y/y) which we also link to the conflict impact.

Reported net income fell 15% y/y, driven primarily by a high prior-year base as well as the operational decline: management flagged a BGD 2.5m one-off gain in Q1 25, which implies a normalized decline of only c.2% y/y. Underlying pressure came from auxiliary income (-59% y/y), partly offset by i) higher investee income (+41% y/y) and ii) a lower tax charge (-10% y/y). We also flag contained costs, with DD&A (flat y/y), and net finance cost (+1% y/y).

Q2 2026 Earnings Review

Revenues: BHD 125.8m (+5.7% q/q, +0.4% y/y)
EBITDA: BHD 49.4m (+14.9% q/q, +5.4% y/y)
EBIT: BHD 29.5m (+25.0% q/q, +3.7% y/y)
Net Profit: BHD 18.3m (+20.0% q/q, +6.8% y/y)

Exhibit 13: Beyon Q2 26A Results

BHDm	Q2 26A	Q2 25A	y/y	Q1 26A	q/q
Revenues	126	125	0%	119	6%
EBITDA	49	47	5%	43	15%
EBIT	30	28	4%	24	25%
Net Profit	18	17	7%	15	20%
EBITDA margin	39%	37%	186 bps	36%	313 bps
EBIT margin	23%	23%	76 bps	20%	363 bps
Net margin	15%	14%	87 bps	13%	173 bps

Source: Company Data, Arqaam Capital Research

Consolidated revenues were resilient, broadly flat y/y at BHD 126m, with growth across international/auxiliary businesses offsetting declines in Bahrain and Channel Islands. We observe a 2% y/y decline in Bahrain's top line, which we link to the ongoing regional geopolitical situation. This was offset by growth across the group led by i) Others (+22% y/y), ii) Maldives (+5% y/y). Jordan was up 1% y/y, while the Channel Islands declined 4% y/y.

EBITDA increased 5% y/y on a 1.9ppt margin expansion to 39%, reflecting continued operational efficiencies. The improvement was mainly on lower i) network operating expenses (-3% y/y), ii) other OpEx (-5% y/y), and iii) staff costs (-1% y/y). This offset a 42% y/y jump in ECL. We also flag higher DD&A (+8% y/y), limiting EBIT growth to 4% y/y, with the EBIT margin expanding 0.8ppt to 23.5%.

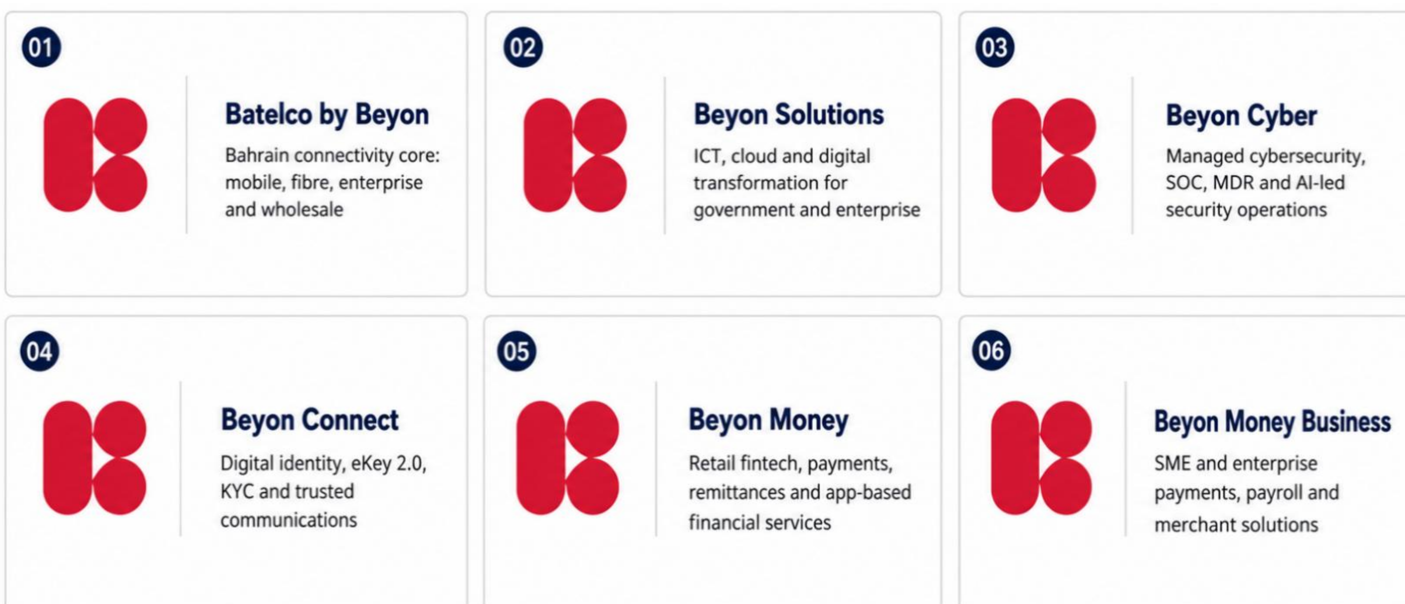
Net profit increased 7% y/y, mainly on the operational improvement as well as higher investee income (+55% y/y)**.** This was partly offset by i) higher net finance cost (+1% y/y), ii) higher tax expenses (+8% y/y), and iii) higher other expenses (+BHD 0.138m y/y).

