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zain

EMPOWERING SUSTINABILITY

& LOCALIZING INNOVATION



Zain KSA | Board of Directors Report 2024

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Introduction

In 2023, Zain KSA cemented its position as a pioneering company on the national, regional, and global levels, driving innovation localization and ensuring the operational and all-encompassing sustainability of cutting-edge technologies. As a key player aligned with Saudi Vision 2030, Zain KSA has successfully leveraged ultramodern technologies for an ambitious nation with a prosperous economy and an excellent quality of life.

Zain KSA emerged as a strategic partner for nationwide development, transitioning from a major communication and digital services provider to new digital horizons defined by an unwavering commitment to fighting climate change and reducing carbon emissions through green technologies. The year witnessed a landmark achievement as Zain KSA globally introduced an innovative solution for environmental sustainability in the ICT sector by launching the world's premier carbon-neutral 5G network.

Every strategic investment and technological milestone achieved in 2023 by Zain KSA was bolstered by a robust framework of transparent governance and high operational efficiency. The financial results underscored the success of the company's strategy, boasting unprecedented revenue and profit.

Key milestones in our transformative journey included:

2007
- Technology Neutral license awarded licensee fee of SAR 23 Bn

2008
- IPO followed by the commercial launch

2011
- The first operator to commercially launch a 4G service in KSA

2019
- Launch of the Yaqoot digital platform
- Launch of Zain KSA Drones
- Launch of the 5G Network

2020
- Obtaining the first micro-financing license from Saudi Central Bank and Launch of Zain Payments (Tamam)
- Successful capital restructuring completion, remaining offer of priority shares oversubscribed by 469%
- Launching Zain Cloud to serve businesses and government sectors

2021
- Extinguishing all accumulated losses
- Launching GeForce NOW in the Kingdom

2022
- Starting work on the J2M undersea cable to connect the Middle East with Africa
- Launching Zain Cloud to serve B2B and B2G sectors
- Launching PLAYHERA MENA eSports company

2023
- Completing tower infrastructure sale and leaseback to Golden Lattice Investment Company (GLIC)
- Signing a framework agreement with the Private Sector Partnership Reinforcement Program (Shareek) to launch a number of hyper-scale data centers
- Launching the world's first zero-emission 5G network

Zain KSA By Numbers



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About us

Zain KSA was established as a Saudi Joint Stock Company pursuant to the Royal Decree No. 48/M dated 26th of Jumada Al-Awwal 1428H (corresponding to June 12 ,2007), Ministerial Resolutions No. 175 dated 25th of Jumada I 1428H (corresponding to June 11 ,2007), No. 357 dated 28th of Dhu Al Hijjah 1428H (corresponding to January 7 ,2008), and Commercial Registration No. 1010246192 issued in Riyadh, on the 4th of Rabi Al- Awwal 1429H (corresponding to March 12 ,2008). Zain KSA commenced commercial operations in August 2008, following an Initial Public Offering in February 2008. In September 2011, Zain KSA was the first operator in the Middle East to commercially launch a 4G/LTE network. In October 2019, Zain KSA launched the third largest 5G network in the world and the largest 5G network in the Middle East, Europe, and Africa at the time.

Due to its highly developed infrastructure, and its pioneering strategy, the company was successful in establishing itself as a reliable telecom operator and digital service provider whose services include telecom services, a 5G network, Fintech, cloud computing, IoT solutions, fiber services, and drones

Legal name	Mobile Telecommunications Company Saudi Arabia
Legal form	Publicly Listed Company
CR Number	1010246192
(Trading No. (Tadawul	7030
Paid-up capital (SAR	8,987,291,750
Number of shares	898,729,175
Industry & Sector	Telecommunications
Date of establishment	2008/03/12
Date of listing	2008/03/22
Address	Riyadh, Ash Shuhada, Granada Business Park, Building A3, with the postal address P.O. Box 295814 – Riyadh 11351 – KSA
Telephone	+9668888-244-59-
Fax	+9662441-461-11-
E-Mail	investor.relations@sa.zain.com
Website	www.sa.zain.com



Subsidiaries

Zain Sales Co Ltd (Zain Sales)

A limited liability company registered and operating in the Kingdom of Saudi Arabia, Zain Sales Co Ltd. was established in 2018 as a wholly-owned subsidiary of the Mobile Telecommunications Company Saudi Arabia (Zain KSA) with CR number (1010474932) and a capital of SAR 10,000. The company engages in commercial distribution and partner management activities. Zain Sales has been established as the company's sales arm in the market to function as an intermediary between Zain KSA and the consumer sales and distribution channels for more efficient channel management and overall sales efficiency. Zain Sales started its operation in the first quarter of 2019.

Zain Drones Ltd

A limited liability company registered and operating in the Kingdom of Saudi Arabia, Zain Drones Ltd. was established in 2019 as a wholly-owned subsidiary of the Mobile Telecommunications Company Saudi Arabia (Zain KSA) with CR number (1010584404) and a capital of SAR 10,000. The company offers a diversified fleet of world-class drones and applications with the required capabilities to deliver state-of-the-art bespoke drone solutions and conduct advanced analytics for governments and enterprises. Through drone-powered solutions, the company will unlock opportunities for various industries to fast-track growth and utilize the Internet of Things (IoT) in an efficient, safe and agile environment. The company started its operation during the fourth quarter of 2019.

Wosul Co.

WOSUL Co. Ltd. is a wholly owned subsidiary of the Mobile Telecommunications Company Saudi Arabia (Zain KSA) with CR number (1010871663) and a capital of SAR 5,000. The company provides data preparation, website hosting, and other related services.

Tamam Finance Company (Tamam)

Tamam is a closed joint stock company operating in the Kingdom of Saudi Arabia with CR number (1010573360). Wholly owned by the Mobile Telecommunications Company Saudi Arabia (Zain KSA) and headquartered in Riyadh, Tamam was established on 091440/08/ H with a capital of SAR 148,000,000. The company is engaged in providing consumer microfinance services in accordance with the approval of Saudi Central Bank ("SAMA") numbered 57/A SH/202012 issued on the 5th of Jumada Awal 1442 H (December 20, 2020). The company's goal is to increase financial inclusion in the Kingdom in line with Saudi Vision 2030's Financial Sector Development Program. Tamam started its operations in the fourth quarter of 2019.

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Companies which Zain KSA Invests in

Entertainment Content Trade Co.

Entertainment Content Trade is a limited liability company (LLC) operating in the Kingdom of Saudi Arabia with CR number 1010801531 (211443/10/ Hijri) and a capital of SAR716,000. The company specializes in wholesale and retail, ICT, and video and TV programming. Zain KSA owns 15% of the company.

IT Data Integration Co.

IT Data Integration Co is a limited liability company operating in the Kingdom of Saudi Arabia with CR number 1010875081 (211444/09/H) and a capital of SAR22,000,000. The company specializes in Big Data and data analytics and geospatial databases. Zain KSA owns 31% of the company.



Our Vision

Our vision at Zain KSA is to become the leading telecommunications operator and digital services provider across Saudi Arabia and to achieve best-in-class services and products and superior customer service in a hyper-connected world.



Our Values

Customer Centric
We pore over every detail, inspired by the best global practices, developing innovative and high-end services that fulfill our customers' aspirations.

Agility
We provide a flexible and accessible service with the fastest and most superior technology.

Belonging
We take pride in our community and in our talents that we credit for our achievements.

Open Communication
We ensure credible business dealings whilst maintaining open communication for more reliable performance.

Inclusion
We provide a competitive, dynamic, and unbiased work environment that supports the role of women, people with disabilities, and a diverse mixture of cultures and generations.



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Chairman’s message

At Zain KSA, our integrated strategy has driven us to excel in both innovation and growth, charting a course for the Kingdom's captivating digital transformation and unlocking the beautiful world of Zain. Unleashing the power of ultra-high-speed internet, we have built the foundation for a digital ecosystem, enabling businesses to reimagine user experiences and unlock unprecedented growth. Within the framework of Saudi Vision 2030, Zain KSA has been a catalyst and the partner of choice, empowering stakeholders to contribute to the Kingdom’s vibrant society, thriving economy, and ambitious nation, mastering the governance of innovation for a sustainable prosperous planet.

Over the past year, Zain KSA's ambitious team successfully transformed our strategic plan into milestones. Through game-changing initiatives and impactful partnerships, we have continued to write our success story, cementing our position as a national leader and a digital champion providing innovative ICT services.



Zain KSA kicked off 2023 by streamlining our infrastructure through a historical tower sale and leaseback deal. Paving the way for a new era of corporate development, this landmark deal demonstrates our strategic commitment to accelerating the Kingdom’s digital transformation and boosting a thriving knowledge-based digital economy, unlocking a vibrant ecosystem of digital solutions and applications. This has enabled us to expand our developmental role and position ourselves as a trusted partner across sectors, helping them achieve their strategic objectives in diverse fields

.

Demonstrating an enduring commitment to innovation, development, and people, Zain KSA has embedded corporate sustainability as a core pillar of its strategy, guiding our operational, managerial, and investment decisions. By adopting a comprehensive sustainable ecosystem, Zain KSA integrates its corporate and humanitarian values with developmental and social concerns. This framework operates under effective governance, aligning with Environmental, Social, and Governance (ESG) practices and the United Nations Sustainable Development Goals. In 2023, we rolled out various programs and initiatives primarily aimed at boosting digital inclusion and empowering the youth. These endeavors have made a remarkable societal impact beyond the Kingdom's borders to support global initiatives combating climate change. Demonstrating commitment to shareholders, we successfully distributed cash dividends at a rate of 5% of the nominal share value for 2022. This achievement is a historic milestone for our company, showcasing our steadfast commitment to delivering shareholder value.

Zain KSA’s exceptional 2023 financial results stand as a testament to our unwavering commitment to maximizing value for our shareholders and investors. Our operational and financial performance has been remarkably robust, yielding revenue totaling SAR 9.9 billion, representing a notable 9% increase from the previous year. Remarkably, the major profit growth for 2023 reached an outstanding SAR 1.3 billion.

Woven by Zain family's tireless dedication and guided by the Kingdom’s astute leadership and Zain KSA’s executive management, our achievements are defining our legacy for years to come. Each achievement ignites a new ambition, propelling us to deliver exceptional user experience and pioneer digital breakthroughs that redefine the expectations of our subscribers and our shareholders. Through this unwavering commitment, we chart the course for an ambitious nation's journey towards a future brimming with joy and prosperity. Leaving no stone unturned in our pursuit of a brighter tomorrow, we confidently embrace the thrilling possibilities that lie ahead.

Naif bin Sultan bin Mohammed bin Saud Al-Kabeer
Chairman of the Board

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CEO's Message



The year 2023 marked a significant turning point for Zain KSA's development journey, accelerating strategic investments in innovation and pioneering the digital landscape. These efforts have contributed to digitalizing the Kingdom's economy, empowering individuals, and fostering environmental conservation. Throughout the year, we channeled our investments, capabilities, and expertise to serve the diverse communities of the Kingdom. Inspired by Saudi Vision 2030, we aimed to sustain the nation-wide digital transformation for a brighter future.

Under the auspices of Crown Prince and Prime Minister HRH Prince Mohammed bin Salman bin Abdulaziz, we have embarked on a groundbreaking initiative to position the Kingdom as a global digital hub by launching several hyper-scale data centers. This strategic move is part of an overarching agreement with the Private Sector Partnership Program, Shareek, leveraging the Kingdom's leadership in the digital economy and future-proofing the nation's ICT achievements.

We worked relentlessly to deploy innovative technology, integrating a sustainable operating model and achieving a significant milestone by launching the world's first carbon-neutral 5G network in collaboration with Red Sea Global. Locally designed and built, this network represents a pioneering achievement for the Kingdom of Saudi Arabia and a testament to how Zain KSA's homegrown innovations can resonate on a global stage. Expanding our collaborations in green technology research, we have strengthened our partnerships, in line with Zain KSA's corporate sustainability strategy. This strategic initiative promotes the integration of environmental and social governance (ESG) practices, actively addressing climate change and advocating clean energy, and contributing to the United Nations Sustainable Development Goals.

We continued with our unwavering commitment to innovation and sustainability, bolstered by a robust governance framework. Our recent achievement, reaching Level A in the MSCI ESG Index, highlights the success of our ESG initiatives across our operational, financial, and administrative levels. Such collective efforts have propelled us to a leading position among telecommunications firms in the Middle East and Africa in climate change mitigation. We are equally proud to be included in the prestigious global Carbon Disclosure Project (CDP), securing an advanced rating of A- for our climate-related disclosure practices.

In 2023, our financial performance continued on an upward trajectory, showcasing robust results in both financial and operational practices and underscoring Zain KSA's strategic path. Year-over-year profit surged by 131 % to reach SAR 1.3 billion, while revenues climbed to SAR 9.9 billion compared to the previous year.

Reflecting on a year of remarkable achievements, we stand proudly as an enabler of the ambitions of our customers, shareholders, and the broader national vision, propelling Zain KSA into an ongoing journey of innovation and creativity. Empowered by the trust of our Chairman, Board members and our esteemed shareholders, and fueled by the great efforts of the Zain family, and the ambition of our exceptional Zainers, we have paved the way for greater milestones, which we eagerly anticipate to achieve together.

Eng. Sultan Bin Abdulaziz AlDeghaither
CEO

Localizing Innovation and Embedding Sustainability

In 2023, Zain KSA's transformative journey was fueled by innovation and sustainability, constructing a comprehensive and technologically advanced ecosystem. The primary goal was to deliver an unparalleled user experience, aligning with the Kingdom's digital transformation across various sectors.

Our core strategy centered on evolving our core business to drive innovation and localize technology within the Kingdom. This shaped our decision to sell the company's passive infrastructure (towers) while retaining smart software, wireless antennas, programs, technology, and intellectual properties. This historic deal enabled us to embrace digital sustainability and elevate user experience through an innovation-based investment strategy, emerging as key contributors to boosting the competitiveness of the Saudi ICT sector and cement the Kingdom's position as a global ICT hub, in line with Saudi Vision 2030.

This strategic approach empowered us to make significant strides and expand our footprint in adjacent markets, optimizing investments in fintech, esports, 5G technologies, IoT, and Artificial Intelligence in addition to smart city and Industry 4.0 applications and cloud computing services. Leveraging technological capabilities and innovative feats, Zain KSA has emerged as a key enabler of the Kingdom's transition into a smart digital economy, through enhancing our future-readiness and ability to keep pace with the cutting-edge global tech developments. Our collaboration with the Private Sector Partnership Reinforcement Program (Shareek) to launch hyper-scale data centers aimed to position the Kingdom as a global digital powerhouse.

In 2023, we spearheaded initiatives to localize innovation and embed sustainability through purposeful innovation and responsible investment, weaving sustainability into the essence of these achievements, from inception to realization. This underscored our steadfast dedication to foster human wellbeing, bolster business resilience, and protect the environment for generations to come.



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The Company's strategic direction resulted in 4 main achievements:

Sustaining positive operational and financial performanc.

Enhancing the value for our subscribers, investors, and shareholders.

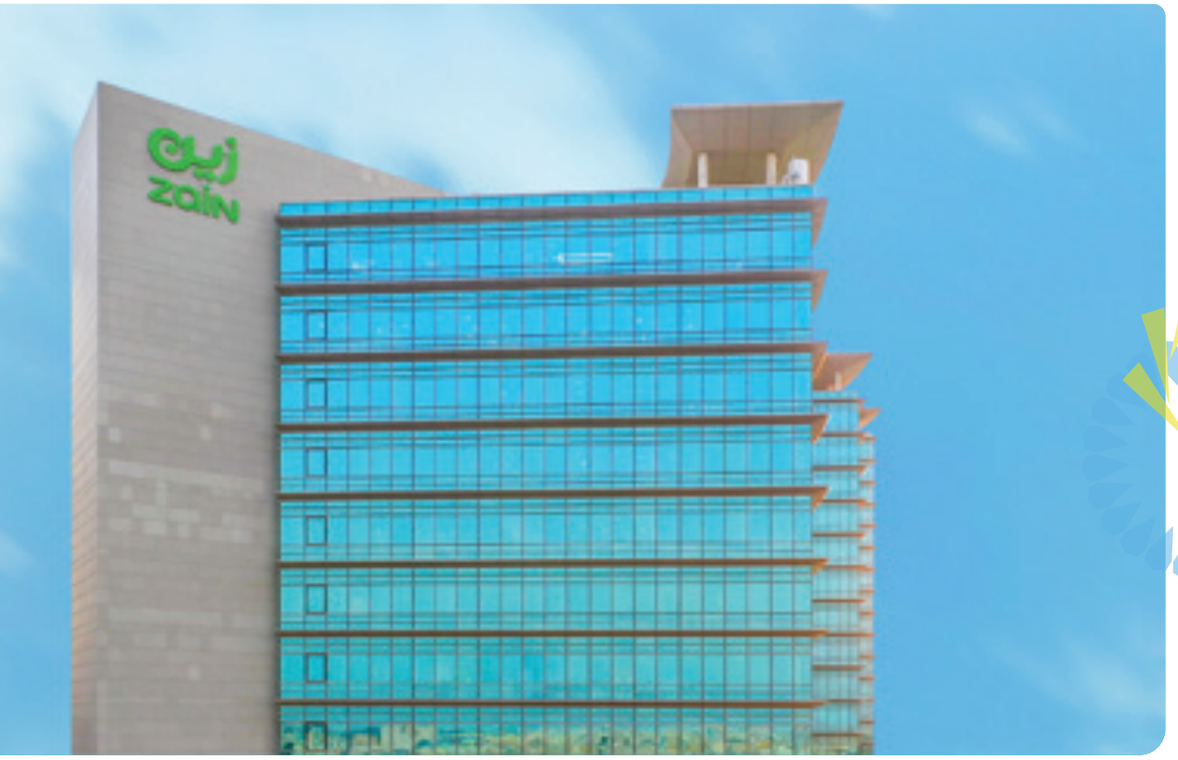
Helping to support the achievement of Saudi Vision 2030 and its goals and supporting the ambitions of our wise leadership.

Contributing to ESG efforts with a strategy that supports the United Nations Sustainable Development Goals.

These accomplishments will be detailed in this annual report

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Our Financial Achievements







Empowering a World-class Local ICT and Digital Services Sector

◆ Leading Innovation and Investment

1. Completing Zain KSA's Tower Infrastructure Sale and Leaseback

Zain KSA successfully completed its historic deal to sell and leaseback its tower infrastructure to Golden Lattice Investment Company (GLIC).

Total value of the transaction

3.02

billion SAR

The financial impact of completing the tower infrastructure deal.

1.1

billion SAR

◆ Elevating the Kingdom's Global Position

1. «Shareek»: Digitizing the Kingdom's Economy and Technological Leadership

Under the patronage of His Royal Highness Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, Zain KSA has signed a framework agreement to launch a number of hyper-scale data centers to drive the Kingdom's transition into a leading digital economy by enhancing its readiness to continue to keep pace with the cutting-edge tech developments.

Through this partnership with Shareek program, Zain KSA cements its position as a key national leader:

- Supporting and achieving sustainable growth for the national economy
- Synchronizing the public and private sector efforts
- Contributing to diversified revenue streams and creating employment opportunities
- Enhancing digital service capabilities and accelerating internet access
- Attracting tech and innovation investments to the Kingdom



2. J2M Subsea Cable Landing in King Abdullah Economic City

Zain KSA has signed an agreement with Emaar, the Economic City (EEC)- the master developer of King Abdallah Economic City (KAEC) for landing J2M subsea cable system which will connect the Kingdom to Europe and the rest of the world through Pakistan and East Africa Cable System (PEACE) to achieve the following objectives:

- Providing ultra-high-speed internet
- Enhancing the diversity of Zain KSA's cross-border infrastructure
- Boosting the Kingdom's attractiveness to international companies and investments in ultra-modern technologies
- Connecting the Kingdom to the three continents



3. Localizing Technology and Raising ICT Local Content

Zain KSA has signed a strategic partnership agreement with Pioneers Systems.

Objectives:

- Fostering localization of products and specialized expertise in the Internet of Things (IoT)
- Achieving sustainability in innovation in the communications and digital services sector in the Kingdom
- Raising the sector's local content percentage in line with Saudi Vision 2030



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A Holistic Approach to Sustainability

1. World's First Zero-Emission 5G Network

In a historic leap, Zain KSA has launched the world's first zero-emission 5G network at the «Six Senses Desert Dunes» resort in the Red Sea, marking a paradigm shift in innovation and advanced technologies. This initiative provides a practical solution on a global scale to mitigate carbon emissions in the ICT sector—an intricately complex global challenge.

