

ANNEX F-1
Detailed Retail Minus Methodology

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1 General

- 1.1.1 This Annex provides details about the Retail Minus Methodology to be used for Access & Interconnect Services regulated under a “retail minus” pricing principle.
- 1.1.2 **Wholesale Rates** shall be calculated on a quarterly basis within ten (10) days of the beginning of Q1, Q2, Q3 and Q4, and shall take effect retroactively from the first day of the corresponding quarter for which they are being calculated.

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2 Mobile Access Service

2.1 Data Services

2.1.1 The wholesale rate applicable for Data services ("Data Wholesale Rate") shall be calculated as a fixed price per GB.

2.1.2 On a quarterly basis, Ooredoo shall calculate its own **Retail Data Yield**, where:

$$\text{Retail Data Yield} = \frac{\text{total quarterly Mobile Prepaid Data revenues}}{\text{total quarterly Mobile Prepaid Data usage}}$$

2.1.2.2 In calculating Ooredoo's Retail Data Yield, the following shall apply:

- a. Only Data traffic revenue shall be included in the Retail Data Yield calculations; any ancillary revenues, such as handset revenues, value added services revenues, roaming revenues, etc. shall be excluded;
- b. Data revenues derived from mixed bundles, e.g. bundles offering Voice and Data services, shall be calculated per the methodology in Clause 2.4.1.5;
- c. There shall be no usage exclusions whatsoever, so that even free-of-charge usage will be included, for example in starter packs, free bundles, social network bundles, etc.;
- d. Government taxes and VAT shall be excluded;
- e. If the newly calculated Retail Data Yield for the quarter:
 - (i) Is equal or lower than the Retail Data Yield recorded for the previous quarter, then the Retail Data Yield for the quarter shall be recorded as the new Retail Data Yield calculated; or
 - (ii) Is higher than the Retail Data Yield recorded for the previous quarter, then the Retail Data Yield for the quarter shall remain unchanged from the previous quarter, with the exception that if the Retail Data Yield has increased during two (2) consecutive quarters, then the Retail Data Yield for the quarter shall be recorded as the new and higher Retail Data Yield calculated; and
- f. Where the Parties cannot agree on the calculation of the Retail Data Yield, the matter can be resolved in accordance with the Dispute Resolution procedure defined in Clause 33 of the Main Agreement.

2.1.3 The Data Wholesale Rate for a particular quarter shall be calculated using the formula: Data Wholesale Rate = Retail Data Yield * (1 – Retail Discount Rate), where the:

2.1.3.1 Retail Data Yield is Ooredoo's Retail Data Yield for the previous quarter as calculated according to Clause 2.1.2; and

2.1.3.2 **Retail Discount Rate** is 23.0% ("**Standard Retail Discount Rate**"), if no other Standard Retail Discount Rate has been agreed between the Parties and approved by the TRA.

2.1.3.3 Example:

- a. Assuming Ooredoo's Retail Data Yield for Q4 2018 was OMR 2.000 per GB;

- b. The standard Data Wholesale Rate for Q1 2019 would be = $OMR 2.000 * (1 - 23.0\%)$
= OMR 1.540 per GB.
- 2.1.4 If the Requesting Party is a Committed Reseller, and is able to grow its **Wholesale Charges** to OMR 400,000 or above per month within the first six (6) full calendar months from commercial launch, where the Wholesale Charges shall be calculated as:
- 2.1.4.1.1 ((total Data GBs consumed by the Requesting Party during the month) * (the standard Data Wholesale Rate for the corresponding quarter)) +
- 2.1.4.1.2 ((total Voice minutes consumed per Voice Category by the Requesting Party during the month) * (the standard Voice Wholesale Rate for the corresponding Voice Category for the quarter in question)) +
- 2.1.4.1.3 ((total SMS messages consumed per SMS Category by the Requesting Party during the month) * (the standard SMS Wholesale Rate for the corresponding SMS Category for the quarter in question)).
- 2.1.4.2 then the Requesting Party shall be categorised as a “Reseller Eligible for Incentives”; and
- 2.1.4.3 qualify for a Retail Discount Rate of 35.7% (“**Incentivised Retail Discount Rate**”) instead of the Standard Retail Discount Rate for Data Services.
- 2.1.4.4 Example:
- a. Assuming Ooredoo’s Retail Data Yield for Q4 2018 was OMR 2.000 per GB;
- b. The Data Wholesale Rate for Q1 2019 for a Reseller Eligible for Incentives would be = $OMR 2.000 * (1 - 35.7\%) = OMR 1.286$ per GB.