Business Overview

Vertical Overview

Beyon is a Bahrain-headquartered technology group built around two engines: a mature connectivity portfolio across Bahrain, Jordan, Maldives and Channel Islands markets, and a growing digital portfolio spanning ICT solutions, cybersecurity, digital identity and fintech. The group generated BD 496.6m of revenue in FY 25A, with Bahrain remaining the largest contributor, followed by Jordan, Maldives and the Channel Islands. The reported revenue mix remains telecom-led, with mobile, fixed broadband, data circuits, fixed line and wholesale services representing the bulk of revenue, while adjacent and other services are becoming more relevant as Beyon scales its enterprise, digital and infrastructure platforms. International operations now contribute c.56% of group revenue, and the portfolio blends mature, cash generative connectivity with growth investments across subsea cables, data centers and digital platforms, with the group's capex cycle currently at its peak.

Exhibit 14: Beyon's Key Verticals



Source: Company Data, Arqaam Capital Research

Connectivity remains Beyon's core operating base. In Bahrain, Batelco by Beyon is the group's flagship operator, providing mobile, fixed broadband, enterprise connectivity, wholesale and digital infrastructure services. Batelco continued to invest in regional and domestic infrastructure, including progress on SEA-ME-WE 6, Al Khaleej Cable and Bahrain's first White Space Data Centre, while also expanding customer-facing propositions such as One Plan, higher fibre speed tiers and Voya, a data-roaming eSIM product. BNET, a 100%-owned subsidiary, sits within the same domestic infrastructure stack and continues to scale Bahrain's national network.

BNET hands Beyon ownership of Bahrain's single national fixed infrastructure layer, a regulated, utility-like asset. Carved out of Batelco under Bahrain's Fourth National Telecommunications Plan and launched in October 2019, BNET operates as a wholesale-only fiber network with TRA-regulated pricing, selling access to all licensed operators (13, with Batelco retail buying on regulated terms alongside its competitors). The network covers 97.9% of premises, with entry-level fiber speeds reaching to 300 Mbps under the TRA's January 2025 wholesale revision. The Fifth Plan consolidates all remaining fixed infrastructure under BNET, with the transfer of Zain Bahrain's fixed fiber backhaul completed in December 2024, an asset transfer agreement signed with stc Bahrain in January 2025, the acquisition of Amwaj Islands infrastructure (6,000+ addresses) in the same month, and a long-term framework agreement with Nokia signed in November 2025.

We view BNET as a structural positive for the group rather than a competitive threat to Batelco. Bahrain's fixed market competes at the retail layer only, and these dynamics are well seasoned rather than new: Batelco's fixed broadband share has eroded only gradually (it retains 67.2% of fiber subscriptions), while BNET books regulated wholesale revenue on every competitor line, keeping value in-group regardless of retail churn and underpinning the c.9% CAGR we model for wholesale services. The closest listed analogue is Singapore's NetLink NBN Trust, a small, dense, near-100% fiber wholesaler with utility-like cash flows, and we see similar LT monetization optionality in BNET.

Exhibit 15: BNET at a glance: a regulated single-wholesaler model

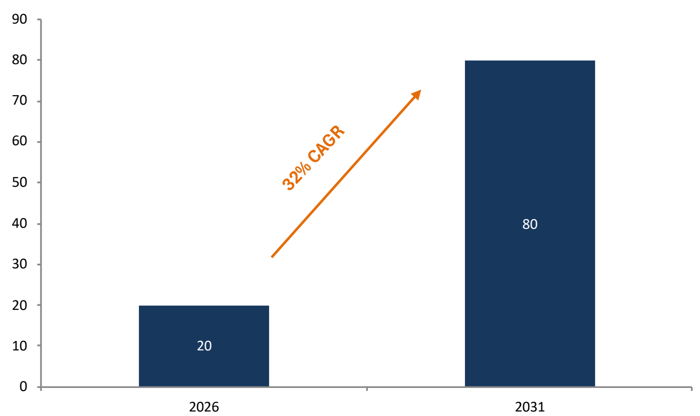
Mandate	Wholesale-only national broadband network; TRA-regulated pricing with equal access for all licensed operators
Ownership	100% Beyon; carved out of Batelco in 2019 under the Fourth National Telecommunications Plan
Fiber coverage	97.9% of premises; entry-level fiber speeds of 300 Mbps post the Jan 25 TRA wholesale revision
Operator customers	13 licensed operators, incl. Batelco retail on the same terms as competitors
Recent consolidation	Zain backhaul transfer (Dec 24); stc Bahrain asset transfer and Amwaj Islands acquisition (Jan 25)