Network features

- Network planning and design prioritizing biodiversity in the region
- Unique 3D-printed tower solutions
- Modern tower design integrating seamlessly with nature to address visual pollution
- Operates on 100% clean energy, relying on solar power stations comprising over 750,000 solar panels
- Supports local content through in-Kingdom manufacturing
- Shared towers with service operators, supporting the Saudi Green Initiative to increase reliance on clean energy, reduce carbon emissions, and protect the environment in line with Vision 2030
- Contributes to reducing carbon emissions by over 278 million tons annually by 2030, aiming for carbon neutrality by 2060



2. Leveraging Green Technology

Zain KSA has signed a Memorandum of Understanding (MoU) with Huawei to promote green industry. As part of this agreement, both parties will work together to enhance the integration of green technology in networks and operational processes.

This collaboration will enable Zain KSA to achieve its environmental sustainability goals by:

- Conserving energy
- Increasing efficiency and reducing e-waste
- Promoting utilization of green technology within the Kingdom



3. A Key Player in ESG Practices

Zain KSA has cemented its position in environmental, social, and governance (ESG) practices within the Saudi telecoms sector, achieving a notable (A) rating on the MSCI ESG Index.

Zain KSA's upgraded rating on the index underscores:

- The significance of initiatives and programs implemented dedicated to environmental conservation and social responsibility
- The effective governance of operational, financial, and administrative processes
- The pervasive integration of this culture through transparent performance indicators across all company operations
- Consistent alignment with the United Nations' Sustainable Development Goals (SDGs)

4. 360° Ecosystem to Support Future Generations

Zain KSA has signed a memorandum of understanding with the Family Safety Program solidifying its role as a strategic partner in the Saudi Child HelpLine Project. This collaboration reflects Zain's unwavering commitment to its corporate sustainability strategy, prioritizing the establishment of a comprehensive support framework to safeguard the well-being of children in both the real and online worlds.

Under the terms of the MoU, Zain KSA will:

- launch country-wide educational campaigns to raise awareness about its significance;
- leverage its technological capabilities to provide best experience for Child Helpline callers;
- prioritize the training of qualified personnel proficient in utilizing and harnessing these technologies to efficiently respond to callers.



Empowering National Human Capacities

1. Wad Driving a Digital Transformation Strategy with National Talent

Zain KSA has signed a Memorandum of Understanding (MoU) with the Ministry of Human Resources and Social Development to train 50,000 Saudi men and women in the next three years. Key features of this collaboration:

- an integral part of the national campaign to stimulate training within the private sector "Wad"
- Training 50,000 Saudi men and women in 3 years
- Supporting the goals of Saudi Vision 2030 to develop human capabilities and enhance the quality of life



2. Enabling and Localizing Digital Education

Zain KSA signed an MoU with Aanaqeed Knowledge Company (Aanaab), a renowned Arabic e-learning platform, and Code School Finland (CSF), a global leader in coding, robotics, and AI education.

This strategic partnership aims to:

- Bridge the digital education gap throughout the Kingdom, with a particular focus on remote regions
- Support the localization of digital education
- Empower both female and male educators across Saudi Arabia
- Enhance the digital capabilities of Saudi society
- Enrich Arabic technical content on the internet



Beyond 5G

1. Enhancing AI in the Kingdom

Zain KSA expanded its collaboration with Google Cloud to develop cutting-edge AI capabilities across various business services and sectors. The first phase of the collaboration involves developing innovative Contact Center artificial intelligence (CCAI) solutions with a special focus on Arabic language applications. The CCAI will:

- Leverage the latest technology and AI models developed in the domain of conversational AI
- Deliver life-like customer experiences that support accurate multi-turn conversations built with deep learning technologies
- Transform the contact center experience into a smarter one



2. Boosting Cloud Capabilities

Zain KSA signed a strategic cooperation agreement with Amazon Web Service (AWS), the world's most comprehensive and broadly adopted cloud service provider, to offer its enterprise customers state-of-the-art cloud services and smart solutions through its secure, high-performance cloud platforms. This collaboration will enable Zain KSA to:

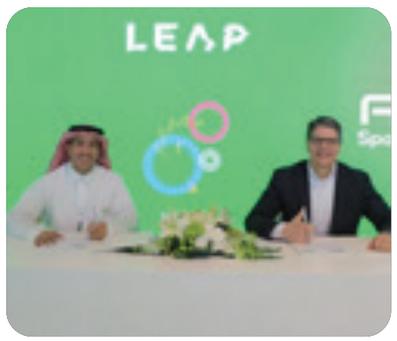
- Develop new tools and services to optimize its 5G network's performance, mainly in cloud services
- Enhance the security of cloud services
- Support the deployment of cloud-native infrastructure for enterprise customers



3. Utilizing space technologies for more inclusive digital services

Zain KSA signed a memorandum of understanding with AST SpaceMobile, the leading global communication services and space technologies company. MoU aims to:

- Develop new telecom solutions and satellite-based digital services
- Increase access to mobile services in remote locations to deliver an inclusive telecom ecosystem that covers the whole Kingdom



4. Propel 5G Infrastructure Across Saudi Arabia



Zain KSA and Qualcomm Technologies, Inc. announced an expanded collaboration to drive cloud-native, virtualized and O-RAN compliant 5G infrastructure in Saudi Arabia. This collaboration will focus on:

- Next-gen 5G networks using Open RAN technology and more innovative, competitive, and cost-efficient cellular infrastructure
- Leveraging Qualcomm Technologies' industry-leading solutions, including the Qualcomm X100 5G RAN Accelerator Card and Qualcomm QRU100 5G RAN Platform
- Accelerating development of high-performance massive MIMO solutions



5. Developing Next-Gen Telco Networks

Rakuten Symphony and Zain KSA signed an MoU to enable strategic collaboration in building next-generation telecommunications networks through working on a blueprint for a cloud-native, fully virtualized, cutting-edge radio access solution architecture, which will be Open RAN 4G and 5G-based with advanced automation capabilities. The collaboration aims to:

- Accelerate the delivery of mobile network services
- Utilize open technology to facilitate and revolutionize wireless infrastructure
- Deliver cost-effective solutions in a quick and efficient manner while maintaining top service quality

6. Ambient-powered self-operating Passive IoT technology

Zain KSA has successfully conducted trials of its practical applications for Passive Internet of Things, an IoT technology that is self-operating and runs on ambient energy sources (i.e. not from a battery). This new technological breakthrough paves the way for:

- Opening up a multitude of opportunities for advancements across industries like logistics, healthcare, smart agriculture, and more
- Enabling companies to enhance operational efficiency and rationalize expenses

7. Taking drones' innovation to the next level



Zain KSA signed a strategic partnership with "Nine Tenths", the authorized distributor of DJI, the global leader in commercial and industrial drone manufacturing, in the Kingdom of Saudi Arabia. This collaboration aims to:

- Enhance Zain KSA's capabilities with the advanced DJI Dock autopilot platform
- Introduce innovative and flexible drone solutions for various applications

◆ Enriching the Quality of Life

1. Official Telecommunication Partner for LIV Golf Jeddah Tournament

Zain KSA signed a partnership agreement with LIV Golf to become the official telecommunication partner for the LIV Golf Jeddah tournament.

Through this partnership, Zain KSA contributes to:

- Empowering a new vibrant sports society in the Kingdom
- The development of one of the most prestigious sports in the world
- Positioning the Kingdom as a premier global golfing destination
- Expanding prospective investments in the sports sector by providing the essential infrastructure and advanced digital services



2. Founding partner of Saudi Games 2023

Zain KSA signed a sponsorship agreement with Saudi Games to become the founding partner of the second edition of Saudi Games tournament in 2023.

Through this sponsorship, Zain KSA seeks to:

- Empower the Kingdom's youth
- Unlock the vast potential of the Kingdom's sports sector
- Integrate innovation and technology into the Saudi sports sector



3. Enhancing customer experience

Zain KSA rolled out a new feature that enables its subscribers to exchange their points from AlRajhi bank's flagship loyalty program, "Mokafaa", the leading loyalty program in the Kingdom. Zain subscribers can earn and redeem reward points and benefit from a plethora of free services including paying bills, recharging lines and more through the program's mobile app. This service aims to:

- Enrich the customers' digital experience
- Offer customers more options that meet their needs and aspirations, and improve the quality of their life

Zain KSA event participations across the Kingdom

Mirroring its own dedication to embedding sustainability in every facet of its operations, Zain KSA focuses on empowering and supporting partners and stakeholders across the Kingdom on their sustainability journey by sharing its valuable expertise. Throughout 2023, Zain KSA actively participated in several global and local sustainability-focused events hosted by the Kingdom in an effort to synchronize efforts to maximize sustainability outcomes across diverse sectors and nurture the continuity and evolution of national human resource development and localization of technology and innovation.



LEAP 2023

Zain Saudi Arabia participated in LIP 2023 to review our most prominent solutions in business, individuals, financial technology, 5G services, and digital entertainment.

Cityscape Global

Zain KSA participated in the world's leading real estate exhibition, Cityscape Global, showcasing cutting-edge 5G, cloud computing, smart city solutions, and sustainable tech offerings that are primed to empower the Kingdom's Giga-projects and the enterprise sector across planning, development, construction, project management and others.

'Mehnati' Forum

Zain KSA joined the 'Mehnati' forum for the employment of people with disabilities organized by "Sa'ee" foundation for the rehabilitation and employment of people with disabilities, emphasizing its commitment to inclusion, one of the four pillars of its corporate sustainability strategy.

Saudi Film Confex

Zain KSA took part in the first-ever Saudi Film Confex, as part of its commitment to empower the arts sector, particularly the film industry, with innovative digital technologies and solutions.

Job fairs held across the Kingdom:

As part of the company's steadfast commitment to fostering innovation and nurturing growth within the ICT sector to empower the Kingdom's youth and tap into the potential of Saudi talent, embodying the company's efforts in elevating the localization rate in the industry and building national competencies, Zain KSA participated in a number of job fairs across the Kingdom:

- A Step Ahead Career Fair 2023
- Job Fair at King Fahd University of Petroleum and Minerals
- Qassim University job fair
- Tuwaiq Academy job fair
- Job fair at the Saudi Electronic University
- Job Fair at Abha University

GIITS by Aramco

Zain KSA participated in the Global Industrial Internet of Things Summit (GIITS), the first event of its kind to focus on industrial IoT applications.

Global Mobile Broadband Forum

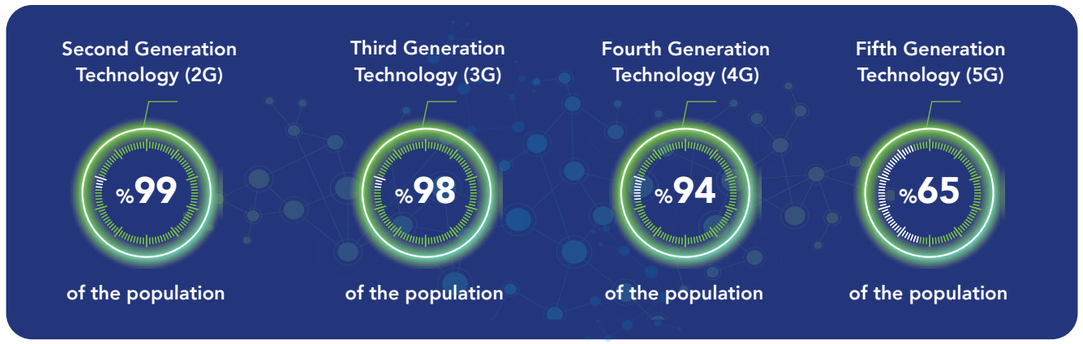
Zain KSA participated in the Global Mobile Broadband Forum organized by Huawei in collaboration with its global industry partners GSMA, GTI, and SAMENA.

Our Digital Milestones

Zain KSA's 5G network covers 99% of the Kingdom's populated areas

Zain KSA's transformation into a leading provider of telecom and digital services within a short timeframe is attributed to infusing innovation and advanced technology into the national ICT sector. By embracing innovation and development, Zain KSA has propelled the nationwide digital transformation supporting Saudi Vision 2030 goals, leveraging technology for economic diversification, fostering a vibrant society and a prosperous economy, and providing an unparalleled user experience. In its pursuit of strategic excellence, Zain KSA has made substantial investments in bolstering the digital infrastructure of the Kingdom and facilitating the widespread adoption of cutting-edge technological services across diverse regions. The company's landmark achievement in 2019, with the successful launch of the largest 5G network in the Middle East, Europe, Africa, and the world, continued with the implementation of groundbreaking advancements to its network through «Full Dependency on 5G Network» (5G Stand Alone) technology within the Kingdom. Pushing the boundaries of connectivity, Zain KSA has once again set a pioneering precedent by launching the Local 5G network (5G LAN), establishing itself as the first operator globally, outside of China, to usher in this highly advanced and transformative technology. In addition to vertically expanding its 5G capabilities, the company strategically focused on ensuring widespread accessibility to its services across the Kingdom.

Aligned with its values of fostering equality and promoting technical inclusion Zain KSA successfully extended its coverage to 99% of the Kingdom's residential areas serving 8.9 million customers by the end of 2023 as illustrated by the below figures:



A Seamless Digital Experience

In its pursuit of delivering an optimal digital experience for a diverse customer base, including individuals, businesses, and government entities, Zain KSA has kept pace with global technological trends to enhance its digital capabilities and potential. This strategic approach has yielded two primary objectives: strengthening its robust connection with customers by actively supporting the realization of their digital aspirations and ambitions, and actively participating in the overarching digital transformation to build a smart knowledge economy.

The strategic approach implemented by Zain KSA has led to the establishment of a fully automated digital system that covers all aspects of the company's operations, administration, commerce, and marketing. Simultaneously, the introduction of cutting-edge platforms for digital communication and customer interaction has enhanced the company's competitive edge in the national telecommunications and information technology sector. As a result, «Zain World» has evolved beyond being just a brand to be equivalent to a streamlined, user-friendly, efficient, and delightful digital experience.

Ambition: Our Path to Growth

The year 2023 marked a significant milestone in our expansion plans as we endeavored to translate our ambition of bringing technology to the widest segment of the Saudi population into a tangible reality. Our goal was to provide customers with a distinctive digital experience, regardless of their location in the Kingdom, transforming our services into digital solutions that are not only helpful when needed but also enjoyable during moments of relaxation. Over the past year, we concentrated on expanding the reach of our 4G network on a larger scale, covering 14 highways across the Kingdom, including:



As part of its expansion strategy, Zain KSA has bolstered its 5G and 4G networks, achieving speeds of at least 64 Mbps at various locations in the past year, including:

Airports | Land ports | Seaports

Through the successful execution of a comprehensive plan for expansion and operations management, the Company has achieved efficient operations, optimal network performance, high-quality services and solutions, and an outstanding customer experience.

Yaqoot Digital Service

Yaqoot is a digital telecommunications service provided by Zain KSA established in 2019 with a unique 100% digital business model. The Yaqoot application offers users an integrated digital experience that is, quick and easy to use, and comes with numerous digital products and packages that complement our fast 5G network. There are also applications that feature unlimited data as monthly gifts, and the customer can exchange these rewards with family and friends. The packages also feature fixed prices with each renewal, digital contracts, and an automatic renewal service.

Yaqoot 2023 revenue surged by:

82%

Our Business Sector Milestones

In 2023, Zain KSA unveiled its expanded portfolio of services and solutions specifically tailored for the business sector. Leveraging innovative strategies and targeted investments, especially in advanced cloud computing, the company cemented its position as the preferred partner of choice for businesses, government, and private entities in the Kingdom.

In a year marked by significant achievements, Zain KSA's business sector not only shaped the company's trajectory but also contributed to supporting and localizing the telecom and IT industries. This, in turn, empowered local content, facilitated the expansion of business sector services, entry into new markets, and the development of innovative service products.

2023 Business Sector Highlights:

Enriching Zain's B2B offerings with various Software as a Service (SaaS) for multiple market segments.

Launching Platform as a Service (PaaS) with a portfolio containing more than 10 services.

Launching our second cloud services region in Jeddah following the success of our first launch in Riyadh.

Launch of the product of the Cybersecurity Management and Control Center «SOC».

Investing in wildlife tracking technologies and partnering with the Imam Abdulaziz bin Mohammed Royal Reserve to support wildlife conservation in Saudi Arabia.

Launching the Push-To-Talk (PTT) technology with a unique value proposition, ensuring alignment with market needs.

Signing a framework agreement with the EXPRO for the governance of government purchases of digital circuits.

Empowering our clients to achieve various international and local awards for sustainable solutions and digital government services.



Tamam Achievements

Zain KSA has taken giant steps in tapping into adjacent markets and was able to achieve an advanced step in Fintech, through "Tamam", Zain KSA's Fintech arm and the first fully digital platform for micro-financing services in the Saudi market licensed by the Saudi Central Bank (SAMA). Today, "Tamam" is working on expanding by offering distinguished and innovative services, positioning Zain KSA as a leader in the Saudi Fintech market.

2023 Tamam milestones

Ongoing investment in improving the customer offering and launching new mobile app in Q3 2023 to allow easier and faster access to the 100% digital Tamam Finance application process

- Achieving solid growth with revenues up 123% from SAR126.9 million in 2022 to SAR284 million in 2023
- Net Income up 113% from SAR24.3 million in 2022 to SAR51.7 million in 2023

By end of 2023 Tamam active loan book grew to SAR511 million across 65,000 customers

Since inception, Tamam App has managed a total value of loans exceeding SAR1 billion



Our Strategic Partnerships:

Partnerships

CST

IPD

الموارد البشرية والتنمية الاجتماعية

برنامج الأمان الأسري الوطني
The National Family Safety Program

CODE SCHOOL FINLAND

وزارة الاتصالات وتقنية المعلومات
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY

أعناب

سعي
تأهيل وتوظيف الأشخاص ذوي الإعاقة

Sponsorships

GIITS Global Industrial Internet of Things Summit | hosted by aramco

LIV GOLF

black hat

A STEP AHEAD

الألعاب السعودية
SAUDI GAMES

Google Cloud

SAUDI FILM CONFEX

Zain KSA's Local and Global Rankings

ISO 22301	ISO 22301 for Business Continuity Management Systems (BCM)
ISO/IEC 27001	ISO/IEC 27001 certification for Information Security
Environmental, social, and governance (ESG)	an "A" rating on the MSCI ESG Index
Mobile Marketing Association's «MMA Smarties» awards	Zain KSA's Yaqoot Digital Service has won both gold and silver awards at the Mobile Marketing Association (MMA) SMARTIES for its exceptional campaign in the Marketing Impact and Experience Technology categories.
TM Forum conformance certification	Zain KSA has achieved TM Forum Business Process Framework conformance certification for end-to-end business processes implemented under its Business Support System Transformation Program.
Best Cybersecurity Project	Zain KSA received the «Best Cyber Security Project - Telecom» award at the 4th edition of the Security Conclave Awards 2023, demonstrating its commitment to managing sensitive information across human, operational, and technological key elements.
‹Labor Award' for ICT Talent Localization	Zain KSA took home the 'Labor Award' for ICT talent localization from the Ministry of Human Resources and Social Development (HRSD).
Best Diversity and Inclusion Program' Award	«Best Diversity and Inclusion Program» award at the 17th edition of the Telecom Review Leaders' Summit.
"Best Green Technology" Award	"Best Green Technology" award at the 17th Telecom Review Leaders' Summit for launching the world's first zero-emission 5G network in collaboration with Red Sea Global.
The ‹Global Merit Leader - Women in ICT of the Year	"Women in ICT of the Year" award for the year 2023 from Telecom Review
The Climate Action Initiative of the Year Award	Zain KSA, in partnership with Red Sea Global, received the Climate Action Initiative of the Year Award for pioneering the zero-emission 5G network at the Red Sea, during the 2023 Glotel Awards.
The Fastest Growth in FWA Subscriptions	Zain KSA won the 'Fastest Growth in FWA Subscriptions' at the SAMENA Lead Awards 2023 by the SAMENA Telecommunications Council.



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Our Human Resources

As part of its keenness to build a healthy and competitive work environment, Zain KSA has implemented numerous development plans to attract the best national talent and provide competitive benefits that ensure it maintains its human capital and enables its young men and women to climb the professional ladder. To achieve this, Zain KSA implemented a transformation that addresses all aspects of human resources to ensure the application of best practices in order to enhance performance, commitment and integration of employees into the Zain family.

To face the challenges resulting from the high demand for national competencies in the labor market and wage inflation in the Kingdom of Saudi Arabia, Zain KSA implemented standards for compensation and rewards and developed plans and methodologies to enhance institutional and employee performance. For appropriate compensation and benefits to reward employees.