2.2 Voice Services

2.2.1 Standard Retail Minus Pricing Methodology for Voice Services

2.2.1.1 The wholesale rates applicable for Voice services (“**Voice Wholesale Rates**”) shall be calculated as a fixed price per minute, independent of the time of day.

2.2.1.2 The Voice Wholesale Rates shall be calculated for the following three (3) **Voice Categories**:

- a. Domestic Voice;
- b. International Voice by country; and;
- c. International VoIP by country.

2.2.1.3 On a quarterly basis, Ooredoo shall calculate its own **Retail Voice Yield** for each of the Voice Categories mentioned in Clause 2.2.1.2, where:

$$2.2.1.3.1 \text{ Retail Voice Yield} = \frac{\text{total quarterly Mobile Prepaid Voice revenues for the Category}}{\text{total quarterly Mobile Prepaid Voice usage for the Category}}$$

2.2.1.3.2 In calculating Ooredoo’s Retail Voice Yield, the following shall apply:

- a. Only Voice traffic revenues shall be included in the Retail Voice Yield calculations; any ancillary revenues, such as handset revenues, value added services revenues, roaming revenues, etc. shall be excluded;
- b. Voice revenues derived from mixed bundles, e.g. bundles offering Voice and Data services, shall be calculated per the methodology in Clause 2.4.1.5;
- c. There shall be no usage exclusions whatsoever, so that even free-of-charge usage will be included, e.g. free voice minutes in starter packs, etc.;
- d. Government taxes and VAT shall be excluded;
- e. If the newly calculated Retail Voice Yield for the quarter:
 - (i) Is equal or lower than the Retail Voice Yield recorded for the same Voice Category in the previous quarter, then the Retail Voice Yield for the Voice Category for the quarter shall be recorded as the new Retail Voice Yield calculated for the Voice Category; or
 - (ii) Is higher than the Retail Voice Yield recorded for the same Voice Category in the previous quarter, then the Retail Voice Yield for the Voice Category for the quarter shall remain unchanged from the previous quarter, with the exception that if the Retail Voice Yield for the Voice Category has increased during two (2) consecutive quarters, then the Retail Voice Yield for the Voice Category for the quarter shall be recorded as the new and higher Retail Voice Yield calculated for the Voice Category; and