Source: Company Data, Arqaam Capital Research

Bahrain's data center market is small but is entering its steepest build-out phase, with policy firmly behind it. We conservatively assume third-party IT load grows from ~20MW to ~80MW over the next five years, representing a 32% CAGR, underpinned by stc Bahrain/center3's Al Qurain data center park, which is expected to scale to 60MW, and Beyon's Data Oasis development. Demand support is genuine but largely policy-led at this stage: i) a first-in-region Cloud First Policy, adopted in 2017, and a Data Embassy Law allowing eligible customers from designated foreign states to host data under their home jurisdiction's law; ii) AWS's Middle East (Bahrain) Region, live since 2019 with three availability zones; and iii) Bahrain's deepening subsea-hub role, supported by the landing of 2Africa Pearls, with up to 180Tbps of design capacity, and Beyon's fully owned Al Khaleej system.

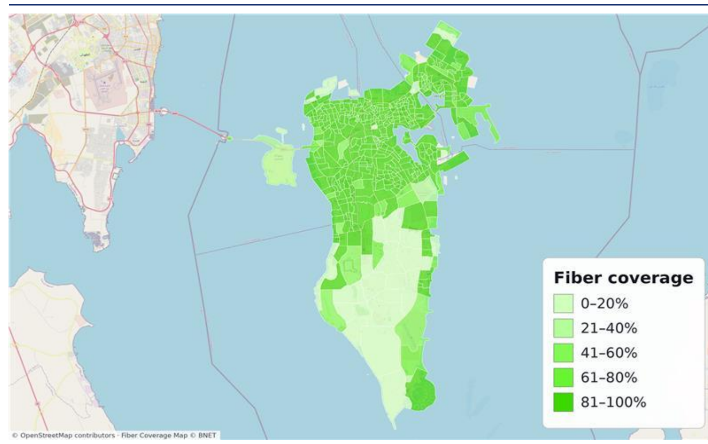
Beyon is monetizing this theme through its broader Bahrain data-center footprint, where a substantial portion of the announced infrastructure investment has already been deployed. This includes the group's separate Tier III Hamala facility, with 2.7MW of capacity and 250 racks and now powered entirely by renewable energy, as well as the 140,000 sqm Data Oasis campus in southern Bahrain. The latter hosts Bahrain's first White Space Data Center, a 6,000 sqm facility described by Beyon as the Kingdom's largest and most power-dense, which was commissioned in November 2025 and is designed to integrate connectivity from SEA-ME-WE 6 and Al Khaleej. The facility forms part of Beyon's >USD250m combined data-center and subsea-cable investment program, while initial commercialization risk has been materially reduced by the long-term lease signed with Qareeb Data Centers in January 2026. Beyon Solutions' Oracle-based Sovereign HyperCloud agreement with the Information & eGovernment Authority, signed in November 2025, further anchors sovereign AI-cloud demand. The theme also extends across the group's international footprint: Dhiraagu inaugurated the Maldives' first Tier IV-certified data center in February 2025 and its first atoll-based Tier III-ready facility in November 2025, while Sure operates offshore data centers and cloud services in Guernsey and Jersey for data-residency-sensitive clients.

Exhibit 16: Bahrain Data Center Capacity (MW) Estimated Growth



Source: Arqaam Capital Research

Exhibit 17: Bahrain Fiber Optic Coverage



Source: Company Data, Arqaam Capital Research

Beyon's Digital Growth portfolio is the main diversification leg outside the traditional telecom revenue base. The portfolio delivered 1.7x revenue growth in FY 25A, positive operating earnings, operations across more than 10 countries and a workforce of more than 1,200 professionals. Beyon Solutions provides ICT and digital transformation services to governments and enterprises, with work across sovereign cloud, AI-ready cloud platforms, education infrastructure, smart traffic systems and public-sector platforms in Bahrain, Egypt and Saudi Arabia. The 70%-owned LinkDot acquisition strengthened this platform, contributing BD 18.6m of revenue and BD 1.8m of profit in FY 25A.