Career Development

Zain KSA has built a culture that strongly believes in continuous education and development of its employees at all levels. We are committed to improving employees' skills, meeting their needs, and enabling them to keep pace with the changes taking place in the labor market.

In line with this commitment, Zain KSA has strengthened the leadership capabilities of 20% of our executive management, and trained more than 60% of its employees. In addition, Zain KSA has signed partnerships with many institutions and training and development centers, which include:

Harvard Business School

Through a partnership with Harvard Business School, we launched several training and development programs with the aim of raising employees' skills and promoting continuing professional development, such as the Advanced Management Program and the Strategic Management Program.

L3RN

Increasing the professional development of our employees and in agreement with "L3RN", we have launched several programs such as certified financial analyst and accelerating the journey of high-potential leaders.

INSEAD

Through a partnership with INSEAD, we launched the "transitioning to business administration" program with the aim of strengthening and developing the skills of male and female employees and expanding their knowledge.

Innovation and Creativity Training Institute ICI

Through a partnership with easy, we launched the "advanced management" program to increase the management skills of our employees.

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As part of our efforts to develop our employees, Zain KSA developed the following programs:

EVOLVE:

The program was launched in 2022 and is dedicated to on-the-job training and development of new graduates. In 2023, 97% of the participants in the Evolve program were employed.

Internal trainer:

Based on the principle of creating an environment that fosters information exchange and development, Zain launched the «internal trainer» program, which is a program dedicated to sharing the experiences and information among employees and provide them as training courses and provide financial incentives to trainers. The program successfully resulted in training and recruiting more than 150 employees.

General Institute of Administration

In cooperation with the General Institute of Administration, we implemented a personal skills training program to enhance the capabilities of our employees.

Huawei

In partnership with Huawei, we have initiated a series of comprehensive webinars with the aim of enhancing and expanding the technical knowledge of our employees. These webinars cover a range of cutting-edge topics, including "The 5.5G Network of the Future", "Introduction to 5G solutions" Principles and Design of C-V2X Technology, "Overview of Smart Maintenance Operations Using 5G Network" "Overview of Cloud Core Network (ADN)" and a look at "Best Practices in Sharing Big Data in Operator Applications." Additionally, the webinar series delves into advanced topics such as "Quantum Computing and Communications" as well as the technical architecture of artificial intelligence.

Tharwah

Through a partnership with Tharwa Company, we implemented a training program on Zain KSA values, to reinforce the importance of organizational values in shaping behavior and contributing to a positive work environment.

Blue Ocean Company

In cooperation with Blue Ocean, we launched the Certified Professional in Purchasing and Management program to enhance continuous development

ESCP Business School

Working with ESCB Business School, we have initiated a strategic agility program with the aim of promoting effective
leadership and improving the leadership skills of our employees.



Our Environment

At Zain KSA, our primary goal is to cultivate a more inclusive, diverse, and empowering community for the nation's talent pool. We actively pursue national objectives through a dedicated journey, deeply embedding these values into our strategic vision. This commitment has transformed into an organizational culture aimed at creating an exemplary work environment, where gender equality, equal opportunities, and zero tolerance for discrimination based on race, nationality, or social background are fundamental principles.

Zain KSA leads the way in fostering an optimal and sustainable workplace for women, exemplified by the establishment of our dedicated Diversity and Inclusion Department. This underscores our unwavering commitment to engaging and empowering our female workforce. As first movers and pioneers in the Kingdom, we have embraced a transformative cultural shift, seamlessly infusing this culture into every aspect of our organization, from strategic planning to day-to-day operations. This transformation has not only become inherent to our identity but has also made Zain KSA stand out, showing excellence both locally and globally. The acclaim from ranking entities acknowledges our pivotal role in advancing inclusivity and diversity, with a collection of prestigious awards standing as a testament to our sustained success.

From this, Zain launched several initiatives including:

WE

In 2017, Zain KSA unveiled the Women Empowerment (WE) Initiative, a comprehensive program dedicated to fostering the empowerment of women within the company by actively promoting the advancement of women, especially in leadership roles. This initiative was carefully crafted to align with Saudi Vision 2030 and the Human Capacity Development Program.

Since its inception in 2017, the WE Initiative has been a driving force for positive change within Zain KSA, setting several strategic goals:

- Raising awareness and cultivating a culture of change to establish a 50% more diverse and inclusive work environment
- Increasing the proportion of women employed by 25%
- Elevating the proportion of women in leadership positions to 10%

Key Milestones of the WE Initiative

- Significantly increasing the representation of women in our workforce from 7.6% in 2017 to the current 18.7%, marking a remarkable growth of 145.5%
- Recruiting a total of 466 women since 2017
- Notably advancing the promotion of female employees by an impressive 45% since 2017
- Implementing practical guidance and training programs, leading to the graduation of four mentors and four advisors in collaboration with Princess Nourah bint Abdulrahman University (PNU) and the Ministry of Human Resources
- Offering incentives for female employees, including mothers and pregnant staff, such as childcare facilities and dedicated parking spaces
- Delivering specialized training to 38 female employees in collaboration with Huawei, covering diverse fields
- Enhancing gender diversity through female talent discovery and exploring optimal pathways for development and training
- Partnering with Cisco to facilitate the participation of three female employees in international workshops, providing valuable insights into global business and tech solutions from leading international companies
- Offering integrated training to 69 female employees across various domains, encompassing empowerment in leadership, technology, and problem-solving methodologies (such as design thinking), in collaboration with Nokia and other industry leaders
- Elevating the percentage of women in general leadership positions from 5.6% in 2017 to 10.4% in 2023, posting an 87% increase

Over time, the WE Initiative has expanded its focus beyond merely championing gender equality to strategically nurturing its development within the company. This approach addresses all three stages of corporate development—raising awareness, fostering understanding, and cultivating motivation.

WE ABLE

At Zain KSA, diversity and inclusion are not just ideals but tangible actions and results intricately woven into the very fabric of the company. As a telecom giant, the company's mission revolves around facilitating meaningful communication across all segments of society and equipping individuals with the digital keys to unlock their potential, regardless of background or ability.

This commitment is demonstrated through the «WE ABLE» initiative, designed to integrate and empower individuals with disabilities in the workplace, breaking down barriers and ensuring everyone has a seat at the digital table. The initiative encompasses monitoring, recruitment, development, and the promotion of specific, tailor-made opportunities for employees with disabilities. In recent years, this initiative has undergone significant development to be more aligned with Saudi Vision 2030. Embracing individuals with disabilities as an integral part of the company underscores a strategic perspective rooted in Zain KSA's core values that focus on diversity and inclusion. This approach entails welcoming and empowering everyone within the workplace, irrespective of gender, ethnicity, social standing, or physical abilities. The company has cultivated a comprehensive corporate culture that effectively integrates individuals with specific needs, resulting in a noteworthy increase in the number of employees with disabilities, now totaling 19.

BE WELL

Zain KSA's unwavering commitment to employee well-being is underscored by its human-centric focus. Through the continuous promotion of mental and psychological health, notably with the «BE WELL» initiative, the company not only emphasizes its dedication but also translates well-being initiatives into tangible policies and actions, reinforcing its commitment.

BE WELL key highlights:

- Supporting a generous parental leave policy and post-childbirth benefits
- Assisting working mothers with a 50-day childcare leave, in addition to government-mandated maternity leave (totaling 120 days)
- Extending the flexible nursery period to 4 years after childbirth, exceeding the legal requirement of two years
- Including life insurance in the benefits package, with a focus on the well-being of both employees and their families
- Introducing «Walaa Plus,» an innovative program offering exclusive perks and discounts to enhance the lifestyles of all employees
- Promoting physical and mental health through the «BE WELL» program and sports allowances
- Allocating leave for employees on World Mental Health Day

ZY

Driven by its youthful spirit and meteoric rise as a telecom and digital leader, Zain KSA prioritizes fostering tomorrow's tech generation. Recognizing young minds as the architects of our digital future, Zain KSA launched the ZY initiative, empowering budding innovators aged 18 to 26. This dynamic program equips young talent with the knowledge, resources, and skills to shine in the workplace, igniting their potential for trailblazing achievements.

ZY encompasses a spectrum of programs – from reverse mentoring where seasoned veterans learn from fresh perspectives, to Gen Z-focused workshops and the transformative coding bootcamp, CODE 7. These initiatives cultivate a strong sense of belonging and inclusion within Zain KSA, celebrating diversity while nurturing the next generation of technological pioneers.

ZANIAC

As a catalyst for creativity, Zain KSA lays the groundwork for a supportive environment that ignites a spark of innovation in every employee. Unleashing the potential of its people, ZANIAC is an internal engine for groundbreaking ideas, powering a vibrant entrepreneurial culture. It empowers employees to experiment by developing and launching startups, testing new approaches, and collaborating with external stakeholders to turn dreams into reality.

REACH

Underscoring collaboration and knowledge exchange, Zain KSA's REACH initiative is a strategic investment empowering its workforce by enriching their experiences and knowledge. The initiative aims to establish a dynamic environment that fosters a culture of open communication and collective growth, ensuring that everyone, at all levels, has immediate access to guidance and direction. The cornerstone of REACH is the monthly informative micro-session. These sessions spark cross-field knowledge sharing, fostering continuous learning and the seamless flow of insights among the team.

Achievements of empowering our young national energies

- Launching the Zain Digital Academy in cooperation with PWC to train male and female employees in various fields
- Launching the HIPO program to train promising male and female employees and complete the selection process and evaluation
- Implementing all stages of the HELA human resources transformation project, which aims to modernize the benefits, rewards programs and launch a program of exclusive offers and services for the Company's employees.
- Update the Human Resources Policy Handbook.
- Signing memorandums of understanding with a number of training bodies and universities, such as Maximus, Al-Faisal University, Prince Sultan University in order to empower young people and develop them professionally, providing them with the technical skills necessary for the labor market.



Our Strategy

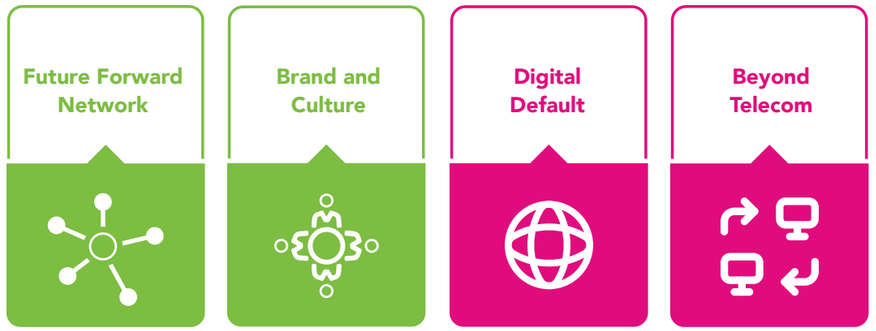
We have devised an integrated strategy to transform Zain KSA into the leading provider of telecommunications and digital services in the Kingdom. Our strategy is based on several key pillars to drive operational and financial efficiency within a framework of effective governance, optimize the company's capabilities and resources, stay abreast of innovation in the global ICT market, and build an integrated digital ecosystem of cutting-edge digital services and solutions to leverage the best user experience.



This strategic approach has guided our efforts to expand our operations and invest in scaling up the ICT sector in Saudi Arabia. In 2023, we implemented our eight-pillared strategy across four areas:

Outcomes including economic growth and sustainable practices
Partner Management to ensure that Zain KSA is a partner of choice for individuals, businesses, and government entities, focusing on enhancing the customer experience
Key processes to implement comprehensive automation of the company operations and invest in adjacent markets to achieve diversified revenue streams
Enablers including the company's identity, corporate culture, and future network plans, to empower investors, consumers, and employees

These aspects have helped us clearly identify risks, focusing on the most important factors that may affect the company's profitability and sustainability, increase efficiency and enhance Zain KSA's position in the market.



Leveraging areas of strength, including human capital and 5G network leadership as enablers that propel the Zain KSA brand

Adopting sustainable and innovative processes that will allow us to venture into new areas of business while leveraging gains from automation in the businesses



Generate value from and for stakeholders by scaling our B2B offerings and customer base and outperform the market on the B2C side

Create positive impact outcomes that include improving profitability and cash position all while considering environmental and social disciplines

Key Focus Areas

Outcomes

◆ Economic Growth and Sustainable Practices

We have created an enabling ecosystem for the prosperity and growth of the ICT sector, ensuring the comprehensive economic growth and sustainable development of Saudi Arabia to empower a vibrant society and enhance the quality of life, with a focus on sustainability as a key aspect of Zain KSA's integrated ecosystem. The company developed an environmentally friendly digital infrastructure, offering green technology-based solutions and services to combat climate change.

Accordingly, Zain KSA has approved and aligned standards with its technical partners to reduce energy consumption, minimize the impact on climate change, and make life in cities and communities more comfortable based on sustainable and innovative solutions that serve Saudi Arabia's aspirations.

Partner Management

Partner of Choice: Excellence in CX

Zain KSA has strategically positioned itself as the partner of choice in the Kingdom, with a focus on enhancing the customer experience. Growing the customer base, we focused on diversity and improving the quality of services provided to B2B and B2C segments through a customer-centric approach, striving to tailor products and services that fulfill customers aspirations at both personal and professional levels. Beyond these efforts, we have enhanced after-sales services, ensuring efficiency and high quality across various channels.

Zain KSA has embarked on delivering cutting-edge services to all 5G users to offer superfast broadband connectivity access coupled with innovative digital applications that will redefine the way we live. Through our strategic partnerships, we have provided innovative solutions for the business and government sectors based on one of the most developed 5G networks in the region and a comprehensive ecosystem of premium cloud computing services through Zain Cloud.

This has led to an increase in revenues from government sectors from 17% in 2020 to 30% during 2023,

in addition to the company's thriving portfolio of services for the business sector.



Key Processes

◆ Digital Default and Beyond Telecom

With technology reshaping the future and driving innovation to new heights, Zain KSA has taken giant steps, pushing innovation and progress. Through the power of an integrated network ecosystem and state-of-the-art technologies, Zain KSA provided an optimal user experience providing a comprehensive suite of digital services and solutions, unlocking new opportunities for the company, the Saudi ICT sector, and various service and production industries.

Zain KSA made radical changes, leveraging technology across all its sectors, departments, and operations, adding online sales channels, and electronic applications, and streamlining daily network operation processes, thereby boosting its service quality.

◆ Adjacent Markets and Revenue Diversification

Securing a leading position in the Saudi ICT sector, Zain KSA has taken giant steps in tapping into adjacent markets and was able to achieve an advanced step in Fintech, through «Tamam», Zain KSA's Fintech arm and the first fully digital platform for micro-financing services in the Saudi market licensed by the Saudi Central Bank (SAMA).

In pursuit of a broader impact on the digital entertainment and esports sector, the company laid the foundation for PLAYHERA MENA. Simultaneously, Zain KSA expanded its regional influence by extending the GeForce NOW cloud gaming platform to cater to adjacent markets. Exploring the present and future potential of unmanned aerial vehicles across various sectors, the company also diversified its fleet of Zain drones.

Enablers

◆ A Cultural Identity in the Network Era

Zain KSA has undergone a significant transformation in recent years, evolving from a traditional telecommunications provider into a driver of innovation and progress. The company's brand has become synonymous with innovation, modernization, agility, and the realization of ambitious goals. This distinctive brand identity upholds the company's integrated values both internally and externally.

Zain KSA fosters an innovation-friendly culture in the workplace, where the "Zain Family" collaboratively pushes boundaries to develop groundbreaking solutions. Zain KSA's investment in human resources stands out as a transformative force. By empowering a high-profile young Saudi workforce, the company has not only cultivated a collaborative, high-performance environment conducive to stimulating our growth but has also built a cutting-edge workforce that stays ahead of the curve, making significant strides in accelerating digital transformation.

The company's strategic roadmap is focused on expanding its flagship investments to build an integrated digital infrastructure, leveraging 5G-Advanced technologies across the Kingdom and boosting a sustainable digital future.

5G

By developing and localizing cutting-edge technological capabilities, the company will continue to empower individuals, businesses, and government sectors through one of the most advanced 5G networks in the region, paving the way for a new era of next-gen digital applications and solutions.

Environmental, Social, and Governance (ESG) Management

The principles of Environmental, Social, and Corporate Governance (ESG) have been instrumental in Zain KSA's corporate sustainability strategy, seamlessly integrated into all its operational, financial, and administrative processes, creating a comprehensive approach that drives greater innovation and responsible achievements.

Zain KSA's corporate sustainability strategy is centered on four key pillars that constitute the framework for the company's endeavors in this field. These pillars align seamlessly with Saudi Vision 2030 objectives and the United Nations Sustainable Development Goals (SDGs), contributing to maximizing developmental, social, and environmental impact and extending the company's outreach to all stakeholders and segments of the community in the Kingdom.

◆ Core Pillars of Zain KSA's Corporate Sustainability Strategy:

Inclusion:

Reduce the digital inequality gap

Youth Empowerment:

Building youth and children capacities in the Saudi community

Operating Responsibly

Embed ESG across our value chain

Climate Change

Decarbonize our business and transition towards NetZero by 2050



Environmental Governance:

At Zain KSA, we leverage innovation and technology to develop solutions and services that contribute to promoting green energy solutions, reducing carbon emissions, and enhancing energy efficiency. Throughout 2023, we launched and implemented numerous programs and initiatives aimed at achieving these objectives.

Initiative/Program
The world's first zero-emission 5G network

In collaboration with Red Sea Global, Zain KSA has unveiled the first zero-emission 5G network at the Red Sea. This revolutionary network will provide unprecedented connectivity prioritizing biodiversity in the region. The unique 3D-printed towers are powered by 100% clean energy, seamlessly integrating with the environment to address visual distortion; they are specifically designed for shared use by all service operators.

Objectives	◆ Addressing Climate Change ◆ Contributing to Biodiversity Protection ◆ Mitigating Visual Distortion ◆ Supporting Local Content
Results	1. The world's first zero-emission 5G network 2. Powered by 100% renewable energy from over 750,000 solar panels 3. Contributing to the reduction of 500,000 tons of carbon emissions 4. Enhancing biodiversity by 30% 5. 100% in-Kingdom manufacturing
Contribution to UN SDGs	17 PARTNERSHIPS FOR THE GOALS · 7 AFFORDABLE AND CLEAN ENERGY · 11 SUSTAINABLE CITIES AND COMMUNITIES · 13 CLIMATE ACTION

Initiative/Program
Recycle your Device" e-waste recycling initiative

Recycling devices and raising awareness on e-waste recycling in partnership with the Communications, Space, and Technology Commission

Objectives	◆ Contributing to environmental sustainability ◆ Mitigating carbon emissions ◆ Reducing electronic waste ◆ Minimizing financial losses through device recycling
Results	Recycling over 100,000 devices
Contribution to UN SDGs	11 SUSTAINABLE CITIES AND COMMUNITIES · 13 CLIMATE ACTION

Initiative/Program

LEAP 2023 Participation

Through this initiative, the company focuses on integrating innovation and sustainability, using materials from sustainable-derived sources, as part of its contribution to a circular economy. It also aims to raise ESG awareness

Objectives

- Increasing awareness on climate change
- Promoting sustainable material usage awareness
- Contributing to a circular economy

Results

1. 20,000 sustainable gifts
2. Over 1,200 plants distributed

Contribution to UN SDGs



Social Governance:

Rooted in our community, we focus on enhancing the quality of life for everyone by providing innovative digital solutions that contribute to realizing their aspirations. Through empowerment, support, inclusion, and integration, we offer each community segment what they need to advance together towards a brighter future.

Initiative/Program

"Women in Tech" 3

The Women in Tech Program (WIT), third edition, in collaboration with the Ministry of Communications and Information Technology and the Communications, Space, and Technology Commission, aims to support and guide recent female graduates across the Kingdom in Science, Technology, Engineering, and Mathematics (STEM).

Objectives

- Supporting the Kingdom's efforts to develop the ICT sector to be equally inclusive and empowering for women
- Implementing a virtual version of the program to ensure increased participation of women across the Kingdom
- Increasing women's participation in the digital sector
- Bridging the gender digital gap in ICT sector

Results

1. In its third year, 150 young women graduated from the program out of more than 4,000 applicants.
2. In its second year, 100 young women graduated out of 500 applicants.
3. In its first year, 10 young women graduated out of 30 applicants.

Contribution to UN SDGs



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Initiative/Program

"Evolve" Program for fresh graduates

The program aims to equip participants with practical experience and global know-how and prepare them for the job market. It provides practical training and professional skill development opportunities.