- f. Where the Parties cannot agree on the calculation of the Retail Voice Yield, the matter shall be resolved in accordance with the Dispute Resolution procedure defined in Clause 33 of the Main Agreement.
- 2.2.1.4 The Voice Wholesale Rate for a particular Voice Category and quarter shall be calculated using the formula: $\text{Voice Wholesale Rate} = \text{Retail Voice Yield} * (1 - \text{Retail Discount Rate})$, where the:
- 2.2.1.4.1 Retail Voice Yield is Ooredoo's Retail Voice Yield for the previous quarter as calculated according to Clause 2.2.1.3; and
- 2.2.1.4.2 **Retail Discount Rate** is 23.0% ("**Standard Retail Discount Rate**"), if no other Standard Retail Discount Rate has been agreed between the Parties and approved by the TRA.
- 2.2.1.4.3 Example:
- a. Assuming Ooredoo's Retail Voice Yield for Domestic Voice for Q4 2018 was OMR 0.0350 per minute; and
 - b. Assuming Ooredoo's Retail Voice Yield for International Voice to Afghanistan for Q4 2018 was OMR 0.1500 per minute;
 - c. The standard Voice Wholesale Rate for Domestic Voice for Q1 2019 would be = $\text{OMR } 0.0350 * (1 - 23.0\%) = \text{OMR } 0.0270$ per minute; and
 - d. The standard Voice Wholesale Rate for International Voice to Afghanistan for Q1 2019 would be = $\text{OMR } 0.1500 * (1 - 23.0\%) = \text{OMR } 0.1155$ per minute.
- 2.2.2 Incentivized Retail Minus Pricing Methodology for Voice Services
- 2.2.2.1 If the Requesting Party is a Reseller Eligible for Incentives, it shall benefit from the incentivized Retail Minus Pricing Methodology for Voice services as set out below.
- 2.2.2.2 The incentivized Retail Minus Pricing Methodology for Voice Wholesale Rates is based on a revenue share model for Voice services, in which all revenues collected for the Voice Categories defined in Clause 2.2.1.2, excl. governmental taxes & VAT ("**Voice Revenues**"), and after deduction of third party termination costs for Off-Net Voice services ("**Termination Costs**"), shall be split 50% to Ooredoo and 50% to the Requesting Party. Ooredoo shall be responsible for the payment of the Termination Costs and Ooredoo will invoice the Requesting Party the Termination Costs in addition to and at the same time as the 50% share of the Voice Revenues.
- 2.2.2.2.1 Example:
- a. If we assume that the:
 - (i) Requesting Party had 100,000 minutes of Domestic Voice in December 2018; and
 - (ii) interconnect costs applicable for Off-Net calls is OMR 0.0100 per minute and that it would apply to 50% of the Requesting Party's Domestic Voice minutes.

- b. Then, if the Requesting Party's Retail Voice Yield for Domestic Voice for December 2018 would be OMR 0.0300 per minute, the revenue share between Ooredoo and the Requesting Party would be:
- (i) Requesting Party's Voice Revenues for Domestic Voice = 100,000 minutes * OMR 0.0300 per minute = OMR 3,000;
 - (ii) Voice Termination Costs = 100,000 minutes * 50% * OMR 0.0100 per minute = OMR 500;
 - (iii) Voice Revenue share for Ooredoo = (OMR 3,000 – OMR 500) * 50% = OMR 1,250; and
 - (iv) Voice Revenue share for Requesting Party = OMR 3,000 – OMR 500 – OMR 1,250 = OMR 1,250.

2.3 SMS Services

- 2.3.1 The wholesale rates applicable for SMS services ("**SMS Wholesale Rates**") shall be calculated as a fixed price per message, independent of the time of day.
- 2.3.2 The SMS Wholesale Rates shall be calculated for the following two (2) **SMS Categories**:
- a. Domestic SMS; and
 - b. International SMS.
- 2.3.3 The calculation of SMS Wholesale Rates shall be in accordance with the methodology used for Voice services as explained in Clause 2.2.
- 2.3.3.1 Example - Standard Retail Minus Pricing Methodology for SMS Services:
- a. Assuming Ooredoo's Retail SMS Yield for Q4 2018 for Domestic SMS was OMR 0.0100 per message; and
 - b. Assuming Ooredoo's Retail SMS Yield for Q4 2018 for International SMS was OMR 0.0500 per message;
 - c. The standard SMS Wholesale Rate for Domestic SMS for Q1 2019 would be = OMR 0.0100 * (1 – 23.0%) = OMR 0.0077 per message; and
 - d. The standard SMS Wholesale Rate for International SMS for Q1 2019 would be = OMR 0.0500 * (1 – 23.0%) = OMR 0.0385 per message.
- 2.3.3.2 Example - Incentivized Retail Minus Pricing Methodology for SMS Services:
- a. If we assume that the:
 - (i) Requesting Party had 100,000 messages of Domestic SMS in December 2018; and
 - (ii) interconnect costs applicable for Off-Net SMS is OMR 0.0040 per message and that it would apply to 50% of the Requesting Party's Domestic SMS messages;
 - b. Then, if the Requesting Party's Retail SMS Yield for Domestic SMS for December 2018 would be OMR 0.0098 per message, the revenue share between Ooredoo and the Requesting Party would be:
 - (i) Requesting Party's SMS Revenues for Domestic SMS = 100,000 messages * OMR 0.0098 per message = OMR 980;