Beyon Cyber gives the group exposure to managed security services and AI-led cybersecurity. The company operates across Bahrain, the UAE and Kuwait, expanded further in Saudi Arabia, and entered Jordan through a partnership with Umniah by Beyon. Its Orryx AI autonomous security operations platform is the main product milestone in FY 25A, supporting the company's move beyond conventional SOC and MDR services and giving it an international partnership route through Haven Cyber in the UK and other markets.

Beyon Connect is positioned around digital trust and identity infrastructure. Its key product is eKey 2.0, developed with Bahrain's Information & eGovernment Authority, which provides biometric, digital identity for public and private sector services. Beyon Connect is also the exclusive reseller of eKey 2.0 authentication and KYC services to private and semi-government entities; more than 40 entities were onboarded in FY 25A, more than 50% of addressable Bahrain citizens and residents enrolled within the first 10 months, and more than 1m financial-sector customer records were verified through Bulk KYC.

Beyon Money adds a fintech layer to the group's domestic digital ecosystem. The retail app was upgraded through more than 50 redesign initiatives, launched Arabic support, added FAWRI+, expanded international remittance corridors and became the first fintech to enable full onboarding through eKey 2.0. Beyon Money Business was commercially launched in FY 25A, targeting enterprises and SMEs through digital distribution, merchant-payment integration and an LMRA-compliant (Labour Market Regulatory Authority) payroll solution linked to Bahrain's Wage Protection System.

Country Overview

Beyon's footprint concentrates in small markets with rational competitive structures. Two of the group's four core markets operate as two-player markets (Maldives, and Guernsey/Jersey following Sure's acquisition of Airtel-Vodafone), while Bahrain and Jordan are three-player markets. The mix balances a mature, cash generative home market with a genuine growth market in Jordan, a high-margin tourism-geared duopoly in the Maldives, and defensive, GBP-denominated island markets, while Beyon holds a leading position in every market except Jordan, where it is seen as a challenger, but number portability can aid competitiveness.

Exhibit 18: Beyon's footprint: structure and positioning by market

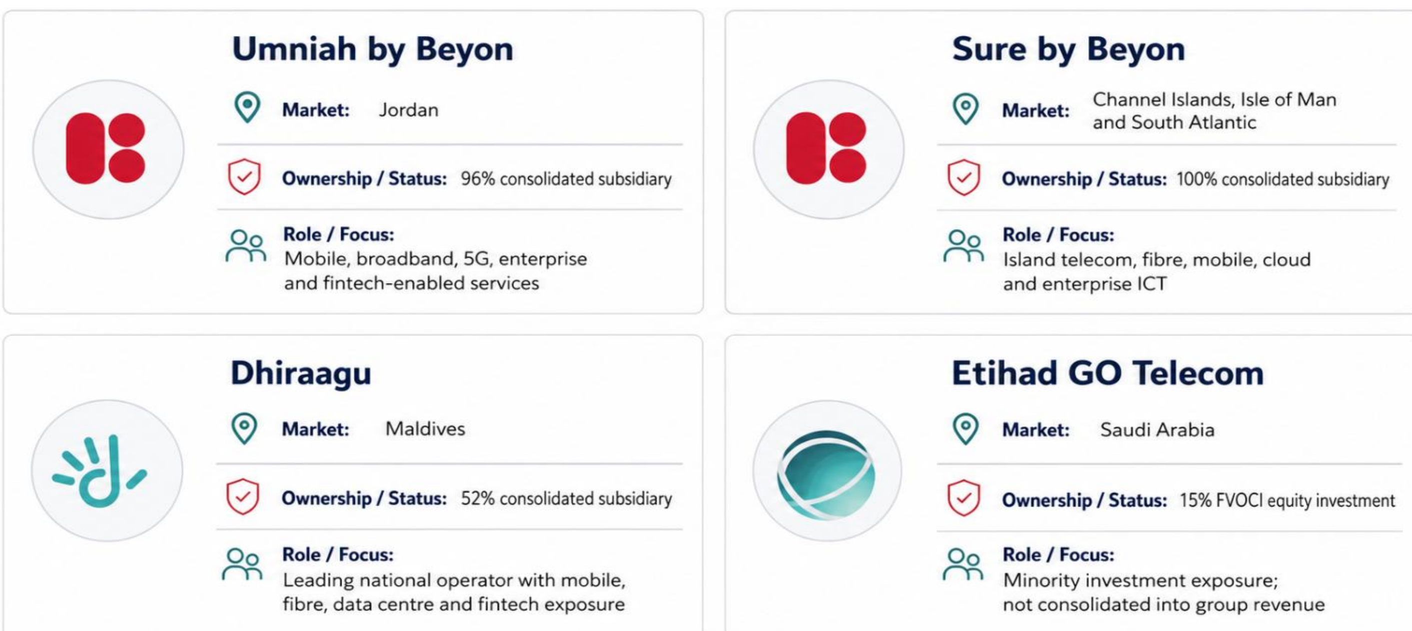
Bahrain	3-player	#1 mobile (37.9%); 67.2% fiber share	Stable sector revenue; growth via wholesale, ICT and adjacent services
Jordan	3-player	#3 (c.18%), value-priced	Solid growth; price repair underway; MNP expected 2027
Maldives	2-player	Duopoly	Tourism-geared duopoly; 57.7% EBITDAm; record 2.25m arrivals in 2025
Channel Islands	2-player	#1 Guernsey; strong #2 Jersey	GBP 48m 5G program; consolidation benefits normalizing from 2026