Objectives

- Localizing and developing the ICT sector in the Kingdom in line with Saudi Vision 2030 objectives
- Empowering Saudi youth
- Equipping the youth for participation in the labor market

Results

With more than 36,000 applicants, 150 young men and women were skillfully trained for the workforce and employed

Contribution to UN SDGs



Initiative/Program

The national campaign to stimulate training within the private sector "Wad"

Memorandum of Understanding with the Ministry of Human Resources and Social Development to train 50,000 Saudi men and women in the next 3 years, as part of the national campaign to stimulate training within the private sector "Wad"

Objectives

- Supporting the goal of Saudi Vision to empower workforce with the necessary skills
- Localizing and developing of the ICT sector in the Kingdom
- Empowering youth

Results

1. Ongoing campaigns and activities to train 50,000 Saudi men and women in the next 3 years
2. Training of 40% of the targeted 50,000 Saudi youth

Contribution to UN SDGs



Initiative/Program
Job Fairs

Participation in job exhibitions across the Kingdom as part of ongoing efforts to recruit and develop Saudi talent

Objectives	◆ Employing and training the young talent of the Kingdom ◆ Empowering the Information and Communication Technology (ICT) sector
Results	1. Participated in 7 employment exhibitions across 5 regions 2. Attracted over 30,000 attendees to engage with the company for job opportunities
Contribution to UN SDGs	

Initiative/Program
Digital Literacy

Memorandum of Understanding with Anaab Platform and Code School Finland (CSF) to bridge the digital education gap across the Kingdom and support the localization of digital education

Objectives	◆ Eradicating digital illiteracy ◆ Localizing digital educational content ◆ Bridging the digital gap ◆ Empowering digital education
Results	Empower more than 200 female and male educators through Anaab platform
Contribution to UN SDGs	

Initiative/Program
Corporate Responsibility Together We Facilitate

Zain KSA supported beneficiaries of social security through the «Together We Facilitate» initiative, in collaboration with the Communications and Space Technology Authority, the Ministry of Human Resources and Social Development; this initiative entails waiving outstanding payment invoices for low-income families eligible for social security

Objectives	◆ Zain KSA supported social security beneficiaries through the «Together We Facilitate» initiative within a vibrant community
Results	Deducting over SAR 250,000 from outstanding invoices
Contribution to UN SDGs	

Initiative/Program
Kiswat Farah in collaboration with 'E7twa22'

Zain KSA employees donated clothing items to dress up underprivileged families for Eid.

Objectives	◆ Donations for the underprivileged during holidays
Results	In-kind donations for more than 3,000 low-income families
Contribution to UN SDGs	

Initiative/Program
Purple Saturday

Supporting individuals with disabilities in collaboration with the Authority for People with Disabilities (APD) by launching a campaign offering a 50% discount on all packages for subscribers with disabilities

Objectives	◆ Supporting individuals with disabilities ◆ Encouraging contributions and inclusion of individuals with disabilities in the community
Results	1. Extended outreach to over 18,500 individuals 2. Beneficiary percentage increased by 247%
Contribution to UN SDGs	

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Initiative/Program

Blood Donation Campaign

Zain KSA employees donated blood through an annual initiative

Objectives	◆ Facilitating impactful community engagement and aiding in saving lives by enabling Zain employees to participate in blood donation
Results	More than 130 donors
Contribution to UN SDGs	

Initiative/Program

MoU with the Family Safety Program to safeguard well-being of children in both the real and online worlds

Zain KSA became a strategic partner of the Family Safety Program, solidifying its role in supporting the Saudi Child Helpline Project and prioritizing the establishment of a comprehensive support framework to safeguard the well-being of children in both the real and online worlds. This is achieved through the launch of country-wide educational campaigns, raising awareness about helpline services, and enhancing child safety against bullying.

Objectives	◆ Safeguarding children against violence ◆ Safeguarding children against bullying ◆ Increasing awareness among children and parents ◆ Increasing awareness about the Child Helpline
Results	Received over 31,770 calls in 2023
Contribution to UN SDGs	

Initiative/Program

Child Protection Initiative

Coordinating and hosting field events throughout the Kingdom to align with various relevant global occasions, such as the International Day of Child Helpline and World Children's Day
Conducting impactful awareness campaigns and in-field initiatives in collaboration with the Saudi Child Helpline to combat bullying, provide strategies for addressing it, and contribute to its reduction

Objectives	◆ Safeguarding children from potential risks and harm ◆ Establishing a comprehensive support framework for future generations ◆ Safeguarding the well-being of children in both the physical and digital worlds
Results	1. Implementation of in-field initiatives across three distinct areas 2. Raising awareness among over 3,500 children along with their families
Contribution to UN SDGs	

Initiative/Program

Awareness for the Elderly

Publishing an awareness video on the risks of electronic fraud targeting the elderly

Objectives	Educating seniors on how to handle suspicious emails and communications they receive to ensure their electronic security and the safety of their data
Results	Reaching out to over 7000 seniors
Contribution to UN SDGs	

Governance:

At Zain KSA, we are diligent about infusing agility and transparency into our operations and business, seeking to spread responsible practices and embedding ESG into our business and throughout our value chain.

Initiative/Program
Vendor relations

Engaging suppliers in ESG concerns by raising their environmental awareness and involvement in ethical business and human rights protection, enhancing their ability to make responsible decisions and support a circular economy through their achievements

Objectives	Supporting circularity through harnessing relations with partners, vendors and service providers, reinforcing their compliance with the best ESG practices
Results	◆ More than 24% of our suppliers have completed the Supplier Self-Assessment survey ◆ External audits for ESG practices completed for 8 suppliers ◆ Inclusion of Supplier Code of Conduct and Human Rights Policy as requirements for all Zain KSA suppliers
Contribution to UN SDGs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS

Initiative/Program
Data Privacy (Be aware, be secure)

Organizing awareness sessions on data privacy and ways for employees to protect themselves against cyberthreats

Objectives	Raising awareness on data privacy and cyber risks
Results	More than 3,000 employees benefitted from the campaign
Contribution to UN SDGs	4 QUALITY EDUCATION; 3 GOOD HEALTH AND WELL-BEING

Initiative/Program
Cybercrime awareness campaign

Participating in CST's nation-wide campaign for spreading awareness about fraud, cybercrime and identity theft

Objectives	Supporting CST's campaign to raise the community's awareness on cyber crime
Results	More than 20,000 beneficiaries
Contribution to UN SDGs	17 PARTNERSHIPS FOR THE GOALS

Zain KSA | Board of Directors Report 2024

Corporate Governance:

The company adopts leading practices in corporate governance, incorporating key requirements and directives from relevant regulatory authorities and embracing globally recognized standards of the best international applications and practices.

Both the Board of Directors and the Executive Management team firmly believe that understanding, applying, and actively implementing an effective governance program within the company aligns with its aspirations, achieves its goals, enhances its capabilities, and develops its resources. This approach establishes a system that fosters a clear understanding of responsibilities and duties while promoting ethical and professional practices.

To achieve this, the Board of Directors has adopted various policies and procedures and established suitable systems and controls to secure shareholders rights while upholding the duties and responsibilities of the Board of Directors and Executive Management. Consequently, the company's governance framework incorporates a three-lines-of-defense approach within its internal control system. Managed by the Internal Audit, Risk Management, and Business Continuity departments, these lines of defense foster independent supervision, reinforce accountability, and drive operational effectiveness. The summary of these lines of defense is as follows:

01 First Line of Defense

Company Business Units

Undertaking commitment, application, and implementation of the company's strategy and development, measuring performance, and adhering to internal control systems and management work.

Senior Management

Striking a balance of power between the Board of Directors and senior executives, ensuring effective internal control through the adoption of relevant policies, and overseeing the measurement of business performance and the implementation and development of the approved strategy.

01 Second Line of Defense

Risk Management and Business Continuity

Implementing the Risk Management Framework and ensuring compliance with the level of risk approved by the Board of Directors through identifying business risks, devising strategies for mitigation, and formulating continuity plans for potential occurrences. Upon completion, these plans undergo a thorough review by the Executive Management before getting the approval of the Board of Directors

03 Third Line of Defense

Internal Audit

The internal audit develops an annual plan to evaluate procedures within the company's departments, pinpointing potential operational weaknesses. The findings are then detailed in a report that the internal audit presents to both Executive Management and the Audit Committee. This report encompasses the corrective action plan proposed by the departments. The internal audit actively supports implementing these corrective measures, ensuring minimal impact on the company's operations and continuity.



The policies established by both the General Assembly and the Board, pertaining to governance applications, include:

Company Governance Framework

The company's governance framework is designed to articulate the principles of governance applications across all levels, encompassing the organizational structure, stakeholders, the Board of Directors, emerging committees, Executive Management, employees, and stakeholders. It explicitly outlines the general responsibilities and duties that all parties are expected to adhere to.

Subsidiary Committees Charters and Regulations

On 22021/6/, the General Assembly approved the Board of Directors recommendation for amending the charter of the Remuneration and Nomination Committee. Subsequently, on 20/04/ 2022, the General Assembly adopted the Board of Directors proposed regulations for the Audit Committee.

These committee charters serve as comprehensive roadmaps, outlining their formation procedure, member selection criteria, terms of service, responsibilities, duties, and remuneration, and the specific roles entrusted to committee members. They further outline the committees delegated powers, mandated regular or annual discussion topics, vacancy-filling processes, meeting protocols, and quorum requirements for both convening meetings and endorsing recommendations.

Conflict of Interest Policy

The Conflict of Interest Policy is crafted to safeguard the company from potential conflicts that may arise when entering into contracts, agreements, or transactions involving related parties. To achieve this objective, the company has implemented a policy followed by mandatory procedures for any involved party in such dealings. The policy includes disclosure procedures to be strictly followed and outlines general principles applicable to all stakeholders engaged in dealings or contracts. This includes members of the Board of Directors, its subcommittees, senior executives, and company employees, emphasizing strict adherence to prevent violations and ensure overall compliance.

Professional Conduct Policy

The company places a paramount emphasis on upholding a high standard of ethical conduct within the workplace. This policy, formulated to regulate actions and behavior, defines a set of fundamental principles and rules that must be consistently followed during the discharge of job responsibilities, representation of the company, or interactions with clients, suppliers, and external parties. Its scope encompasses the entire organizational hierarchy, including the Board of Directors, Executive Management, and all employees.

Key Highlights of the Policy:

- Conflict of Interest
- Gifts
- Employment Relationships
- Confidentiality
- Identifying and Reporting of Behavioral Misconduct
- Use of Company Assets and Facilities
- Health, Safety, and Environment

Board Membership Policies, Standards, and Procedures

In accordance with best governance practices, the Board of Directors has enacted policies and standards that govern the selection and nomination processes for board members within the company. These policies, formally ratified by the General Assembly, outline essential objectives and principles guiding the selection of the ideal candidates. The Remuneration and Nomination Committee, entrusted with implementing these policies, oversees their consistent implementation. The policy delineates the constitution of the board and the requisite qualifications for membership, ensuring that, in all instances, non-executive members constitute no less than half of the board, with independent members constituting no less than one-third of the board.

Furthermore, the policy outlines the general criteria for selecting candidates for board membership, the procedures for nomination, and the data and information that applicants must submit to the company. Additionally, it specifies the procedures the board of directors follows in the event of a vacancy in any membership.

Board Members and Senior Executives Remuneration Policy

The Remuneration and Nomination Committee has developed a remuneration policy for the Board of Directors and the Executive Management members. This Policy was approved by the Board of Directors on December 5, 2017, and recommended to the General Assembly, which approved it on December 21, 2017.

The incentive policy This policy governs the remuneration practices of Zain KSA with respect to the Board of Directors and Executive Management members, ensuring compliance with relevant regulations and laws. The policy also aligns incentives with Zain KSA's strategy and goals, ensuring consistency with the company's size, nature, and risk profile.

Additionally, the policy considers the practices of local and international ICT companies, as well as companies listed on the Tadawul, considering their size and operations in relevance to Zain KSA. The Policy states that members shall be entitled to a fixed amount (basic remuneration) which shall be approved by the General Assembly on an annual basis. Board members are also entitled to variable remuneration tied to the distribution of dividends (if any). Members of the Board and Board Committees shall be reimbursed for certain expenses, such as travel and accommodation, which are associated with the attendance of Board and Committees meetings.

In all cases, the total amount of remuneration for each Board member shall not exceed SAR 500,000 of financial or in-kind benefits annually.

With respect to executive management, the Policy aims at attracting and retaining the best talents, as executives are offered packages consisting of basic salary, allowances, variable components, performance-based bonuses, and end-of-service benefits. These benefits are based on many factors, including experience, expertise, qualifications, and others, and all benefits are subject to the approved policies and approval of the competent level of authority.

You may view the Remuneration Policy here.

This report contains a statement detailing the remuneration allocated to members of the Board of Directors, board committees, and executive management, in line with Articles 87 and 90 of the Corporate Governance Regulations. There exists no substantive deviation between the remuneration awarded and the stipulations outlined in the Remuneration Policy. The ordinary General Assembly of the Company convened on 222023/06/ corresponding to 041444/12/ AH, approved the disbursement of SAR 4,500,000 in total as remuneration to the members of the Board of Directors for the fiscal year ending on December 31, 2022.

There is no arrangement or agreement under which a Board Member or a Senior Executive waived any remuneration.

Board Remunerations

The following sections contain details of remunerations paid during the year 2023:

Board members	Fixed remuneration							Variable remuneration						End of Service Gratuity	Grand Total	Expense Allowance
	Base amount	Attendance allowance for meetings of the Board of Directors	Total attendance allowance for committee meetings	In-kind benefits	Fiscal, administrative, and advisory work	Remuneration of the President of the Board of Directors, the Managing Director, or the Secretary	Total	percentage of profits	Periodic Remunerations	Short-term incentive plans	Long-term incentive plans	Shares Given (Value Added)	Total			
First: Independent Members																
Saud bin Abdullah al-Bawardi	500,000						500,000								500,000	
Abdullah Fahad Al-Faris	333,333						333,333								333,333	
Saad Bin Ibrahim Al-Mousa	333,333						333,333								333,333	
Raed bin Ali al-Saif	166,667						166,667								166,667	
Hisham Attar	166,667						166,667								166,667	
Total	1,500,000						1,500,000								1,500,000	
Second: Non-Executive Members																
HH Nayef bin Sultan bin Mohammed bin Saud Al-Kabir	500,000						500,000								500,000	
Badr bin Nasser Al – Khrafi	416,667						416,667								416,667	
Ossama Matta	500,000						500,000								500,000	
Martial Antoine Caratti	500,000						500,000								500,000	
Firas Oggar	500,000						500,000								500,000	
Kamil Hilali	500,000						500,000								500,000	
Total	2,916,667						2,916,667								2,916,667	

Committees Remuneration

Committee members		Fixed remunerations	Reimbursements for meeting attendances	Total
Audit Committee				
1	Martial Antoine Caratti	0		0
2	Ossama Matta	0		0
3	Saud bin Abdullah al-Bawardi	0		0
4	Raed bin Ali al-Saif	12,500		12,500
Total		12,500		12,500
Remuneration Committee				
1		0		0
2		0		0
3		0		0
4		25,000		25,000
Total		25,000		25,000

Senior Executives Remuneration (all figures in SAR)

The following table includes details relating to the remunerations of five executives who received the highest remuneration from Zain KSA, including the CEO and CFO. It is worth mentioning that the remunerations granted in 2023 are in line with the approved Remunerations Policy and pay scale approved by the Board of Directors, with no significant deviations recorded.

Chief Executive Officer		Fixed Remunerations
Fixed Remunerations	Salaries	6,736,782.00
	Allowances	3,186,240.00
	In-kind benefits	
	Total	9,923,022.00
Variable Remunerations	Periodic remunerations	
	Profits	
	Short-term incentive plans	13,795,598.86
	Long-term incentive plans	
	Granted shares (insert the value)	
End-of-service award		717,962.81
Total remunerations for Board executives, if any		
Aggregate Amount		24,436,583.67

Employees' End-of-Service Benefits

The value of the employees' end-of-service benefits provided by Zain KSA amounted to SAR 177 million as of December 31, 2023.

Dividend Distribution Policy:

Based on Zain KSA's bylaws, as ratified by the Special General Assembly on October 14, 2020, and the Shareholders Rights Policy approved by the Board of Directors on December 5, 2017, the Company's Dividends Distribution Policy is as follows:

The Company's annual net profit shall be distributed after deducting all general expenses and other costs as follows:

1. 10% of the net profits shall be set aside to form a statutory reserve. The Ordinary General Assembly holds the authority to suspend this allocation when the cumulative reserve reaches 30% of the paid-up capital.
2. The Ordinary General Assembly may, upon recommendation from the Board of Directors, set aside a percentage that does not exceed 20% of the annual net profits to form a provisional reserve allocated for one or several purposes.
3. The General Assembly, based on the Board's recommendation, can approve an initial dividend payout to shareholders of at least 5% of paid-up capital from remaining profits.
4. Subject to the provisions stipulated in the Company's Bylaws and the Companies Law, the General Assembly may, after the above, allocate no more than 5% of the remainder as remuneration to members of the Board of Directors, provided that the remuneration is proportionate with the number of meetings attended by each member.
5. The Ordinary General Assembly, upon the recommendation of the Board of Directors, has the authority to allocate the remaining profits as an additional dividend to the shareholders.

The company may distribute interim dividends to shareholders on a semi-annual or quarterly basis, in accordance with the regulations set by the Capital Market Authority. This is based on the authorization granted by the Ordinary General Assembly to the Board of Directors for the distribution of such dividends.

The shareholders' entitlement to the dividends is subject to the decision of the General Assembly – or the decision of the Board of Directors for interim dividends – issued in this regard. The decision outlines the entitlement date and distribution date, and dividend rights are granted to shareholders listed in the shareholder registers at the conclusion of the specified entitlement day. It's noteworthy that the Board of Directors recommended, in its decision issued on 252023 /3/, the distribution of cash dividends to shareholders amounting to SAR 449,364,588. The General Assembly convened on 22/ 62023/ and approved the distribution of cash dividends representing 5% of the nominal value per share, equivalent to (0.5 Riyals per share), as profits for the fiscal year 2022.

Corporate Governance Regulation Compliance

Mandatory Articles			
#	Article No.	Article	Justification
	Article 87 (19) The Board's Report	The Board's report shall include the Board's operations during the last fiscal year and all factors that affect the company's businesses, such report shall include the following: 19) geographical analysis of the company's and its affiliates revenues.	Geographic analysis of the Company's total revenues is not available due to the nature of the Telecoms Sector, as the revenue generated by subscribers is not linked to a certain location or area.
	Article 90 Non-Disclosure (4)	Disclosure of Remunerations A description of the necessary details with respect to the remunerations and compensations granted to five Senior Executives who have received the highest remuneration from the company, provided that the chief executive officer and chief financial officer are among these.	Compensations granted to the board members and their subcommittees has been disclosed according to the tables in Annex (1) of the Corporate Governance Regulations. On the other hand, the Company will not disclose its senior executives remuneration in order to protect its interests and preserve the rights of its shareholders and employees and avoid any harm that may result from the disclosure in detail. Therefore, the details were not presented in the manner outlined in Annex (1) pertaining to top executives of the Corporate Governance Regulations.
	Article 37	Training The company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required.	This article was implemented in terms of members of the Executive Management. With respect to Board members, the Board of Directors did not see the necessity of training and preparing its members in view of their capabilities and expertise.
	Audit Committee Composition Article 51 (b)	The Chairman of the Audit Committee shall be an independent member.	The Audit Committee chairmanship was entrusted to a non-executive member due to their extensive expertise in financial and accounting affairs. It is worth mentioning that one of the committee members is an independent board member.
	Article 67 Composition of the Risk Management Committee And associated articles 6869-	The company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee.". The Chairman and the majority of Board members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	The Board of Directors did not establish a Risk Management Committee during 2023 as there was no need to form a dedicated committee for that purpose.

Mandatory Articles

#	Article No.	Article	Justification
	Article 39	The Assessments a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees, and the Executive Management, using key performance indicators linked to the extent to which the strategic objectives of the company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and solutions shall be proposed for the same in the best interests of the company. b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. c) The performance assessment shall entail an assessment of the Board's skills and experiences, an identification of its weaknesses and strength, and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve its performance. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. d) The individual assessment of Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees' meetings and dedicating adequate time thereof. e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. f) Non-Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and solutions shall be proposed for the same in the best interests of the company.	This article was not implemented in 2023 with respect to the assessment of the Board, Committees and Board members' performance as this is a guiding article.