- (ii) SMS Termination Costs = 100,000 messages * 50% * OMR 0.0040 per message = OMR 200;
- (iii) SMS Revenue share for Ooredoo = (OMR 980 – OMR 200) * 50% = OMR 390; and
- (iv) SMS Revenue share for Requesting Party = OMR 980 – OMR 200 – OMR 390 = OMR 390.

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2.4 Bundled Services

- 2.4.1 If the Requesting Party has selected a Retail Minus Pricing Methodology for Voice and/or SMS services based on a revenue share model, the Voice and SMS revenue part of a retail bundle, offering a combination of Data, Voice and/or SMS services, shall be calculated each month and be included in the margin share calculations for Voice and SMS Revenues as set out in Clauses 2.2.2 and 2.3, respectively, as follows:
- 2.4.1.1 The Data, Voice and SMS Revenue calculations shall utilize the Requesting Party's monthly Retail Yields for Data, and the Retail Yields for the relevant Voice and/or SMS Categories, respectively, as well as the actual consumption of each of the services included in the bundle, and in each case from expired or fully utilized bundles and stand-alone Pay-As-You-Go (PAYG) plans (all of revenue and usage from unexpired bundles shall carry forward into the month of expiry of the bundle).
- 2.4.1.2 The actual bundle usage for Voice and SMS (per Category) shall be used to calculate relevant 3rd Party Termination Cost related to the bundle;
- 2.4.1.3 The actual Data consumption and resulting Data revenues shall only be used to derive the allocation of revenues across different services, and shall not be part of the Termination Cost or revenue share calculations set out in Clauses 2.2.2 and 2.3; and
- 2.4.1.4 Each month only the required information for the Wholesale Bill calculation shall be reported to Ooredoo.
- 2.4.1.5 At the end of each month, the revenue from bundles, which expired or were fully utilised in that month, shall be allocated between Data Revenue, Voice Revenue and SMS Revenue based upon the following principles:
- a. The **"Calculated Bundle Revenue"** in each month shall comprise:
 - (i) Data Bundle Revenue, which shall be = actual Data usage (GB) times the Party's Retail Data Yield (OMR per GB);
 - (ii) Voice Bundle Revenue, which shall be = actual Voice usage (minutes) times the Party's Retail Voice Yield for the relevant Voice Category (OMR per minute); and
 - (iii) SMS Bundle Revenue, which shall be = actual SMS usage (messages) times the Party's Retail SMS Yield for the relevant SMS Category (OMR per message).
 - b. **"Actual Bundle Revenue"** in each month shall comprise the actual retail revenue from such bundles, which expired or were fully utilised in that month;
 - c. The allocation of the Actual Bundle Revenue between the Data, Voice and SMS components of the bundle, shall follow the corresponding component's percentage share of the Calculated Bundle Revenue;
 - d. Example:
 - (i) A mixed bundle with 3 GB of Data, 100 minutes of Domestic Voice and 100 Domestic SMS is sold for OMR 5.000 (Actual Bundle Revenue);
 - (ii) The Party's Retail Data Yield = OMR 2.000 per GB;
 - (iii) The Party's Retail Voice Yield for Domestic Voice = OMR 0.035 per minute;
 - (iv) The Party's Retail SMS Yield for Domestic SMS = OMR 0.010 per message;