Source: Company Data, Arqaam Capital Research

Bahrain is Beyon's largest market and the centre of the group's connectivity and digital-platform strategy. The market is mature and highly penetrated, with mobile subscriptions broadly stable at 2.3m in Q4 25, implying 146% penetration, while fixed broadband subscriptions reached 187.9k, or 76% household penetration. As a result, growth is less about basic subscriber additions and more about ARPU, fibre upgrades, enterprise connectivity, wholesale capacity, ICT/adjacent services and monetization of data usage. Batelco remains the largest mobile operator by total mobile subscription share at 37.9% in Q4 25, and continues to dominate fibre broadband with 67.2% subscription share.

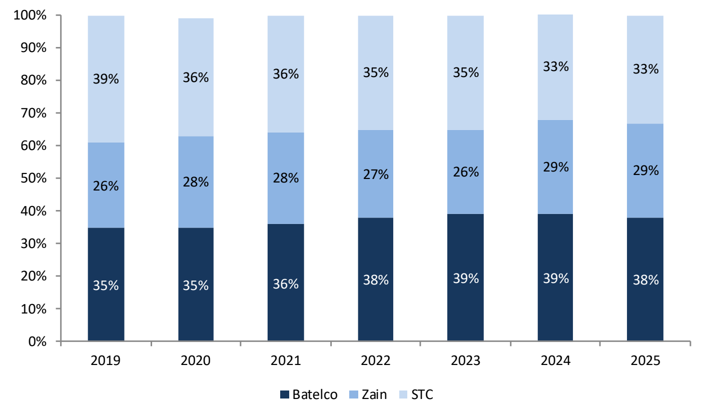
Market structure remains rational, with Bahrain operating as a three-player market across Batelco, stc Bahrain and Zain Bahrain. As per GlobalData, Sector revenue stood at c.USD 545m in 2025 and is expected to remain broadly stable, growing at only a 0.4% CAGR to 2030e, with the main pockets of growth coming from mobile data (+2.2% CAGR) and fixed broadband (+4.1% CAGR). 5G is already mature, with 97.9% population coverage, while the prepaid base remains linked to GCC visitor flows, creating some seasonal cadence in mobile revenue but with quick recovery from disruptions. Enterprise demand for redundancy and cybersecurity has also emerged as an incremental tailwind, supporting our view that Batelco's growth will be driven mainly by wholesale capacity, ICT and adjacent services rather than subscriber additions.

Exhibit 19: Beyon's Key Opcos



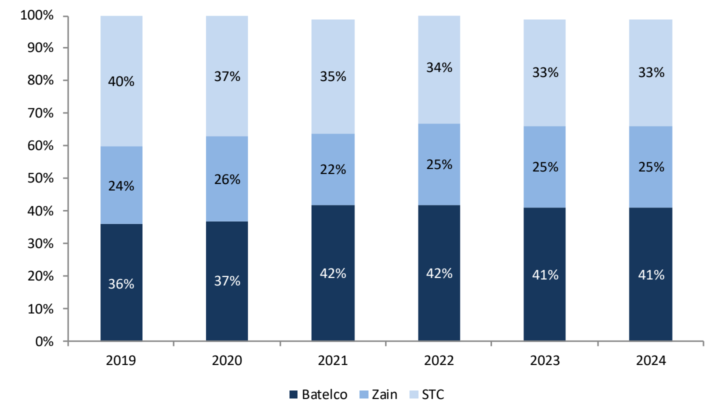
Source: Company Data, Arqaam Capital Research