Mandatory Articles

#	Article No.	Article	Justification
	Article 82 Employee Incentives – Paragraphs (2) and (3)	The company shall establish programs for developing and encouraging the participation and performance of the company's employees. The programs shall particularly include the following: 2) establishing a scheme for granting company shares or a percentage of the company's profits and pension programs for employees, and setting up an independent fund for such program; and 3) establishing social organizations for the benefit of the company's employees.	These two items were not implemented in 2023 as there was no need to establish such schemes, programs and social organizations.
	Article 84 Social Responsibility	The Ordinary General Assembly, based on the Board's recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for the purposes of developing the social and economic conditions of the community.	As outlined in the Corporate Sustainability section, Zain KSA participated in various activities during the year 2023 under the supervision of the Executive Management. This article will be implemented in the future.
	Article 85	Social Initiatives The Board shall establish programs and determine the necessary methods for proposing social initiatives by the company.	The Executive Management has undertaken this responsibility in 2023. A follow-up on the implementation of this article will be conducted in the future.
	Article 92	Formation of a Corporate Governance Committee If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (94) of CMA CG Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	The Board of Directors did not establish a Corporate Governance Committee during 2023 as there was no need to establish a dedicated committee to perform the competencies outlined in Article (94) of the regulations. However, the Corporate Governance Department is undertaking such responsibilities.

Internal Control

The internal control system plays a vital role in the success of any organization. Accordingly, Zain KSA is committed to ensuring an effective internal control system to achieve regulatory objectives, asset protection, accurate internal and external reporting, risk reduction, and adherence to regulatory requirements.

The Audit Committee oversees the Internal Audit work, which periodically reviews the adequacy and effectiveness of the internal control system to provide a continuous assessment of the system. The Committee also reviews the External Auditor's reports and management letter, which might include any lack of internal control noted by the External Auditor as part of their internal controls assessment.

Based on the above The Audit Committee also considers that the management position in general regarding internal control is positive, as the majority of activities are governed by written policies and procedures, and management reacts positively towards the recommended policies or improvements.

External Audit

The Audit Committee evaluated the proposals of External Auditors and provided recommendations to the Board of Directors to nominate an External Auditor for the Company. After evaluation of all proposals with consideration of experience and qualifications, Ernst & Young & Co. (EY) and Dr. Mohamed Al-Amri & Co. (BDO) were recommended on May 28, 2023, to the Board to present this recommendation to the Annual General Assembly to select one of them as an external auditor. The General Assembly, held on June 22, 2023, selected Ernst & Young & Co.

(EY) to be the External Auditor to review and audit the Company and its subsidiaries quarterly financial statements for the second, third, and full year annual financial audit for the FY-2023, the first quarter of 2024. This in addition to the quarterly CST reporting requirements .

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Risks

Enterprise Risk Management

Zain KSA remains committed to its formal, systematic, and structured process of managing risks across the organization. As such, it continues to update the ERM framework, policy, and processes for managing Zain KSA risk profiles in accordance with the ISO 31000:2018 standards and the CMA Governance regulations. The Board of Directors of Zain KSA continues to provide oversight responsibilities over the top risk profiles of Zain KSA.

Furthermore, Zain KSA has conducted yearly refresh exercise. the top risks are tracked on a quarterly basis to monitor the progress of the risk mitigation plans and key risk indicators.

Zain KSA has followed both a top-down and bottom-up approach in identifying key risks that impact the organizational objectives. This was done to ensure that everyone in the Company is aware of the risks, and necessary actions were initiated to mitigate such risks thereby assuring they are systematically assessed, mitigated, and monitored. Below is a list of risks that have the most material impact on Zain KSA and how they are being mitigated:

Strategic risks

◆ **Customer Experience**

As the third largest mobile telecoms operator, Zain KSA recognizes the need to add value to the market through delivering an exceptional customer experience. While Zain KSA currently retains an advantageous position as a first-mover in the 5G network, it faces challenges in coverage. The 5G network coverage is one of the top three customer pain points and one of the main causes of churn.



Addressing these challenges and enhancing coverage across all networks is critical for Zain KSA, not only to meet customer expectations but also to sustain competitiveness and retain market share. Zain KSA is committed to several key initiatives focusing on coverage and capacity, network service quality, network health check and preventive maintenance, customer experience, digital penetration, touchpoint experience, and transition to digital channels. Together, these initiatives reaffirm Zain KSA's commitment to improving network infrastructure, enhancing customer experience, and embracing digital transformation to continuously meet the dynamic consumer expectations in the telecommunications sector.

Successful implementation of the BSS Transformation program

Zain KSA's Digital BSS transformation program that used to be one of the top risks for the company has been effectively managed by the controls and measures that top management has put in place. This led to the mitigation of the risk of failure to successfully implement the program and failure to improve agility, time-to-market, and supporting the overall company's digital transformation program.

Zain KSA is making great progress with the implementation of the Digital BSS transformation program that will support business systems and ensure a successful comprehensive digital transformation program.

Prepaid Sector Growth

The prepaid sector is a vital sector for Zain KSA, and its growth is essential for expanding its overall market share. Despite the decline in prepaid revenues, Zain KSA recognizes various contributing factors, including new legislation impacting distribution, pricing risks, and service quality concerns.

To overcome these challenges and enhance the prepaid sector's performance, Zain KSA is implementing a comprehensive strategy that includes initiatives to expand sales points, launch innovative prepaid offerings, diversify sales channels, improve revenue management, enhance partner management, and create a value proposition targeting the youth segment.

These collective initiatives underscore Zain KSA's commitment to reviving the prepaid sector, adapting to market dynamics, and promoting sustainable growth through effective distribution management and strategic products and partnerships.

Market Competition for Business Sector (B2B)

The B2B commercial sector is a vital growth engine for Zain KSA and a contributor to overall revenue growth. However, the market landscape is evolving with new licenses issued to several internet providers by the CST. These new participants, employing aggressive pricing strategies, are pressuring prices.

To address the B2B sector challenges, the strategic approach reflects alliances and partnerships, alongside the ability to adapt to market dynamics and address business opportunities through innovation. Zain KSA has maintained competitiveness and continuing expansion within the dynamic telecom market. Collaborative efforts aim to identify key business profiles, formulate tailored solutions, and mitigate risks of direct competition in the market. This strategic approach strategically positions Zain KSA to navigate challenges and seize opportunities in the constantly evolving B2B sector.

Financial Risk(s)

Macroeconomic Factors

Macroeconomic headwinds pose a downside risk which indicates an inability to maintain growth and telecom share of the wallet. Despite a decrease in inflation from January 2023 (3.4%) to July 2023 (2.3%), a pressure remains on telco spending. This has dampened demand for new services. Furthermore, the increase in interest rates by the Saudi Central Bank (6% in July 2023 compared to 2.25% in July 2022) and SAIBOR indicators (3-month SAIBOR at 5.93% in June 2023 compared to 2.9% in June 2022) is impacting both current interest payments and future demand on CAPEX investments. This rise in interest rates adds financial pressure to the company's operations.

Zain KSA is mitigating its risk through revenue-uplifting programs to maintain profitability. These include enhancing digitalization across all channels, hedging against future interest increases, and utilizing analytics to identify upsell opportunities and expand beyond telecom with a focus on B2B services. Moreover, this indicates the Company's dedication to identifying driving revenue growth as well as implementing continuous OPEX optimization programs, implementing strategic financial management.

Investment in Network / Return on Assets (ROA)

As the third-largest mobile telecoms operator in the Kingdom of Saudi Arabia, Zain KSA requires significant capital investments to compete effectively, with a focus on 5G spectrum, fiber connections, and expanding 5G and 4G sites.

A low CAPEX can hinder our market position and customer experience refinement. Thus, achieving a balance between capital and a focus on Return on Assets (ROA) through attractive business proposals is crucial. Additionally, any potential increase in interest rates poses a risk to profitability. Managing these financial considerations is vital to maintaining competitiveness and financial performance in the Kingdom' dynamic telecoms market.

Zain KSA is actively investing in 5G to meet the increasing demand for broadband services. The company relies on a smart investment strategy, where extra spending is kept within financial caps. Capital projects are self-financed, and reliant on operating cash flow, with any cash shortfall redirected towards managing debt increases or shareholder liabilities. This approach underscores Zain KSA's commitment to prudent financial management and achieving sustainable growth in the dynamic telecoms industry.

Supply Chain Disruptions

As the world recovers from the COVID-19 pandemic, supply chain disruptions continue to be mitigated. Zain KSA is mitigating its risks through a review of critical inventory, managed services, and suppliers. We are also identifying and engaging with alternative options for our most critical suppliers. We are engaging with our suppliers to get prioritized/pre-book capacity in preparation for supply resumption, and re-channeling inventories in transit. Therefore, this is no longer a top priority for the company.

Compliance Risk

Evolving Regulatory Regime

As Governments continue to drive the digital society through various initiatives and programs, regulators are expanding their legislation on emerging technologies such as Fiber and 5G. As such, the involvement of cross-industry regulators and government entities has resulted in an overlap of regulatory ambit, which may result in delays in launching new cross-industry solutions and in regulatory non-compliance.

Some of the recent directives that are impacting the achievement of Zain KSA's business plans include spectrum auctions, regulations, and Nafath 2.0. Zain KSA ensures its risks are mitigated by proactively responding to regulatory requests, developing relationships with external stakeholders, and proactively engaging with cross-sector industry ecosystems. Zain KSA continues to implement various measures, controls, and strategies to compliance as part of a strong governance framework.

Data Governance & Privacy Risk

As the Kingdom gears up to regulate how data is classified, stored, and shared and how data privacy is addressed, the National Data Management Office (NDMO) has developed a framework for national data governance to set policies and regulations. Moreover, Personal Data Protection Laws (PDPL), regulates how businesses collect, process, and store personal data about individuals residing in the Kingdom. Telco operators must ensure compliance with these data governance regulations and data protection laws to ensure responsible management of personal data.

Zain KSA is mitigating its risks through various data governance and data privacy initiatives and projects. As part of the ongoing improvements in data governance in line with the updated regulations, Zain KSA is actively participating in developing and implementing strong frameworks for PDPL regulations. Zain KSA has conducted a current state assessment of its data management practices focusing on addressing potential gaps compared to the requirements of the PDPL and ensuring strict compliance with mandatory policies and procedures across relevant legislations.

These preemptive measures highlight Zain KSA's commitment to maintaining high standards in data management and privacy practices, showcasing alignment with the constantly evolving regulatory landscape.

Operational Risk(s):

Information Security & Cyber Risks

Information security & cyber risks continue to cause growing concern for companies globally as cyber threats continue to advance and persist, while the rapidly shifting landscape in data extortion methods used by cyber-criminals continues to cause major concerns. With the continued proliferation of devices, interfaces and networks, and vulnerabilities associated with remote work, cyber security remains a top and urgent priority.

Zain KSA continues to prioritize cybersecurity and recognizes it as a top urgent risk. The company actively mitigates its risks through regular internal and external assessments to ensure compliance with best practices and cybersecurity regulatory frameworks and standards, in addition to investing in multiple cybersecurity projects to mitigate new types of attacks and ensuing threats.

Zain KSA's attainment of ISO 27001 certification during 2023 is a milestone highlighting the company's commitment to maintaining high cybersecurity standards and serving as evidence of Zain KSA's dedication to quality and security in its operations.

Talent Management

As the Kingdom continues its transformation initiatives through Saudi Vision 2030 programs, with the participation of government ministries and semi-government organizations, there is a huge demand for skilled resources leading to attractiveness in joining government and semi-government sectors. Moreover, digital transformation strategies, apart from an overhaul of systems and processes, require a transformation of workforce capability and skills. Talent acquisition needs are pronounced in domains such as data science, IoT, RPA and software-based networks. As such, talent attraction and retention is essential for achieving operational efficiencies.

The preemptive mitigation strategies and future-readiness practices adopted by Zain KSA involved talent gap analysis, organizational restructuring, partnerships with universities to recruit talent with the right skill sets. It also continued to attract top ICT talent by creating compelling remunerations, initiating retention efforts, and enhancing the work environment. These efforts confirm Zain KSA's commitment to strategic talent management to ensure the company thrives with the right skills for a digital era.

Board of Directors

Zain KSA's Board of Directors

The Board of Directors represents all shareholders and performs its duties in managing Zain KSA's affairs with care and loyalty. The Board undertakes all actions in the general interest of the Company and strives to develop it and maximize its value. In order to take on this sensitive role, the Board has the broadest powers in managing the Company and guiding its activities to achieve its strategic objectives.

The Board of Directors comprises a breadth of practical, managerial, and technical expertise that contributes to achieving the Company's goals, fostering growth, and expanding the business network to enhance sustainability and benefit shareholders.

About Zain KSA's Board of Directors and the changes during the year:

During its meeting held on April 14, 2023, former board member Mr. Firas Oggar submitted his resignation from the board, which was accepted on May 3, 2023, for personal reasons.

On May 8, 2023, the Board approved the appointment of Mr. Talal bin Said Al Mamari as a non-executive member of the board. Mr. Talal possesses extensive experience in the field. He currently serves as the CEO of OmanTel and has held various leadership positions within the company, including as Chief Financial Officer.

#	Name	Position	Membership Classification
1	HH Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	Chairman	Non-executive
2	Bader Nasser Al – Kharafi	Vice-chairman	Non-executive
3	Ossama Michel Matta	Board Member	Non-executive
4	Martial Caratti	Board Member	Non-executive
5	Kamil Hilali	Board Member	Non-executive
6	Talal bin Said Al Mamari	Board Member	Non-executive
7	Saud Abdullah Al-Bawardi	Board Member	Independent
8	Abdullah Fahad Al-Faris	Board Member	Independent
9	Saad Bin Ibrahim Al-Mousa	Board Member	Independent

Key decisions made by the Board of Directors during 2023:

- Approval of the sale of the passive infrastructure of Zain KSA towers to Golden Lattice Investment Company for a value of SAR3.02 billion
- Approval of the signing of an agreement with the Ministry of Finance to convert the existing commercial loan into Sharia-compliant Murabaha financing
- Approval of the amendment of the management agreement with Zain Group to become a brand support agreement
- Recommend distribution of cash dividends totaling SAR449,364,588 to shareholders for the fiscal year 2022
- Approval of the resignation of Board member Mr. Firas Oggar on 162023/04/ (accepted by the Board on 032023/05/)
- Approval of the appointment of Mr. Talal Al-Mamari as Board member replacing the resigned Board member to complete the Board's current term (Fifth Term)
- Decision to sell the company's 20% stake in Golden Lattice Investment Company SAR726 million to the PIF

The Board of Directors Meetings

Zain KSA Board of Directors held five meetings during 2023. The following table includes meetings details of the Board of Directors throughout the year:

#	Name	April 8, 2023	April 13, 2023	May 8, 2023	August 3, 2023	November 7, 2023	Total
1	HH Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	✓	✓	✓	✓	✓	5
2	Bader Nasser Al – Kharafi	✓	✓	✓	✓	✓	5
3	Ossama Michel Matta	✓	✓	✓	✓	✓	5
4	Saud Abdullah al-Bawardi	✓	✓	✓	✓	✓	5
5	Martial Anthony Caratti	✓	✓	✓	✓	✓	5
6	Firas Oggar	✗	✓	Resigned on 162023/04/			1
7	Kamil Hilali	✓	✓	✓	✓	✓	5
8	Abdullah Fahad Al-Faris	✓	✓	✓	✓	✓	5
9	Saad Bin Ibrahim Al-Mousa	✓	✓	✓	✓	✓	5
10	Talal Al Mamari	Appointed on 92023/5/			✓	✓	2

Other Capacities of the Board Members

The following table lists the companies inside and outside the Kingdom of Saudi Arabia in which the Board Members serve or have previously served as Board Members or Senior Executives

Name	Current Board Memberships / Executive Roles in other Companies	Previous Board Memberships / Executive Roles in other Companies
HH Prince Nayef bin Sultan bin Mohammed bin Saud Al Kabeer	• Chairman of the Board of Directors at Almarai (Joint Stock Company) • Chairman of the Board of Directors of Sultan Holdings • Chairman of the Board of Directors at Arabian Shield Cooperative Insurance Company (Joint Stock Company) • Chairman of the Board of Directors of Sabeen Investment Co. • Vice Chairman at Farabi Petrochemicals Company • Board Member at Yamama Saudi Cement (Joint Stock Company) • Board Member at Tarabot Investment & Development Company • Board Member at Tejoury Company	• Held a position at Saudi Fransi Bank • Chairman and Board member at a number of leading local and international companies
Bader Nasser Alkharafi	• Chairman of National Investments Company, Kuwait • Chairman of Diamond Motor Corp. (Mitsubishi) • Vice-Chairman of the Board at Gulf Cable & Electrical Industries Co. KSCP, Kuwait • Vice-Chairman of Zain Sudan • Vice Chairman & Group CEO at Mobile Telecommunications Company KSCP (Zain Group, Kuwait) • VP of Mohammed Abdulmohsin Al Kharafi & Sons (Kuwait) • Vice Chairman of the Atheer Telecommunications (Zain Iraq) • Vice Chairman of the Board of Directors of "Injaz Foundation", a non-profit organization • Chairman of the Board, Member of the Remuneration and Nomination Committee, and Chairman of the Executive Committee for Securities at Kuwait Stock Exchange • Board Member at Gulf Bank KSCP since 2012 (Kuwait) • Member of the Advisory Board for the Middle East Region of the British Coutts Bank • Managing Director of Al-Khatem Telecommunications (Iraq)	• Non-executive Board Member at Al-Khatem Telecommunications

Name	Current Board Memberships / Executive Roles in other Companies	Previous Board Memberships / Executive Roles in other Companies
Ossama Matta	• Chief Financial Officer at Mobile Telecommunications Company, KSCP, Kuwait • Board member of Zain Sudan, Zain Iraq, TASC Towers Holding Ltd. (UAE)	• PWC Senior Auditor (Lebanon and Saudi Arabia) • Deloitte & Touche LLP Senior Auditor • General Accountant at the refugees' fund (Lebanon) • Board member at INWI Morocco
Saud bin Abdullah AlBawardi	• Chief Executive Officer at the United Commercial Company (Almuttahida) • Board Member at Al Jouf Cement Company • Board Member of Rassanah Capital • Board member of Rafd Al Nahas Industrial Co.	• Chief Operating Officer at Mobile Telecommunications Company Saudi Arabia (Zain KSA) • Chief Communications Officer at Mobile Telecommunications Company Saudi Arabia (Zain KSA) • Chief Commercial Officer at Mobile Telecommunications Company Saudi Arabia (Zain KSA) • Board member and member of the Audit Committee at Gypsum Co. • Independent board member at Falcom • Retail General Manager, Mobily
Martial Anthony Caratti	• Advisor to the Board in Telecom companies in UK and France	• Chief Financial Officer at Oman Telecommunications Company (Omantel) • Chief Financial Officer at Ooredoo Tunisia Telecommunications Company • Chief Financial Officer at France Telecom Company (Itinéris) • Chief Financial Officer at Orange Group • Board Member of several telecoms companies in Europe, Asia, Africa, and the Middle East
Abdullah Fahad Al-Faris	• Member of the Audit Committee at Marble Design • Chief Strategy Officer at VRO, the Ministry of Industry and Mineral Resources	• Chief Executive of Strategy of The National Real Estate Registration Services Company, a PIF company • Vice Governor for Strategy at The Small and Medium Enterprises General Authority (Monsha'at) • Chief of Organizational Strategy at VRO, the Ministry of Municipal Rural Affairs & Housing • Infrastructure development sector – mobile tower construction – 3G 4G, on-premises coverage - Mobily

Name	Current Board Memberships / Executive Roles in other Companies	Previous Board Memberships / Executive Roles in other Companies
Saad Bin Ibrahim Al-Mousa	• Board Member and member of the Audit and Risk committee at Ashmore Saudi • Non-Executive Board Member at Flynas	• Jisr Technology – Information technology • Real Estate Development – Saaf International • Board Member at Enma Alrwabi
Kamil Hilali	• Chief Strategy and Business Development Officer of the Mobile Telecommunications Company, KSCP, Kuwait • Acting CEO at TASC Towers • Board member in INWI Morocco • Board Member at Zoodmall ecommerce platform	• Board Member in two subsidiaries of the Kuwait Projects Company • Director of Asset Management at Co & JPMorgan Chase • Finance and Business Planning Manager of the Mobile Telecommunications Company, KSCP, Kuwait • Senior Investment Manager in North Africa Holding Company (private company owned by KIPCO)
Talal Said Al Mamari	• CEO of Omantel • Board Member at Zain Group (Kuwait, Iraq, Jordan, Sudan) • Board Member at Oman Center for Corporate Governance and Sustainability • Board Member at PMJPR Properties Ltd. • Member of Oman-China Friendship Association • Member of Oman-France Friendship Association	• Chief Financial Officer at Omantel • VP, Finance at Omantel

The Board of Directors Committees

In compliance with the CMA's Corporate Governance Regulations and as part of its commitment to the governance best practices, Zain KSA Board of Directors has two committees, which are the Audit Committee, and the Remuneration and Nomination Committee. Each committee has its own Roles and Responsibilities, Work Procedure, Appointed Procedure and nominate roles, term duration, and remunerations recommended by the Board and approved by the General Assembly.