(v) Actual Data usage is 2.8 GB, actual Domestic Voice usage is 95 minutes and actual Domestic SMS usage is 75 messages;

(vi) Calculated Bundle Revenue = Data Bundle Revenue + Voice Bundle Revenue + SMS Bundle Revenue, where:

- Data Bundle Revenue = (actual Data usage in GB x the Party's Retail Data Yield in OMR per GB) = (2.8 GB * OMR 2.000 per GB) = OMR 5.600;
- Voice Bundle Revenue = (actual Domestic Voice minutes used x the Party's Retail Voice Yield for Domestic Voice in OMR per minute) = (95 minutes * OMR 0.035 per minute) = OMR 3.325; and
- SMS Bundle Revenue = (actual Domestic SMS messages used x the Party's Retail SMS Yield for Domestic SMS in OMR per message) = (75 messages * OMR 0.010 per minute) = OMR 0.750; and
- Calculated Bundle Revenue = OMR 5.600 + OMR 3.325 + OMR 0.750 = OMR 9.675.

(vii) The Actual Bundle Revenue shall be split between the services according to a service's share of the Calculated Bundle Revenue:

- Actual Data Revenue share = Actual Bundle Revenue * (Data Bundle Revenue / Calculated Bundle Revenue) = OMR 5.000 * (OMR 5.600 / OMR 9.675) = OMR 2.894;
- Actual Voice Revenue share = Actual Bundle Revenue * (Voice Bundle Revenue / Calculated Bundle Revenue) = OMR 5.000 * (OMR 3.325 / OMR 9.675) = OMR 1.718; and
- Actual SMS Revenue share = Actual Bundle Revenue * (SMS Bundle Revenue / Calculated Bundle Revenue) = OMR 5.000 * (OMR 0.750 / OMR 9.675) = OMR 0.388.

2.5 Other Services

- 2.5.1 International Roaming usage by the Requesting Party's customers utilizing Ooredoo's roaming partners shall be charged at Ooredoo's retail minus 2%. However, a Reseller Eligible for Incentives shall be charged at Ooredoo's retail minus 15%.

2.6 Early Termination Fee

- 2.6.1 Subject to Ooredoo not being in breach of the Access & Interconnection Agreement, in which case no Early Termination Fee shall be payable, if the Requesting Party is a Committed Reseller and terminates the Access & Interconnection Agreement with Ooredoo before the minimum commitment period of five (5) years ("**Commitment Period**") has been completed; and
- 2.6.2 The Requesting Party has been categorized as a Reseller Eligible for Incentives and as a result has been benefitting from Incentivized Wholesale Rates during the period operating on Ooredoo's network ("**Operating Period**"); then:
- 2.6.2.1 The Requesting Party shall pay an Early Termination Fee to Ooredoo at the date of termination, based on the following calculations:
- For any month the Requesting Party has been benefitting from Incentivized Wholesale Rates during the Operating Period, a "**Monthly Incentive Discount**" shall be calculated, as the difference between actual Wholesale Bill invoiced by Ooredoo for the month in question and what the Wholesale Bill would have been if Standard Wholesale Rates would have been applied to the Wholesale Bill; and
 - A "**Total Monthly Incentive Discount**" shall be calculated as the sum of all Monthly Incentive Discounts and an "**Average Monthly Incentive Discount**" shall be calculated as the Total Monthly Incentive Discount divided by the number of months of the Operating Period ("**Months of Operation**"); and
 - Subject to the Limitation of Liability section of the Access & Interconnection Agreement, the Early Termination Fee shall be equal to the minimum of the Total Monthly Incentive Discount, i.e. "pay-back", and the Average Monthly Incentive Discount times the number of months remaining of the Operating Period (= 60 - Months of Operation), i.e. "pay-up".