Exhibit 20: Evolution of Bahrain's mobile subscriber share



Source: TRA, Arqaam Capital Research

Exhibit 21: Evolution of Bahrain's mobile revenue share

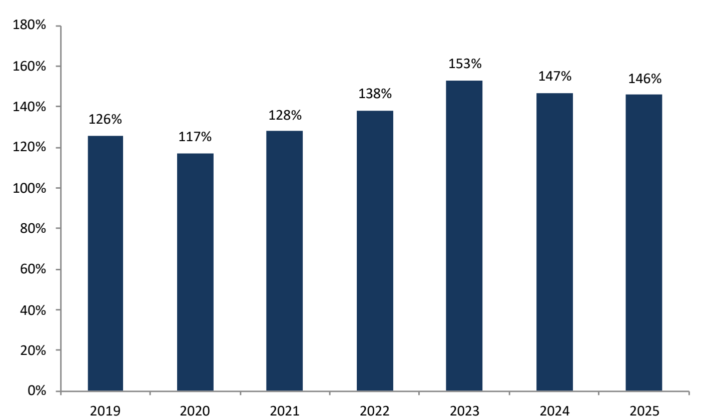


Source: TRA, Arqaam Capital Research

Jordan is Beyon's second-largest market and remains a growth market. The regulator reported mobile subscriptions of 8.54m in Q4 25, up 3.8% y/y, fibre subscriptions of 652.2k, up c.5% y/y, and 5G subscriptions of 321k, up 33% y/y. Mobile penetration reached 71.5% of the total population, while fixed broadband penetration was still only 33.3% of households, leaving more room for fibre and data-led growth.

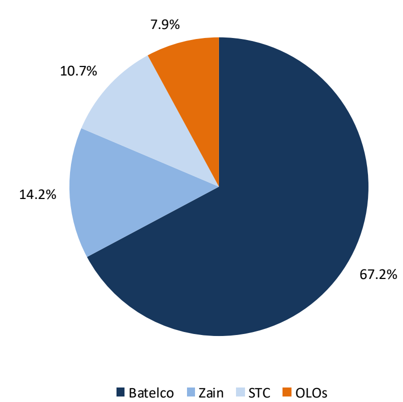
Jordan combines the footprint's best structural runway with a supportive pricing cycle. The market is a three-player market with Zain being the clear leader (44% of subscribers) ahead of Orange (c.38%) and Umniah (c.18 %). Mobile penetration is low, standing at 71.5% of the population, which is considered low by regional standards. We see the introduction of mobile number portability (expected 2027) as a positive catalyst for Umniah: as the value-priced #3 operator, it stands to capture a disproportionate share of switching once number retention removes the main friction, even without incremental promotional spend. We caveat that purchasing power remains weak and the government takes a 10% revenue share on 5G services, which tempers ARPU upside.

Exhibit 22: Evolution of Bahrain's mobile penetration



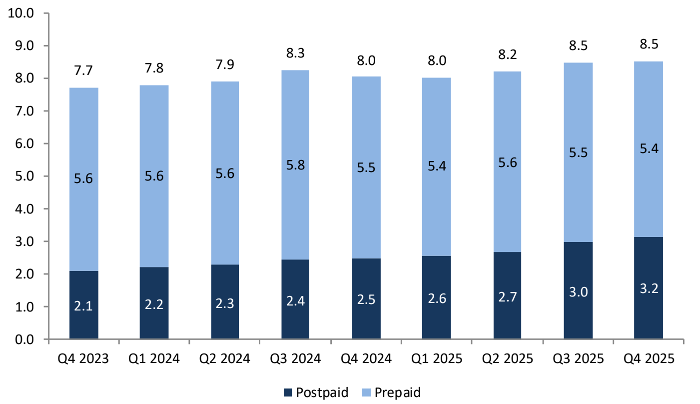
Source: TRA, Arqaam Capital Research

Exhibit 23: Bahrain's mobile revenue share



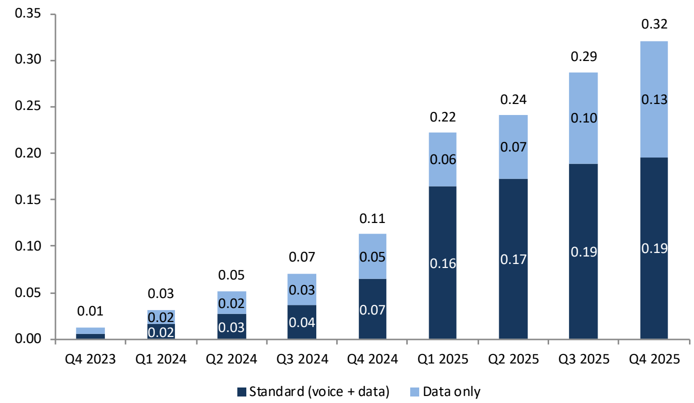
Source: TRA, Arqaam Capital Research

Exhibit 24: Evolution of Jordan's mobile subscribers (millions)