The Audit Committee

The Audit Committee is composed of three (3) members appointed by the General Assembly for a term not exceeding three (3) years and may always be reelected in compliance with the related laws and regulations. No changes have occurred to the Audit Committee during 2023.

The Audit Committee composition during 2023:

1. Martial Caratti - Chairman (non-executive board member)
2. Ossama Matta - Member (no-executive board member)
3. Saud bin Abdullah Al Bawardi - Member (independent board member)

Audit Committee Roles and Responsibilities

The Audit Committee in 2023 oversaw the efficiency and effectiveness of internal controls at Zain KSA. To assess that, a number of meetings were held during 2023 with the Internal Audit Deputy GM, Senior Management, and External Auditor. This section briefly introduces the Committee's roles and responsibilities, composition, and the meetings conducted. As outlined in the CMA's Corporate Governance Regulations and the relevant articles of the Companies Law, as well as the responsibilities stated by the Board of Directors, the main responsibilities of the Audit Committee are outlined as follows:

- Assist the Board of Directors in its evaluation of the adequacy and efficiency of the internal and financial control systems, accounting practices, information systems, and auditing processes applied within the Company.
- Review and monitor the Company's management, Internal Auditors, External Auditors and the Company's finance policies to reasonably assure the adequacy of accounting principles and financial practices applied.
- Review and discuss the accounting policies adopted and any changes made to them, and submit recommendations and views to the Board of Directors.
- Review and analyze the interim (quarterly) and annual financial statements prior to presenting them to the Board of Directors to take their recommendations thereon and ensure the integrity, fairness and transparency of the statements.
- Nominate and recommend the appointment of External Auditors and their remuneration, and monitor their effectiveness.
- Supervise and monitor the Company's Internal Audit department to verify its effectiveness in performing the duties and tasks assigned to it.
- Review the effectiveness of the system in monitoring compliance as per applicable laws and regulations, including company governance regulations, the results of management's investigation, and any instances of non-compliance.
- Approve the Internal Audit charter as well as Internal Audit policies and procedures.
- Meet individually and periodically with the Internal Audit General Manager to discuss any matters that the Audit Committee or the Internal Audit General Manager may consider necessary.

The Audit Committee Meetings

The Audit Committee held five meetings during 2023. The following table includes the meetings attended by each member:

#	Name	Capacity	21th March 2023	7th May 2023	23th May 2023	3rd August 2023	6th November 2023	Total
1	Martial Caratti	Chairman	✓	✓	✓	✓	✓	5
2	Ossama Matta	Member	✓	✓	✓	✓	✓	5
3	Saud Albawardi	Member	✓	✓	✓	✓	✓	5

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of three (3) members who were reappointed by the Board of Directors on April 27, 2022, for a three-year term which will end with the conclusion of the Board's session. The committee operates in accordance with updated regulations recommended by the Board and approved by the General Assembly on June 3, 2021.

1. Saud Albawardi - Chairman (independent board member)
2. Kamil Hilali - Member (no-executive board member)
3. Ossama Matta - Member (no-executive board member)

The Remuneration and Nomination Committee Roles and Responsibilities

The Remuneration and Nomination Committee is responsible for examining matters related to remunerations and nominations, referred to it by the Board of Directors or within its scope, and submitting recommendations to the Board for decision-making. It may also make decisions if delegated by the Board. This section provides a brief overview of the duties, responsibilities, and composition of the Remuneration and Nomination Committee, as well as the meetings held during 2023. As outlined in the CMA's Corporate Governance Regulations and the relevant articles of the Companies Law, as well as the responsibilities stated by the Board of Directors, the main responsibilities of the Remuneration and Nomination Committee are outlined as follows:

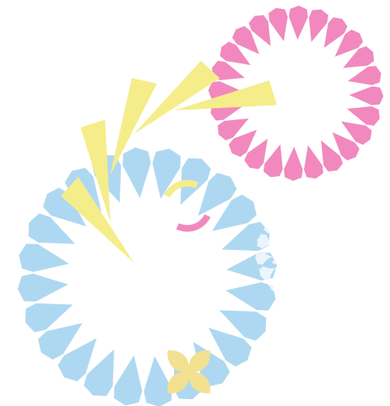
Remuneration:

- Suggesting a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting them to the Board of Directors for consideration
- Clarifying the relationship between the remunerations granted and the applicable policy and indicating any material deviation from this policy; conducting a periodic review of the remuneration policy
- Recommending remunerations of Board members and committees
- Recommending remunerations of CEO and senior executives

Nominations :

- Proposing clear policies and standards for membership in the Board of Directors and executive management
- Reviewing the structure of the Board of Directors, subordinate committees and executive management, and submitting recommendations regarding the changes that can be made
- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and for filling executive management positions in the Company and recommending to the Board the nomination of the CEO and Heads of Departments
- Determining the time that the member should allocate to the work of the Board of Directors; determining the strengths and weaknesses of the Board of Directors, and proposing solutions to address them in line with the Company's interest
- Checking on an annual basis the independence of the independent Board members and ensuring the absence of any conflicts of interest if a Board member also acts as a member of the Board of Directors of another company; performing an annual review on suitable skills required for membership of the Board and for the appointment of senior executives
- Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and criteria, taking into account not to nominate any person who has the symptoms of candidacy
- Recommending to the Board of Directors to dismiss and accept the resignation of the heads of sectors in the Company
- Recommending to the Board of Directors to provide adequate training and support to the CEO.

#	Name	Capacity	12th April 2023	11th December 2023	Total
1	Saud Albawardi	Chairman	✓	✓	2
2	Kamil Hilali	Member	✓	✓	2
3	Ossama Matta	Member	✓	✓	2



Zain KSA Leadership

The Board of Directors

HH Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer – Chairman of the Board



A prominent businessman with extensive expertise in vital fields such as general investments, petrochemicals, foodstuffs, insurance, wholesale, and retail, among others. HH serves in several leading positions, including Chairman in many conglomerates, one of which is the renowned company Almarai. HH also chairs and serves as a member on the boards of several other establishments, including Yamama Cement Company, Farabi Gulf Petrochemicals Company, the Arabian Shield Insurance Company, Tarabot Investment and Development, and the Global Co. for Downstream Industries (GDI), as well as serving as Chairman of the Board and General Manager for Sultan Holding Co. HH Prince Naif holds a BSc in Business Administration (Marketing) from King Saud University.

Bader bin Nasser Al-Kharafi – Vice Chairman of the Board



Mr. Bader Al-Kharafi has been serving as the Vice Chairman of the Board of Directors of Zain KSA since October 2015. He has held several key positions, notably Vice Chairman of the Board of Zain Group in Kuwait since February 2014 and later assuming the role of Group CEO in March 2017. With a track record in spearheading business development and consultancy projects for leading companies and international institutions, Al-Kharafi is recognized as one of the most active business leaders in the MENA region. He holds significant memberships, including CEO of Touch Lebanon, and serves on the Board of Directors and the Remuneration and Nomination Committee at the Kuwait Stock Exchange. He is also the Chairman of the Board of National Investments Company in Kuwait and Vice Chairman of the Board of Directors at Diamond International Motors (Mitsubishi) and INJAZ, Kuwait, a non-profit organization. Additionally, Al-Kharafi serves as Vice Chairman of the Board of Directors of Atheer Telecommunications in Iraq (Zain Iraq) and a member of the Advisory Board for the Middle East at British Coutts Bank. He holds a Master's degree in Executive Business Administration from London Business School and a Bachelor's degree in Mechanical Engineering from Kuwait University.

Ossama Matta – Member of the Board



Ossama Matta has a track record spanning more than 24 years of solid financial and managerial experience in the Middle East. Joining Zain Group in 2004, he was first appointed as CFO of Zain's Lebanon subsidiary, mtc touch, before being appointed as CFO of Zain Kuwait in 2007, and, eventually, as Zain Group CFO, as of June 2010.

Alongside his leadership skills, Mr. Matta has extensive experience in corporate finance. He has effectively contributed to securing more than $25 billion in loans since joining Zain. He has overseen and led M&A operations, identifying strategic areas of cooperation and expansion. Mr. Matta also has deep expertise in key financial analytics, including project valuation, business valuation, options valuation and hedging against interest rate risk. He is a strong advocate of corporate governance and transparency.

Mr. Matta holds an Executive MBA (Emphasis in Finance, Strategic Management, and Project Management) and a Bachelor's Degree in Business Administration from the American University of Beirut, Lebanon, and is a Certified Public Accountant.

Saud bin Abdullah Al-Bawardi – Member of the Board – Chairman of the Remuneration and Nomination Committeer



Saud Al-Bawardi served as the Executive Vice President and Chief Operating Officer of Zain KSA until the end of 2015. He has over 20 years of experience in telecommunications and banking. Mr. Al-Bawardi also holds several leadership positions, including being a Member of the Board of Directors of several companies including: Al-Jouf Cement Company, the Smart Parking Company, Rassanah Capital, and Rafd Al Nahas Industrial Co.

He holds an MBA in International Business from the Swiss Business School, Zurich, Switzerland, alongside a BSc in Media from King Saud University.

Martial Anthony Caratti – Member of the Board



Caratti has over 30 years of experience in the telecommunications industry in the Middle East and Europe. Caratti began his career in 1986 at NCR France. He continued his career in communications in France, where he served as Chief Financial Officer at a subsidiary of France Telecom from 1992 to 1996. In 1996, he became France Telecom Group's Controller of customer branches and Financial Director at Itineris, part of France Telecom at the time, currently Orange Group. He also served as Vice President of the Finance-Content division at Orange Group London from 2000 to 2006 and as Vice President of International Business at Orange Group London. Mr. Caratti held the position of the Head of Financial Management at Tunisia's telecom operator, Ooredoo Telecom from 2008 to 2015. He holds a BA in Finance and Accounting from ESLSCA University in Paris.

Talal Said Al Mamari – Member of the Board



Mr. Talal Said Al Mamari has been a Board member since May 9, 2023. He has been the Chief Executive Officer of Omantel since 29th June 2014. Prior to his appointment as CEO, he held several leadership positions within the Company including Chief Financial Officer. With more than 25 years of experience in the telecom sector working for Omantel, Mr. Al Mamari has played an instrumental role in different initiatives and projects carried out by the Company including the IPO, the restructuring of Omantel by bringing the mobile and fixed operations together and later the full legal merger of Oman Mobile with Omantel. He also managed Omantel's recent acquisition of Zain Group's fully paid-in and issued share capital that was completed on August 24, 2017.

He sits on the boards of several companies and investment funds including United Securities Investment Fund and Al Roya Fund (Al Khair Investment Fund compatible with Sharia). He holds a degree in Business Administration from Duquesne University, Pittsburgh, Pennsylvania, USA. He also holds a Senior Executive Program degree from the London Business School, UK.

Kamil Hilali – Member of the Board



Kamil Hilali is Chief Strategy Officer at Zain Group and has over 18 years of experience and a member of the Board of INWI Morocco and TASC Towers.

With a proven track record in developing corporate strategy as well as his versatile business leadership capacities, he is managing Zain Group's '4Sight' strategy encompassing digital transformation, ICT and B2B development, digital infrastructure, wholesale, business development, and mergers and acquisitions. Before joining Zain, he worked for North Africa Holding Company as a Senior Investment Manager.

Mr. Hilali graduated with a Bachelor of Science in Industrial Engineering at the National School of Mineral Industry, Morocco, attained a Master of Business Administration from Suffolk University in Boston MA, USA, and a Master's in Finance from London Business School, UK.

Eng. Abdullah Fahad Al-Faris



Eng. Abdullah Alfaris is the Head of Vision Realization Office at the Ministry of Industry and Mineral Resources and has extensive experience in Government and Private Sectors in the field of Strategy, Transformation, Corporate Governance and Change Management. He is a Member of The Board and Audit Committee at Marble Design Company and holds several leadership positions as a Chief Strategy Officer at one of the Public Investment Fund's subsidiaries, Vice Governor for Strategy at Small & Medium Enterprise General Authority and Head of Vision Realization Office at Ministry of Municipality, Rural Affairs & Housing.

Al-Faris holds a Master's Degree in Business Administration (MBA) from Prince Sultan University and Bachelor's Degree (BSc) in Electrical Engineering, Communication & Technology from King Saud University.

Saad bin Ibrahim Al-Moussa



Saad bin Ibrahim AlMousa is considered one of the pioneers in the world of business and finance, with over 20 years in the field. He has managed companies across multiple sectors, including IT, Telecommunications, services industry, financial investments, andreal estate. His expertise includes founding and restructuring companies as well as the management of their economic and financial affairs, and his knowledge extends to establishing and structuring investment funds. As a visionary leader who has laid the foundation for many commercial entities in different fields, AlMousa is passionate about bold investments, strategic planning, and finding the best frameworks for investing in human capital. He currently serves as the Vice Chairman of the Board of Directors and member of the Audit and Risk Committee at Ashmore Saudi Arabia, and a member of the Board of Directors at Flynas Company.

Al-Mousa holds a Bachelor's Degree in Information Systems from the College of Computer and Information Sciences, King Saud University.

Zain KSA Leadership

Executive Management

Eng. Sultan Bin Abdulaziz Al-Deghaither – Chief Executive Officer



Eng. Sultan Bin Abdulaziz Al-Deghaither serves as the Chief Executive Officer of the Mobile Telecommunications Company Saudi Arabia (Zain KSA), Vice Chairman and Managing Director of Tamam Financing Company (Tamam), and the Chairman of the Board of Directors of PLAYHERA MENA esports company.
With 19 years of success, Al-Deghaither boasts a proven track record in executive, operational, and technical management. Al-Deghaither has led several trailblazing projects that positioned Zain KSA as the leading telecom operator of choice in the Kingdom.

Al-Deghaither has championed the Company's financial and operational transformation, increased the market value, extinguished more than SAR 2 billion of accumulated losses, and distributed cash dividends for the first time in the Company's history. This milestone followed Zain KSA 's achievement of all-time record revenues and profits, positioning it among the 50 top-ranking brands in the Kingdom. Al-Deghaither was deeply involved in developing and advancing the Company's networks within the Kingdom. In 2019, he led the roll-out of the fourth-largest 5G network in the world and the largest 5G network in the Middle East, Europe, and Africa.

He has also crafted a strategic vision for Zain KSA's business sector, promoting large-scale investment in innovative technologies and digital solutions and services, ranging from cloud computing to future 5G applications, such as Internet of Things (IoT), Artificial Intelligence (AI), blockchain, and drones.

Eng. Al-Deghaither has managed Zain KSA's transformational process from a telecom company to an integrated digital ecosystem that served as a key pillar for the emergence and growth of a variety of new technology sectors in the Kingdom. In 2022, he spearheaded the strategic partnership between Zain KSA and PLAYHERA, which led to the establishment of PLAYHERA MENA.

With his extensive experience, Eng.Al-Deghaither advanced the FinTech sector in the Kingdom and launched Tamam Financing Company as the first consumer micro-financing entity in the Kingdom and the Middle East. He supervised its expansion and operational plan, reaping record profits in a short term.

Eng. Al-Deghaither's leadership approach embodies a commitment to inclusion and diversity. Under his leadership, the Company has witnessed Saudi women's empowerment at the leadership level, enhancing their presence in the telecommunications sector. Through his leadership, Zain KSA has become a champion of sustainability. In 2023, under the presence of HRH Crown Prince Mohammed bin Salman, the company signed an agreement with "Shareek" to launch hyper-scale data centers and also launched the first zero-emission 5G network worldwide at the Six Senses Southern Dunes resort at The Red Sea.

Eng. Al-Deghaither has been ranked among the best 300 CEOs in the telecommunications sector by MENA TRNDS. He holds a bachelor's degree in Telecommunications and Electrical Engineering from King Saud University and an Advanced Management Program Degree from IESE.

Eng. Saad Al-Sadhan – Chief Business and Wholesale Officer



Eng. Saad Al-Sadhan holds the position of Chief Business and Wholesale Officer at Zain KSA. In this role, Al-Sadhan has successfully led the development of the company's wholesale business, solidifying its position within the national market, and positioning Zain KSA's B2B portfolio as a catalyst for the Kingdom's digital business environment. He deftly navigated business relations and strategic partnerships, with a focus on evolving Zain KSA's products and innovative digital solutions to ensure they consistently meet the demands of enterprises.
This strategic approach has led to a significant upswing in the company's B2B sales.

Eng. Al-Sadhan played a key role in launching (Zain Cloud), aspiring to bolster and support the digital transformation of both the public and private sectors, aligning with the goals of Saudi Vision 2030 and advancing towards a fully integrated digital economy. He also played a pivotal role in crafting a fully integrated digital ecosystem, seamlessly blending advanced communication services, diverse cloud solutions, and cutting-edge digital solutions anchored in 5G technologies. Eng. Al-Sadhan is also responsible for Zain KSA's wholesale business and the end-to-end management of its carrier customers and suppliers. He strives to improve the Company's network capabilities through strategic investments to continually meet both retail and wholesale demand.

Eng. Al-Sadhan joined Zain KSA in April 2016. Prior to his role at Zain KSA, he served as the Executive General Manager for a Wholesale Commercial Department at major telecom companies in the Kingdom. His career commenced as a Communication Engineer at Ericsson.
Eng. Al-Sadhan holds a bachelor's degree in Electrical Engineering from King Fahd University of Petroleum and Minerals (KFUPM) and a General Management Program certificate from Institut Européen d'Administration des Affaires "INSEAD".

Mehdi Khalfaoui – Chief Financial Officer



Mehdi Khalfaoui holds the position of Chief Financial Officer at Zain KSA. During his tenure, he made substantial improvements in the company profitability throughout improved efficiency and growth dedicated investments . dedicating strategic focus on commercial investment and bolstering cash liquidity together with improved capital structure.
He played a vital role in the company capital restructuring leading to significant deleveraging over the past few years . in addition to the TowerCo sale and leaseback transaction of Zain KSA's passive infrastructure that involved 8069 Towers. Contributing to the first dividend distribution to shareholders. Khalfaoui has international ICT sector experience in various areas within the telecommunications industry, including P&L Management, business performance monitoring, Budgeting and Planning, Treasury, and Corporate Finance.
Since 2009, he has held several positions within Zain Group and has succeeded in spearheading transformations focused on cost optimization and operational expense reductions. Prior to joining Zain KSA in 2017, Khalfaoui held key strategic roles with leading international telecom companies, serving as a Budget & Planning Analyst for Orascom Telecom and a Financial Analyst for SGCIB. Khalfaoui holds a master's degree in Corporate Finance from INSEEC Paris and ALUMNI status from Harvard Business School for the Program of Leadership Development.

Eng. Maher Al-Fawaz – Chief Sales and Distribution Officer



Eng. Maher Al-Fawaz has served as Zain KSA's Chief Sales and Distribution Officer. As an incumbent in this position, Eng. Al Fawaz took part in expanding and promoting Zain KSA's distribution and market share and deploying innovative distribution channels, effectively expanding the reach of the company's solutions and services.
Eng. Al-Fawaz has substantial experience in Network Engineering and Customer Care Services. During his tenure at Zain KSA, he applied his expertise to drive the Company's network development, customer care, and call center operations enhancement. Eng. Al-Fawaz contributed to delivering an integrated ecosystem of tech solutions and products that have scaled up CX for individuals and enterprises alike. His contributions have effectively reshaped the overall digital experience, orchestrating a seamless and highly efficient customer journey.

Eng. Al-Fawaz initially joined Zain KSA as a Capacity Manager back in 2013. He has also previously held the position of Chief Engineer in the network sector.
He holds a Bachelor's Degree in Electrical Engineering from King Saud University and master's degree in Business Administration (MBA) from Prince Sultan University.