2.7 Charging Principles

- 2.7.1 Where limitations in billing systems, availability of required information or administrative complexity mean that it is not practical or possible to calculate Wholesale Rates in the manner set out in this Section 2 and the Parties have agreed this is the case, then the Parties will negotiate in good faith and use their respective endeavors to agree on such procedures or estimate which will be used to calculate reasonable estimates of the charges.
- 2.7.2 Unless otherwise stated all Yields and Wholesale Rates in this Annex are in OMR and are quoted exclusive of VAT.
- 2.7.3 Ooredoo shall not seek to invoice or otherwise collect any charges or other amounts in respect of provision of the Services or otherwise, except for the Wholesale Rates and/or

Revenue Shares set out in this Annex. All costs for all technical components are included in the Wholesale Rates and margin share for Voice and SMS. It is agreed that other than as set out in this Annex, Wholesale Rates shall not increase during the Term above the rates set out in this Annex.

- 2.7.4 During the Term, where Ooredoo provides services to another licensee, it must ensure that arrangements shall not be discriminatory or unfairly advantageous to any of the parties.

2.8 Definitions

Actual Plan Revenue means the revenues actually collected from a Bundle in accordance with Clause 2.4.1.5.

Calculated Plan Revenue means the revenues calculated based on multiplying the actual Data, Voice and/or SMS usage of a Bundle with the corresponding Retail Yield of the corresponding service in accordance with Clause 2.4.1.5.

Committed Reseller means a mobile reseller, which has signed an Access & Interconnection Agreement with Ooredoo, and has committed itself to remain a mobile reseller on Ooredoo's network for at least five (5) years.

Data Wholesale Rate means the wholesale rate offered by Ooredoo to the Requesting Party for Data services in accordance with Clause 2.1.

Early Termination Fee means a fee payable by a Committed Reseller to Ooredoo in accordance with Clause 2.6, if it terminates its Access & Interconnection Agreement with Ooredoo before the minimum commitment period of five (5) years has been completed.

Incentivized Wholesale Rates mean the wholesale rates offered by Ooredoo to a Reseller Eligible for Incentives in accordance with Clauses 2.1.4, 2.2.2 and 2.3.3.2.

Off-Net means any Voice or SMS service which terminates to another network than Ooredoo's own network, for which a Termination Cost would typically apply. Examples could be calls or SMS from the Requesting Party's customers to customers of Omantel or an international mobile operator. Calls or SMS among the Requesting Party's own customers, or from the Requesting Party's customers to Ooredoo's customers, are not considered Off-Net calls.

Q1, Q2, Q3 and Q4 mean the calendar quarters commencing on the 1 January, 1 April, 1 July and 1 October every calendar year, respectively.

Reseller Eligible for Incentives means a Committed Reseller, which fulfills the growth rate explained in Clause 2.1.4.

SMS Wholesale Rates means the wholesale rates offered by Ooredoo to the Requesting Party for SMS services in accordance with Clause 2.3.

Standard Wholesale Rates mean the non-conditional wholesale rates offered by Ooredoo to a mobile reseller in accordance with Clauses 2.1.3, 2.2.1 and 2.3.3.1.

Voice Wholesale Rates means the wholesale rates offered by Ooredoo to the Requesting Party for Voice services in accordance with Clause 2.2.

Wholesale Bill means the invoice sent by Ooredoo to the Requesting Party on a monthly basis specifying the payment due from the requesting Party to Ooredoo for Mobile Access Services consumed during the particular month.

SIGNED as an agreement.

Date: 22 - Apr - 2019

Date: 22 - Apr - 2019

Place:

Place:

OOREDOO

CONNECT ARABIA

Name: Sultan Al-Wuhaibi

Name: Gabor Pauka

Title: C.R.W.O

Title: Director

Signature: P.P.

Signature: [Handwritten Signature]



OOREDOO

CONNECT ARABIA

Name: Jim Maxwell
Chief Legal & Regulatory Officer
[Ooredoo Logo]

Name: Erik Dudman Nielsen

Title:

Title: Director

Signature: [Handwritten Signature]

Signature: [Handwritten Signature]



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