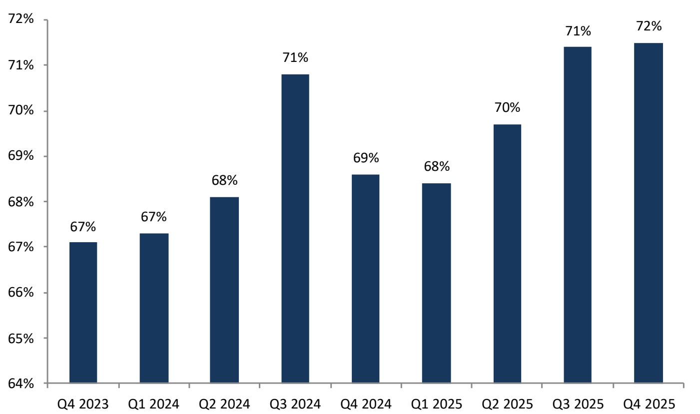
Source: TRC, Arqaam Capital Research

Exhibit 25: Evolution of Jordan 5G subscribers (millions)



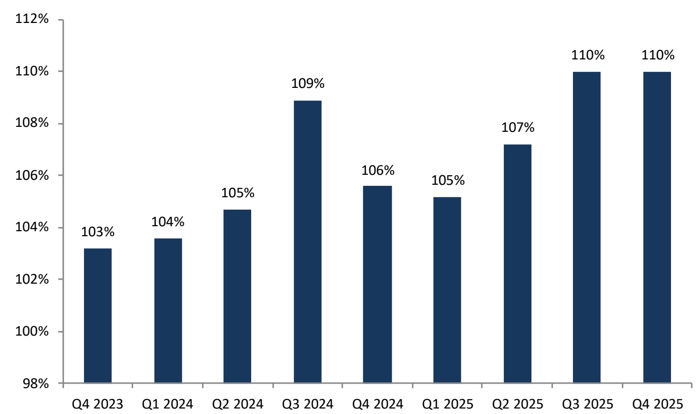
Source: TRC, Arqaam Capital Research

Exhibit 26: Evolution of Jordan's mobile broadband penetration



Source: TRC, Arqaam Capital Research

Exhibit 27: Evolution of Jordan's mobile penetration (>15 years old)



Source: TRC, Arqaam Capital Research

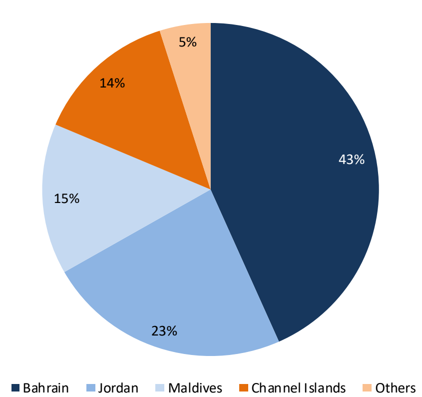
Maldives is a smaller but structurally attractive island telecom market. Dhiraagu reports nationwide 100% mobile coverage and completed fibre-to-the-home availability across all inhabited islands, while also expanding into data centres, cloud and digital payments through DhiraaguPay. We model Maldives as a high-penetration (200%+) mobile market with strong tourism activity. Dhiraagu and Ooredoo Maldives share the market, and the two-player structure underpins the group's richest margins (EBITDAm of 57.7%). Tourist arrivals hit a record 2.25m in 2025 (+9.8% y/y) with travel receipts projected above USD 5.57bn, driving roaming, tourist SIMs and resort/enterprise connectivity. We balance this against i) an interventionist affordability agenda (government-led broadband affordability measures, including residential fixed broadband price reductions of c.28–30% in 2021) and ii) FX and reserve pressures at the sovereign level, which increase macroeconomic, import cost and cash-conversion risks in an otherwise attractive market.

Channel Islands and other island markets are a smaller but useful defensive leg for Beyon, with Sure serving Guernsey, Jersey, Isle of Man, Falkland Islands, Ascension, St Helena and Diego Garcia. The market story is less about population growth and more about network investment, fibre rollout, cloud, enterprise ICT and the Airtel Vodafone integration in Guernsey and Jersey. Sure completed the acquisition of Airtel-Vodafone in late 2024, leaving Guernsey and Jersey with two mobile network operators (Sure and JT) alongside a mandated MVNO remedy. Sure committed not to withdraw existing tariffs for 36 months post completion, delaying repricing upside toward the back of our forecast horizon. These are small but wealthy, GBP-denominated markets (Jersey c.104.9k, Guernsey c.64.9k and Isle of Man c.85.3k residents, with Jersey's finance-led GBP at 6.9bn), where the story is investment-led: a GBP 48m isle of Man 5G program (within a GBP 100m group commitment) targets 100% 5G standalone coverage nearly a decade ahead of UK operators. With the full-year consolidation effect captured in 2025, growth normalizes from 2026, and we model the segment as a stable, defensive cash contributor.