Eng. Abdulrahman Al-Mufadda – Chief Technology Officer



As the Chief Technology Officer of Zain KSA, Eng. Abdulrahman Al-Mufadda leads the Company's development teams and is in charge of developing technologies, fostering digital innovation, and improving network operation processes.
Eng. Al-Mufadda boasts over 20 years of experience in the telecommunications and information technology sector. Under his leadership, the launch of the 5th generation (5G) network at Zain KSA marked a significant achievement, establishing it as the largest network in the Middle East and Europe at that time and the third-largest 5G network worldwide. Eng. Al-Mufadda has also spearheaded the National Transformation Program 2020, one of the most significant endeavors undertaken by the company in the broadband sector. Currently, he plays a pivotal role in advancing and implementing green technology keeping pace with the Company's sustainability goals. Furthermore, Eng. Al-Mufadda has successfully led his team in implementing Zain KSA's strategy in the deployment of the 5G network across the Kingdom, achieving the most significant local and regional accomplishment of its kind, which has yielded the expansion of the Company's services, solutions, and innovations offered, such as Augmented and Virtual Reality technologies (AR & VR), Artificial Intelligence, Robotics, and more.
He further contributed to implementing Project Reload.
Eng. Al-Mufadda initially joined Zain KSA as a Planning Delivery Manager in 2013, gradually advancing through several managerial roles to his current position. Prior to joining Zain KSA, he held several senior technical positions as an R&D Engineer and as Project Manager within Ericsson Group.
Eng. Al-Mufadda is a certified Project Management Professional and holds a Bachelor's Degree in Electrical Engineering from King Saud University, and a General Management Program certificate from Institut Européen d'Administration des Affaires "INSEAD".

Tiago Rocha da Silva – Chief Marketing Officer



Tiago Rocha da Silva holds the position of Chief Marketing Officer at Zain KSA. He is presently leading the company's commercial digital transformation, with a focus on enhancing customer experience and introducing innovative products and services, all geared towards positioning Zain KSA as the leading provider of cutting-edge digital innovations in the Kingdom.
Through his work, he led several pioneering studies that have helped expand multiple B2C projects while also supporting Zain KSA's ESG commitments.
Tiago brings to Zain KSA over 17 years of experience in Marketing, S&D strategies, brand positioning, Customer Experience, and Digital Transformation. He previously held leadership roles in Tier 1 Strategy Consulting firms such as Oliver Wyman and Delta Partners, as well as Executive Board Member Advisor at Emerge Solutions Group, and Marketing and Strategy Planning Director at Movicel.
Tiago holds a Bachelor's degree in Business Administration and master's degree in Executive MBA from ISCTE Business School.

Eng. Salah Al-Ghamdi – Vice President, Adjacent Markets



Eng. Al-Ghamdi holds the position of Vice President for Adjacent Markets at Zain KSA. He played a pivotal role in Zain KSA's digital transformation journey, contributing significantly to setting the Company's strategies and execution plans. Leveraging his occupational capacity and memberships in various boards and committees, he has been instrumental in adopting and creating new digital business models across multiple sectors, with a particular focus on financial technology.
Eng. Al-Ghamdi also worked on developing electronic channels, business intelligence, as well as big data capability and its supporting infrastructure.
Eng. Al-Ghamdi's contributions in adjacent markets have steered Zain KSA through excellent performance, leading to several accomplishments including Tamam's achievement of the Best Personal Finance Solution in the Middle East.
Eng. Al-Ghamdi has acquired 20 years of experience in marketing, finance, and communications. Prior to joining Zain KSA, he held senior roles at several of the Kingdom's telecom providers and global companies such as Ericsson, Nokia, and Takamol Holding.
Eng. Al-Ghamdi holds a master's degree in Engineering Entrepreneurship and Innovation from McMaster University in Hamilton, Canada, and a bachelor's degree in Electrical Engineering from King Saud University.

Eng. Abdulaziz Al-Subaie – Vice President, Regulatory Affairs and Compliance



Eng. Abdulaziz Al-Subaie is Zain KSA's Vice President of Regulatory Affairs and Compliance. Through his role, Al-Subaie provides regulatory support and manages the Company's affairs with the Regulatory Authorities at MCIT and CST, ensuring compliance with regulatory decisions and company license obligations to facilitate the rollout of Zain KSA's digital services.

Eng. Al-Subaie brings with him 15 years of invaluable experience within the company. Throughout his tenure, he has made significant contributions to various pivotal projects, such as the 5G network deployment, the Reload Project, the National Roaming Project, the Zain External DPI Project, the SS7 Firewall Deployment Project, and the Network Virtualization Project.
Eng. Al-Subaie joined Zain KSA as a Core CS Engineer in May 2008. He also held several positions, including Core Quality Supervisor in 2011, Roaming, Interconnect and Government Network Manager in 2014, and Service Operations General Manager in 2018.
Eng. Al-Subaie holds a Bachelor's Degree in Electronics & Communications Engineering from King Saud University in 2008.

Loluwah Saad AlNowaiser – Vice President, Human Resources



Loluwah AlNowaiser holds the position of Executive Vice President of Human Resources at Zain KSA She heads the Talent Management department, where her leadership is instrumental in shaping human resources strategies, attracting top-tier talent, delivering employee training programs, and establishing career pathways to maintain the company's competitive edge.
AlNowaiser has spearheaded two transformation programs in collaboration with global firms, significantly enhancing the work environment and recruitment landscape. Notable initiatives under her leadership include the launch of "Zain Academy" and the HIPO initiative, as well as updating policies and conducting market research aimed at improving salaries, propelling Zain KSA to become one of the highest-paying companies in the telecommunications sector. AlNowaiser has also contributed to nurturing and reinforcing Zain's corporate culture while streamlining HR operations, with a focus on improving employee satisfaction and cultivating a positive work environment. She has effectively contributed to promoting principles of Diversity, Equity, and Inclusion (DEI) throughout the organization, developing HR and enhancing employee wellbeing within the workplace. Additionally, AlNowaiser takes the lead in crafting HR policies to ensure compliance with governmental and organizational regulations.
AlNowaiser started her career with Zain KSA in 2014, where she held several management positions in planning and development. Her most recent role was as the Talent Management General Manager. Prior to joining Zain KSA, AlNowaiser played a key role in the HR Division at a major international trading corporation, PEPSICO.
AlNowaiser holds a bachelor's degree in Human Resources Management from KingSaud University, alongside several accredited training certificates in HR, and business management.

Fabricio Martinez – Vice President, Strategy & Transformation



Fabricio Martinez serves as the Vice President of Strategy & Transformation at Zain KSA. He is responsible for Zain KSA's strategy, transformation, programs, and supporting business excellence. More recently, he was appointed to lead the Company's primary digital transformation operations and programs, including the launch of the 5G network in 2019 and customer experience in 2020.
Martinez is a telecoms executive with 20 years of work experience in the Middle East, Africa, and Europe, and has global exposure in consulting, networks, and business modeling for the mobile industry with a focus on emerging technologies and services. He has occupied different positions in consulting, business development, strategy, and CAPEX/OPEX efficiency programs.
Martinez holds a master's degree in Strategic Direction of ICT from Universidad Politécnica de Madrid.

Rayan Al-Turki – Chief Communication Officer



Rayan Al-Turki has served as Zain KSA's Corporate Communication Officer. Al-Turki has contributed to the effective integration of Zain KSA's business units with its communication campaigns. Assuming the role of Vice President in November 2018, he spearheaded Zain KSA's marketing strategy, orchestrating the launch of its services and strategic investments in future technologies.

In addition to his achievements in facilitating several successful partnerships with government entities and private enterprises, Al-Turki has also orchestrated multiple outreach campaigns promoting Zain KSA's broad portfolio of services and the latest tech offerings, including AI, IoT and Drones Solutions. As a marketing strategist with over 19 years of experience in marketing, communication, and branding, Al-Turki held several executive roles in both the private and public sectors, most notably as General Manager of Marketing at the Ministry of Transport, along with other leading organizations, including Careem and the Ministry of Commerce and Investment.

Al-Turki holds a master's degree in Business Administration (MBA) from the US-based Rochester Institute of Technology, and Bachelor's Degree in Computer Science from King Saud University, and a General Management Program certificate from Harvard Business School.

Maha Al Qernas – Vice President, Business & Fulfilment



Maha Al Qernas holds the position of Vice President of Business and Fulfilment in Zain KSA. She has led several contracting projects and has been accountable for all of the Company's Business Support Systems, including end-to-end channel management, products, and services implementations.

As the head of the IT Department, Al-Qarnas played a pivotal role in driving the continuous development of strategic projects and ensuring the necessary adaptability to meet the increasing demand for the company's services. Leading various initiatives, she was instrumental in expanding and enhancing the company's IT infrastructure and business support systems.

Al Qernas has led numerous projects, playing a crucial role in advancing and expanding the company's information technology and business support systems. Through her role, she emphasized digital readiness and explored the impact of the broader adoption of data solutions on enhancing lifestyles with a focus on cloud services, broadband connectivity, and user privacy.

Al Qernas holds a Bachelor's Degree in Information Technology from King Saud University, and master's degree in Business Administration (MBA) from Al-Yamamah University, a Digital Leadership certificate from INSEAD, and a Corporate Finance certificate from Washington University.

Eng. Fawaz Al-Homoud – Vice President, Enterprise Risk and Information Security



Eng. Fawaz Al-Homoud currently serves as Vice President of Enterprise Risk and Information Security at Zain KSA and has contributed to creating and implementing information security policies and procedures that meet world-class standards.

Eng. Al-Hamoud brings over 18 years of extensive expertise in cybersecurity and strategic development. He has held numerous senior managerial and technical positions across various public and private entities, showcasing a wealth of experience in the field. He served as Senior Manager of IT Security at Qiddiya Investment Company. Prior to that, Eng. Al-Hamoud held several positions at Saudi Aramco, including as Head of Corporate Red Team Group and Head of Network Security Group, in addition to several other positions in other institutions.

He holds a bachelor's degree in Computer Engineering from King Fahd University of Petroleum & Minerals, and a master's degree in Business Administration (MBA) from the Open University of Malaysia, and a master's degree in Info Sec from Georgia Tech., in addition to several technical certificates in risk management and information security.

Our Shareholders

Zain KSA has a dedicated team to manage the relations with shareholders and investors in order to meet the requirements of local and global investors, respond to their inquiries, and take their comments and suggestions. The team works to manage market expectations and provide a comprehensive disclosure of all relevant information.

The importance of investor relations comes to achieve Saudi Vision 2030's goals of diversifying the economy, opening the financial market to foreign investors, and promoting Investor Relations best practices in line with the inclusion of the Saudi stock market in global indices. This is in continuation of the pioneering role played by the Capital Market Authority (CMA) and the Saudi Capital Market (Tadawul).

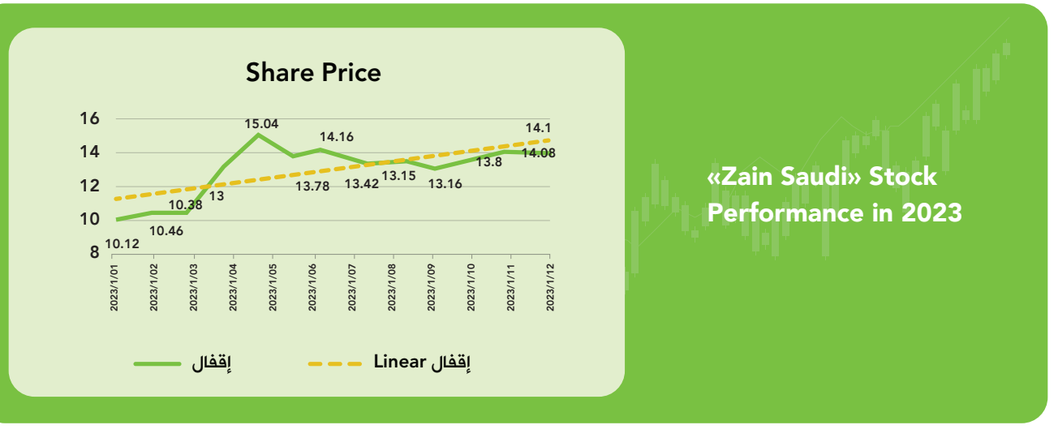
The Investor Relations function works to have proactive communication with the financial community and build effective relationships with all stakeholders. It initiates a dialogue between the Board and CEO on the investors' perceptions and expectations, as it provides several channels of communication including mail at (investor.relations@sa.zain.com) and telephone calls at (+966-8888-244-59), as well as attending local and international conferences.

The Investor Relations department receives suggestions, remarks, or inquiries from shareholders or investors relating to the Company and its performance, and updates the Board of Directors and the Executive Management on them in order to take the necessary actions - if needed - that serve the best interests of the Company and protects the rights of its shareholders.

1. Investor relations

The following table includes information related to substantial investors who own 5% or more of the Company's shares and their respective shareholding details during 2023:

#	Shareholder	As of January 1, 2023		As of December 31, 2023		Net change (Shares)	Change %
		No. of Shares	Ownership %	No. of Shares	Ownership %		
1	Mobile Telecommunications Company K.S.C.P	332,935,919	37.05%	332,935,919	37.05%	0	0



«Zain Saudi» Stock Performance in 2023

2. Key Highlights of Announcements

The table below outlines the notable announcements made by the company throughout the year 2023:

#	Date	Announcement	Link
1	2023-02-21	Mobile Telecommunication Co. Saudi Arabia (Zain KSA) announces update on its agreement with the Ministry of Finance to convert an existing commercial loan to a Shariah-compliant Murabaha facility.	Link
2	2023-03-12	Mobile Telecommunication Company Saudi Arabia «Zain KSA» announces the amendment of the Management Agreement with Mobile Telecommunication Company K.S.C.P. "Zain Group".	Link
3	2023-03-26	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces its Annual Consolidated Financial Results for the Year Ending on -312022-12-	Link
4	2023-03-26	Mobile Telecommunication Company Saudi Arabia «ZAIN KSA» announces the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year 2022	Link
5	2023-05-07	Mobile Telecommunications Company (Zain Saudi Arabia) Announces the Resignation of a Board Member	Link
6	2023-05-09	Mobile Telecommunication Company Saudi Arabia (Zain KSA) Announces Appointment of a Board Member	Link
7	2023-05-09	Zain KSA Announces Preliminary Financial Results for the Period Ending on March 31, 2023 (Three Months)	Link
8	2023-06-01	Mobile Telecommunication Company Saudi Arabia (Zain KSA) (the "Company") Invites its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting) through modern technology.	Link
9	2023-06-19	Zain KSA announces starting the electronic voting on the agenda items of the Ordinary General Assembly meeting (first meeting)	Link
10	2023-07-02	Mobile Telecommunication Company Saudi Arabia (Zain KSA) Announces the Results of the Ordinary General Assembly Meeting (First Meeting)	Link
11	2023-08-06	Zain KSA announces its interim financial results for the period ending on June 30, 2023 (six months)	Link
12	2023-10-22	Addendum Announcement from Mobile Telecommunication Company Saudi Arabia «Zain KSA» regarding the announcement of selling stakes in the tower's infrastructure	Link
13	2023-11-08	Mobile Telecommunication Company Saudi Arabia (Zain KSA) announces its Interim Financial Results for the Period Ending on 302023-09- (Nine Months)	Link
14	2023-11-20	Mobile Telecommunication Company Saudi Arabia (Zain KSA) announces selling its remaining stake in Golden Lattice Investment Co. (GLIC)	Link

3. Dividends Distribution

Announcement Date	Record Date	Distribution Date	Distribution Method	Distributed Profit
2023/03/26	2023/06/22	2023/07/12	Account Deposit	0.50

4. Shareholder Meetings

Find below the attendance register of the Board of Directors at the Ordinary General Assembly meeting held on June 22, 2023, equivalent to 144404-12-, at 18:45, with an attendance rate of 63.56% of the company's capital.

The General Assembly meeting was held at the Company's HQ in Riyadh. The shareholders attended remotely (via modern technology means), exclusively through the Tadawulaty system)

#	Name	Attendance
1	HH Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	✓
2	Bader Nasser Al-Kharaf	✓
3	Ossama Michel Matta	✓
4	Saud Abdullah al-Bawardi	✓
5	Kamil Hilali	✓
6	Abdullah Al-Faris	✓
7	Saad Al-Mousa	✓
8	Talal AlMamari	✓
9	Martial Caratti	✗

During the meeting, the General Assembly discussed the following agenda items and approved them by a majority vote of those present.

#	Agenda
1	Review and discussion of the Board of Directors' report for the fiscal year ending on December 31, 2022
2	Review and discussion of the financial statements for the fiscal year ending on December 31, 2022
3	Discussion and approval of the auditors' report for the fiscal year ending December 31, 2022
4	Approval of the exoneration of the Board of Directors for their actions during the fiscal year ending December 31, 2022
5	Approval of the Board of Directors' decision to appoint Mr. Talal Al Mamari as a non-executive member of the Board, effective from his appointment on May 9, 2023, to serve until the end of the current term on April 24, 2025, replacing the former non-executive member, Mr.Firas Oggar
6	Approval of the appointment of Ernst & Young as the external auditors to review, examine, and audit the company's financial statements for the second, third, and fourth quarters of the fiscal year 2023, as well as the first quarter of the fiscal year 2024, with fee determination included
7	Approval to delegate to the Board of Directors the authority of the Ordinary General Assembly, as stipulated in paragraph (1) of Article 27 of the Companies Law, for a period of one year from the date of the General Assembly's approval or until the end of the term of the authorized Board of Directors, whichever comes first. This authorization is subject to the conditions specified in the executive regulations of the Companies Law applicable to listed joint-stock companies.
8	Approval of the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year ending on December 31, 2022, in the amount of SAR 449,364,588, at a rate of SAR 0.5 per share, representing 5% of the nominal value per share; Shareholders eligible for the cash dividends are those recorded as shareholders at the end of trading on the day of the General Assembly meeting and registered in the shareholders' registry at the Securities Depository Center (Depository Center) by the end of the second trading day following the due date. It is noted that the distribution of dividends will occur on Wednesday, July 12, 2023.
9	The approval to disburse a bonus of SAR 4,500,000 to the members of the Board of Directors for the fiscal year ending on December 31, 2022

5. Shareholders' Book

The Company requested a total of 15 shareholder registers during the year 2022 in order to analyze and interact with investors and answer their inquiries. Details of such requests are shown in the below table:

#	Date of request	Date of shareholder register	Objective
1	2023/10/11	2023/10/11	Engage in investor analysis, interact with investors, and address their inquiries
2	2023/10/03	2023/09/30	
3	2023/08/22	2023/07/31	
4	2023/06/22	2023/06/21	
5	2023/06/22	2023/06/22	
6	2023/06/11	2023/05/31	
7	2023/05/14	2023/05/10	
8	2023/05/11	2023/05/11	
9	2023/05/04	2023/04/30	
10	2023/04/04	2023/03/31	
11	2023/03/29	2023/01/31	
12	2023/03/29	2023/02/28	
13	2023/01/16	2022/12/31	

Interest in Shares and Debt Instruments

Board of Directors

The following table includes all available details about interest, contractual securities or rights issue of the Board members and their relatives in the Company's shares during 2023:

Board member	Shares owned		Net change	% change
	January 1, 2023	December 21, 2023		
HH Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	768	768	0	0%
Bader Nasser Al-Kharafi	1,183	1,183	0	0%
Saud Abdullah al-Bawardi	1,538	1,538	0	0%
Saad bin Ibrahim Al-Mousa	100	100	0	0%

None of the Board Members mentioned above or their relatives have any interest in the Company's debt instruments during 2023.

Executive Management

The following table includes all available details about interest, contractual securities or rights issue of the Executive Management members and their relatives in the Company's shares during 2023:

Executive Manager	Shares owned		Net change	% change
	January 1, 2023	December 21, 2023		
Saad Abdul Rahman Al Sadhan	22	22	0	0%
Ryan Abudllah Al Turki	11	11	0	0%
Luluwah Saad Al Nowaiser	11	11	0	0%

None of the Executive Management members mentioned above or their relatives have any interest in the Company's debt instruments during 2023.

Regulatory Affairs and Compliance

Zain KSA, represented by Compliance and Regulatory Affairs, seeks to enhance the culture of legislative and regulatory commitment. Incorporating compliance processes in the company's business, the department seeks to provide a supportive environment to apply the regulations and legislation, ensuring that the risks of non-compliance are avoided and that full regulatory compliance is achieved. Compliance and Regulatory Affairs manages all the functions and operations of organizational support and management of the company's affairs, with the Ministry of Communications and Information Technology and the Communications, Space and Technology Commission (CST), to ensure compliance with regulatory decisions in accordance with the licensing granted to the company and facilitating access to and dissemination of Zain KSA digital services. The Compliance and Regulatory Affairs department oversees the issuance and renewal of licensing and submission of the Net Telecommunications Revenue form (NTR).

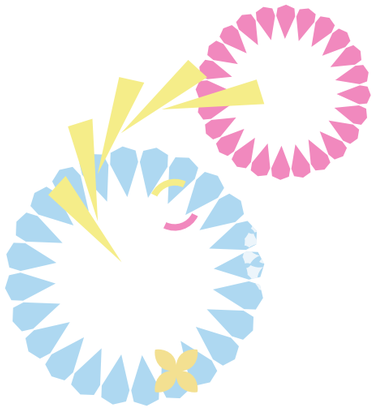
Zain KSA actively participates in the CST initiatives by studying any organizational development in the ICT sector in the Kingdom and ensuring compliance with CST regulations and decisions through analyzing CST's decisions, identifying compliance requirements, preparing internal compliance matrices and collaborating with the relevant departments within the Company. In addition, the Company actively participates in the CST's technical initiatives.