Other markets include UAE, Kuwait, Egypt, the UK, Saudi Arabia, Tunisia, Algeria, France, Morocco, Ivory Coast and Oman operations. Revenue from this segment doubled to BD 23.6m in FY 25A and we forecast Others revenue to grow at a stellar 14% CAGR moving forward. Beyon also holds a 15% stake in Etihad GO Telecom in Saudi Arabia, giving it financial exposure to a fast-growing Saudi telecom and digital-services market without consolidating its revenue into group operating revenue.

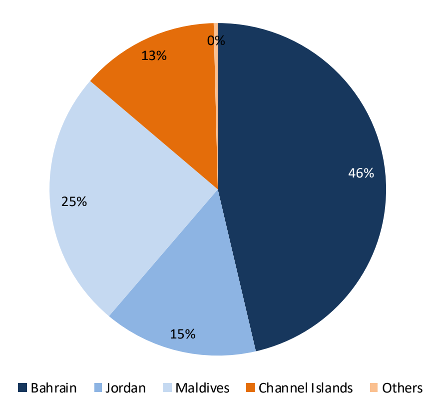
Kuwait should become a meaningful, fully consolidated wholesale fixed-network growth leg from FY28e, albeit with sizeable execution and capital requirements. Although Beyon will own 40% of the Project Company, board majority and management control support full consolidation, with financial close currently targeted for Q3 2027. Under the PPP, ProjectCo will be the exclusive provider of wholesale fibre infrastructure and services during an initial 15-year exclusivity period and must cover 90% of Available Plots within five years of closing. Revenue will be generated through recurring annual and monthly charges for network connectivity, passive infrastructure and co-location services supplied to licensed ISPs, MNOs and other telecom operators, supplemented by a 45% share of the Ministry of Communications' retail PSTN voice revenue. We model Kuwait contributing c.5% of group revenue in FY28e and c.9% by FY31e, with margins initially constrained by setup costs before improving with scale. The project entails a c.BHD 1bn investment commitment over 50 years, of which we assume c.18% is deployed during the first five years.

Exhibit 28: Revenue contribution by opco (%; H1 2026 data)



Source: Company Data, Arqaam Capital Research

Exhibit 29: Net profit contribution by opco (%; H1 2026 data)



Source: Company Data, Arqaam Capital Research

Risks

Bahrain is a mature and competitive market, and any geopolitical shock that affects population growth or expat inflows could pressure the group's core revenue base. Bahrain remains Beyon's largest market, but telecom penetration is already high, with mobile penetration above 100% and fixed broadband penetration at a mature level. This limits the scope for subscriber-led growth and makes Batelco more dependent on ARPU, fibre upgrades, enterprise connectivity, wholesale capacity and adjacent services. In addition, a new geopolitical shock or a prolonged escalation that weighs on Bahrain's economy, expatriate population, business activity or inward migration could further weaken subscriber growth, roaming, enterprise demand and household formation, creating downside risk to our Bahrain forecasts. This risk is only partly mitigated by Batelco's strong market position, scale in fibre, wholesale infrastructure and growing enterprise/digital exposure.

Beyon's digital growth story brings execution risk, especially in the current geopolitical climate, while its expansion into cyber, identity and fintech increases the cost of trust. Beyon is increasingly positioning itself beyond traditional telecom through Beyon Solutions, Beyon Cyber, Beyon Connect and Beyon Money, supported by acquisitions such as LinkDot and Insomea. The opportunity is meaningful, but successful execution requires integration of acquired businesses, retention of technical talent, cross-selling across markets, product scalability and disciplined capital allocation. At the same time, the group's push into cybersecurity, digital identity, KYC, fintech, cloud and AI-led services increases operational and reputational sensitivity. A major outage, data breach, failed authentication process, fintech disruption or underperformance in managed cybersecurity services could damage trust with governments, enterprises and consumers, and may also trigger regulatory scrutiny. This risk becomes increasingly relevant in a worsening geopolitical climate.

Operating across multiple regulated markets is a double-edged sword. Beyon's operations span Bahrain, Jordan, Maldives, the Channel Islands and a broader set of consolidated operations across the UAE, Kuwait, Egypt, the UK, Saudi Arabia, Tunisia, Algeria, France, Morocco, Ivory Coast and Oman. This diversification reduces reliance on Bahrain, but it also exposes the group to different regulatory regimes, tax rules, licensing frameworks, data-sovereignty requirements, fintech/KYC rules, telecom pricing policies and competitive structures. Changes in wholesale access, spectrum policy, interconnection, consumer protection rules, cybersecurity obligations, digital identity regulation or minimum-tax implementation could affect revenue growth, margins or required investment. In addition, macro weakness in Jordan, tourism sensitivity in Maldives, GBP exposure in the Channel Islands and execution risk in newer international digital markets could create volatility in reported earnings and cash flow.

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