Compliance and Regulatory Affairs seeks to achieve excellence in legislative and regulatory commitment, thereby supporting the growth and success of the company in achieving its strategic objectives. Therefore, Zain KSA achieved compliance with the decisions of the CST for 2023. The Company worked on achieving integration and collaboration with security authorities through the National Information Center to enhance the anti-drug campaign and fulfill security requirements. Additionally, we launched and activated the local 4G roaming service, completed the integration of network indicators with the CST's Crisis Center, and successfully concluded the second phase of the company's BSS Transformation project, fulfilling both security and regulatory requirements. We initiated the SIM authentication project (Nafath v2) across all channels, in line with the regulatory requirements. We also activated nomadic numbers for FWA services, completed the activation of voice services over LTE services (VoLTE) with other operators, and supported the company's efforts in government projects, including the initiative to expand wireless broadband coverage in villages and remote areas and the data services localization project.

Relevant lawsuits

There are a number of lawsuits between Zain KSA and the Communications, Space and Technology Commission (CST), at the Administrative Court related to violations and fines cited by CST. Thus, the Company is keen to resort to the competent judicial authorities to ensure that CST's decisions regarding it is fair and reasonable and adhere to the applicable laws and regulations in the Kingdom of Saudi Arabia. While the outcome of the above- mentioned cases cannot be predicted, the Company will spare no effort and will use all legitimate means to defend its rights.

During 2023, CST's Regulatory Violations Commission issued (62) administrative decisions against Zain KSA for various regulatory reasons imposing fines amounting to SAR 31,212,000. Throughout the year, several final rulings were in favor of the Company in 2023 with a total value of SAR1,315,000. As of the date of this report, the Administrative Court and the Administrative Appeal Court are still hearing a number of cases. The Company's legal department is also representing the company in other cases at other courts, including commercial and real estate cases. So far, several rulings have been issued in favor of the company.



The operational results

The operating profit was 871 million Saudi riyals in FY 2023, compared to operating profit of SAR 1,066 million in the previous year. Zain-KSA to achieve highest revenue of SAR 9.9 billion compared to SAR 9 billion in prior year. This increase was witnessed due to the growth in B2B and 5G revenues along with the increase in TAMAM revenue by 124% from the prior year whereas its' cost of revenue increased by 160%, cost of depreciation and amortization increased by 115%. In addition, Zain-KSA has booked all the sale of tower, consequently realizing profit of SAR 1 billion from the transaction. Further to it, GLI stake was also sold during the year due to call option exercise by PIF.

1. Balance Sheet Highlights

SAR Million	2023 Audited	2022 (Restated) Audited	2021 (Restated) Audited	2020 Audited	2019 Audited	Change 2223/	Change% 2223/
Current Assets	6,753	7,481	3,781	3,383	3,404	(728)	(11)%
Non-current Assets	20,625	20,980	24,302	24,775	24,334	(355)	(2)%
Total Assets	**27,378**	**28,461**	**28,083**	**28,158**	**27,738**	**(1,083)**	**(4)%**
Current Liabilities	7,934	9,250	10,448	9,099	4,517	(1,316)	(17)%
Non-current Liabilities	8,853	9,408	8,593	10,330	19,118	(555)	(6)%
Total Liabilities	**16,787**	**18,658**	**19,041**	**19,429**	**23,635**	**(1,871)**	**(11)%**
Shareholders' Equity	10,591	9,803	9,042	29,759	4,103	788	7 %
Total Liabilities and Shareholders' Equity	**27,378**	**28,461**	**28,083**	**49,188**	**27,738**	**(1,083)**	**(4)%**

Source: Audited financial statements for the years ended 2019, 2020, 2021, 2022 and 2023

Note: Numbers may not sum up due to the rounding

The total assets of the company as of December 31, 2023, amounted to 27,378 million SAR, of which 11,920 million SAR (constituting 44% of the total assets) relate to the book value of the license obtained by the company from the Communications and Information Technology Commission in 2007. In addition, property and equipment were valued at 4,736 Million SAR, which is 18% of the total assets.

At the same date, the Company's total liabilities amounted to SAR 16,787 million, of which 47% amounting to SAR 7,788* million (loan and shareholders dues amount only) are related to the following:

- **Murabaha Facility**
- **Shareholders dues**
- **Governmental Loan**

* This amount is netted off with debt. arrangement fee and gain on modification of loan (in 2020) amounting to SAR 101 million.

2. Overview of the Company's Borrowings

As of December 31, 2023, the outstanding balances owed to the bank under borrowing arrangements amounted to SAR 5,334 million. Other borrowing arrangement amounts to SAR 2,555 million.

The following table summarizes those borrowing arrangements:

SAR Million	Term	Principal Amount	Net Repaid/ Addition During 2023	Lender	Outstanding Balance (Gross)	Maturity
Murabaha Facility	5 years	5,968	(317)	Consortium of 8 banks	5,334	30 September 2025
Working Capital Facility	1 years	572	(572)	Consortium of 8 banks	-	N/A
Advances from Shareholders	Open	5,020	(17)	Founding Shareholders	68	Open
Government Loan	14 years	Up to 800 per Year	(573)	Ministry of Finance	2,487	01 June, 2027
Total			(1,479)		7,889	

Source: Audited financial statements for the years ended 2023 (excluding debt arrangement fee amounting to SAR 101 million)

Note: Numbers may not sum up due to the rounding

Syndicated Murabaha Financing

On 27 September 2020, the Group refinanced and extended the maturity date of its existing five years syndicated Murabaha facility (MFA) obtained from the commercial banks for a total amount available up to SR 6 billion with two years grace period, at six months SIBOR plus margin, six months LIBOR plus margin and six months SOFR plus margin (2022: six months SIBOR plus margin and six months LIBOR plus margin). Moreover, the agreement includes a working capital facility of SR 1 billion bringing the total facility amounting to SR 7 billion until 2025, providing additional liquidity for the Group to fund its business growth plans.

As at 31 December 2023, the Group has utilized SR 6 billion from existing facility of SR 7 billion. which includes 6 billion from long term facility while Nil (2022: SR 0.52 billion) is related against the working capital facility. During the year ended 31 December 2023, the Group has drawn down SR Nil (2022: 0.65 billion) from working capital facility while settling SR 0.52 billion of working capital facility. As at 31 December 2023, total unused facility against MFA amounting to SR 1 billion (2022: SR 0.48 billion) from the working capital facility.

The Group is complying with the existing loan covenants.

Dues to Shareholders

The founding shareholders have provided and they continue to provide financial support to the Company since 2007. The outstanding balance as of December 31, 2023 amounted to SAR 68 million and SAR 18 million was repaid, during the year, to one of the exiting shareholder. Financing cost began to take place in August 2009 following the refinancing of the Syndicated Murabaha Financing, which took place at that time, while the loans carry financing costs as agreed with the Founding Shareholders.

The Company initially obtained these advances from the founding shareholders in order to serve the following purposes:

- Partially finance the acquisition of CST license.
- Finance the working capital requirements.
- Provide security required by syndicated Murabaha financing agreement.
- Pay for all dues on junior debt and loans.

Government loan (Payable to MOF)

During 2013, the Company signed an agreement with the Ministry of Finance (MOF), Kingdom of Saudi Arabia to defer payments of its dues to the government for the next seven years ending May 2020. These deferred payments under agreement contain commercial commission payable annually, while the amount is repayable in seven years starting from June 2021 as per original terms, which was then revised in 31 October 2021. Based on revised scheduling the first repayment has been settled in November 2021. The amount deferred by the Company as of 31 December 2022: SR 3.06 billion out of which SR 0.573 billion was recognized under trade and other payables as current portion.

On 20 February 2023, the Group has signed a revised agreement with MOF in which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The facility matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity, starting from June 2023. Finance charges are payable in either quarterly or yearly frequency, to be decided at each repayment term by the Group. The accrued interest related to the MOF payable is recorded under trade and other payables.

The facility doesn't have any security assigned to it.

Zain KSA | Board of Directors Report 2024

3. Statements of Operation Highlights

The following table summarizes the statements of operation for the years ended on December 31, 2019, 2020, 2021, 2022 and 2023

SAR Million	2023 Audited	2022 Audited	2021 Audited	2020 Audited	2019 Audited	Change 2223/	Change% 2223/
Revenues	**9,883**	**9,075**	7,901	7,917	8,386	**808**	**9 %**
Cost of Revenues	**(4,025)**	**(3,760)**	(3,016)	(2,472)	(2,418)	**(265)**	**7 %**
Gross Profit	**5,857**	**5,315**	4,885	5,445	5,968	**542**	**10 %**
Operating and administrative	**(2,879)**	**(2,160)**	(1,756)	(2,003)	(2,146)	**(719)**	**33 %**
EBITDA	**2,978**	**3,155**	3,129	3,442	3,822	**(177)**	**(6)%**
Depreciation and Amortization	**(2,106)**	**(2,089)**	(2,430)	(2,439)	(2,312)	**(17)**	**1 %**
Net profit before finance fees and other	**871**	**1,066**	699	1,003	1,510	**(195)**	**(18)%**
Income from loan modification	-	-	1	136	-	-	-
Finance & other Income	**70**	**74**	20	39	37	**(4)**	**(5)%**
Gain on tower sale transaction	**1,015**	-	-	-	-	**1,015**	**100 %**
Gain on sale of equity shares	**121**	-	-	-	-	**121**	**100 %**
Share of loss investment in associate and joint ventures	**(1.4)**	-	-	-	-	**(1.4)**	**100 %**
Impairment in investment in associate and joint ventures	**(0.5)**	-	-	-	-	**(0.5)**	**100 %**
Financial Charges	**(719)**	**(566)**	(489)	898	(1,043)	**(153)**	**27 %**
Net Profit for The Year before Zakat	**1,356**	**(574)**	231	280	504	**782**	**136 %**
Zakat	**(89)**	**(24)**	(17)	(20)	(19)	**(65)**	**266 %**
Net profit for the year	**1,267**	**550**	**214**	**260**	**485**	**717**	**131 %**

Source: Audited financial statements for the years ended 2019, 2020, 2021, 2022 and 2023
Note: Numbers may not sum up due to the rounding

- Revenue reached SAR 9,883 million for 2023 compared to SAR 9,075 million the previous, where data revenue represents 42% (excluding value added services & SMS).
- Gross profit reached SAR 5,857 million in 2023 compared to SAR 5,315 million in the previous year, posting an increase of 10%, with gross profit margin of 59% (same as previous year).
- Operating and administrative expenses reached SAR 2,879 million in 2023; an increase of 6% compared to SAR 2,160 million the previous year.
- EBITDA reached SAR 2,978 million in 2023 compared to SAR 3,155 million the previous year, posting a decrease of 6%, with EBITDA margin reaching 30% compared to 35% in previous year.
- Depreciation and amortization expenses reached SAR 2,106 million in 2023 compared to SAR 2,089 million the year before.
- Operational profit reached SAR 871 million in 2023 compared to operational profit of SAR 1,066 million the previous year, with a decrease of 18%.
- Gain on sale of towers and equity shares amounts to SAR 1,015 million and SAR 121 million respectively.
- Net profit after zakat and tax reached SAR 1,267 million in 2023 compared to net profit after zakat and tax of SAR 550 million the previous year.
- Total comprehensive income reached SAR 1,239 million in 2023 compared to total comprehensive income of SAR 760 million in the previous year.
- Profit per share reached SAR 1.41 in 2023 compared to profit per share of SAR 0.61 in the previous year.
- Total shareholders' equity (there is no minority interest) reached SAR 10,591 million in 2023 compared to SAR 9,803 million the previous year, an increase of 7%.
- The retained earnings reached SAR 1,327 million for 2023, compared to SAR 636 million the previous year, representing 15% of the Company share capital of SAR 8,987 million.
- Zain KSA's subscriber base comprised 8.9 million subscribers in 2023 compared to 8.6 million the prior year.

4. The following Table Presents Revenue Breakdown for Years 2022 and 2023:

SAR Million	2023	2022	Change 2223/	Change% 2223/
Mobile Telecommunications Company	9,488	8,798	690	8 %
Zain Sales Company	1,271	1,626	(355)	(22)%
Zain Payment - Tamam	284	127	157	124 %
Zain Drones	(0.12)	1.12	(1)	(111)%
Eliminations	(1,160)	(1,476)	316	(21)%
Total Revenue	9,883	9,075	808	9 %

Source: Audited financial statements for the years ended 2022 and 2023
Note: Numbers may not sum up due to the rounding

It's worth mentioning that the geographical analysis of revenue does not apply due to the nature of the Company's operations. This is attributed to the mobility of the customer within the Kingdom; so, the customer's information might be registered in some region while the telecommunication activities are initiated from different regions depending on the location. Furthermore, revenue generated by international calls couldn't be linked to any region since they occur overseas, consequently Zain-KSA has bifurcated revenue between national and international revenue segment only where international revenue constitute 14.28% of total revenue (2022: 14.10%).

Basis of Preparation of the Financial Statements

These consolidated financial statements of Zain-KSA have been prepared in accordance with International Financial Reporting Standard "IFRS" that is endorsed in the Kingdom of Saudi Arabia along with other pronouncement issued by Saudi Organization for Certified Public Accountant (SOCPA).

The Company has no debt instruments, options, guarantees or similar rights that are convertible until the date of this report.

Statutory Payments

Zain-KSA had finalized its zakat status up to 2008 and obtained the related certificate.

Zain-KSA had submitted its consolidated financial statements along with Zain-KSA zakat returns for the years from 2009 to 2022 and paid zakat according to the filed returns. From 2021 onwards, Zain Payment Company – Tamam is submitting, paying and obtaining zakat certificate form ZATCA separately, consequently Zain-KSA had submitted zakat return from 2021 till 2022 excluding Zain Payment Company – Tamam.

Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. Zain-KSA received additional assessment of SR 20.3 million for Zakat for the years from 2014 to 2018 which Zain-KSA has appealed against these additional claims to the relevant committees. Zain-KSA believes this will not result in any material additional provisions. Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. Zain-KSA has not received Zakat assessment for 2019, 2020, 2021 and 2022.

There is no financial impact as Zain-KSA has sufficient provisions to cover these amounts.

The following table includes the statutory payments paid in 2023 or outstanding as on December 31, 2023 as well as brief description and reasons thereof:

SAR Million	2023		Brief Description / Reasons
	Paid SAR	Outstanding SAR	
Communications, Space and Technology Commission	1,224	273	Spectrum licensing
Ministry of finance	714	2,487	These mounts are related to the Ministry of Finance Loan. The amount paid was principle Interest fees whereas the outstanding amount will be payable in equal installments starting June 2021.
General Organization for Social Insurance	80	-	These amounts are related to GOSI Payment for Zain Employees.
General Authority for Zakat and Tax	1,392	88	These amounts are related to Value Added Tax, Withholding tax and Zakat provision.

Related Party Transactions

The following table includes amounts due to related parties:

SAR Million	2023 SAR'000	2022 SAR'000	Note
Mobile Telecommunications Company K.S.C	**773,419**	1,230,247	This amount relates to accrued management fees and is payable to the Company's largest shareholder. The amount is unsecured, interest free and does not have any fixed terms of repayment but is not repayable until certain conditions are met in the Syndicated Murabaha facility.
Mobile Telecommunications Company K.S.C	-	5,050	The amount was payable to shareholders on demand and was settled during the year against amount to be received from shareholder.
Founding shareholders	**68,464**	84,573	This amount relates to accrued finance charges and is payable to the Company's founding shareholders. The amount is unsecured and do not have any fixed terms of repayment but is not repayable until certain conditions are met in the Syndicated Murabaha facility.
Other related parties	**237**	(13)	Telecom services.
Total	**842,120**	1,319,857	

Following tables include details relating to the transactions between Zain KSA and related parties during 2023:

Description	2023 SAR'000
Revenue from entities related to Zain Group[1]	**99,690**
Purchases from entities related to Zain Group[1]	**(152,783)**
Operational expense charged by related party*	**(406,648)**
Management and Branding Fees charged by MTC KSCP	**(170,000)**

1 Details of such transactions are outlined in item No. 2 of the following table.
* the related party relationship has been extinguished during the year due to sale of shares held by Zain-KSA in investee

	Related Party	Nature and conditions of transaction, business or contract	Duration /	Net Value / amount during 2023	Related party relationship with Zain KSA	Interested Board members / senior executives (directly or indirectly
			Term	SAR'000		
1	MTC KSCP	Operational	Open	5,817	Founding Shareholder of Zain KSA	
2	MTC KSCP	Branding Fee	Open	(170,000)	Founding Shareholder of Zain KSA	
3	Oman Tel, Zain Bahrain, Zain Jordon, MTC Lebanon S.A.R.L., Zain Kuwait, Zain Sudan, Zain Iraq "IRQAT" and Zain Global Communications Co.)	Telecom Services (Interconnect/ roaming)	Open	(53,093)	Oman Tel is a shareholder in MTC KSCP whereas Zain Bahrain, Zain Jordon, MTC Lebanon S.A.R.L., Zain Kuwait, Zain Sudan, Zain Iraq "IRQAT" and Zain Global Communications Co. are subsidiaries to MTC KSCP which is a Founding Shareholder of Zain KSA	· Mr. Bader Nasser Alkharafi (Vicechairman) · Mr. Ossama Matta (Board Member) · Mr. Martial Caratti (Board Member) · Mr. Firas Oggar (Board Member) · Mr. Kamil Hilali (Board Member) · Mr.Talal Al Mamari - (Board Member)
4	Zain Global Communications Co. SPC	Telecom Services	Open	723	Zain Global Communications Co. SPC is a subsidiary to MTC KSCP which is a Founding Shareholder of Zain KSA	
5	Al Marai Company	Telecom Services	Open	37,907	HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer serves as Chairman of Al Marai Company's Board of Directors.	HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer (Chairman)
6	Yamama Cement Company	Telecom Services	Open	7,418	HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer serves as a Board Member in Yamama Cement Company	HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer (Chairman)

Relevant lawsuits

There are a number of lawsuits between Zain KSA and the Communications, Space and Technology Commission (CST) at the Administrative Court related to violations and fines cited by CST. Thus, the Company is keen to resort to the competent judicial authorities to ensure that CST's decisions are fair and reasonable and adhere to the applicable laws and regulations in the Kingdom of Saudi Arabia. While the outcome of the abovementioned cases cannot be predicted, the Company will spare no effort and will use all legitimate means to defend its rights.
During 2023, CST issued 62 administrative decisions against Zain KSA including imposing fines of varied amounts. According to CST, the decisions are due to the Company's violations of CST's directives. As a result, the Company's legal department appealed most of these decisions before the Administrative Court, as guaranteed by the law.

Throughout 2023, the Administrative Court and the Administrative Appeal Court examined 62 administrative cases filed by Zain-KSA against the CST decisions during the year. The Administrative Court issued a number of preliminary rulings in 2023 and as of the date of this report, they were in favor of Zain-KSA, according to which the court decided to void CST's decisions. For some of the cases final rulings were also issued in favor of Zain KSA during the year 2023 and as of the date of this report, the Administrative Court and the Administrative Appeal Court are still reviewing a number of cases.

Fines and penalties

Zain KSA persistently seeks to create an effective partnership with all supervisory and regulatory authorities. This section contains the details of the penalties imposed on the Company by the supervisory, regulatory, and judicial authorities and a description of the controls that the Company has implemented in order to avoid these penalties in the future and to comply with the instructions of these regulatory authorities: The table below includes the fines and penalties imposed on the Company by the supervisory and regulatory authorities as well as a brief description and reasons thereof and the controls the Company applied to avoid the future occurrence of such violations:

Fine / penalty	Reasons for non-compliance	Authority	Controls to remedy the violation and avoid it in the future
Imposing fines worth SAR 23,957,000	Failure to implement the directive within the specified time limit.	Committee for the Consideration of Violations of the Communications Law	Establishing procedures to ensure compliance with CST's resolutions and ensure that all required information is submitted.
Imposing fines worth SAR 5,015,000	Failure to implement CST's directives.		Establishing procedures to ensure compliance with CST's directives.
Imposing fines worth SAR 2,240,000	Launching a promotional offer without obtaining CST's approval in violation of the Telecommunications Law.		Establishing procedures to ensure obtaining CST's approval on all promotional offers.

Declarations

Zain KSA declares that:

1. Proper books of account have been maintained.
2. The system of internal control is sound in design and has been effectively implemented.
3. There are no significant doubts concerning the Company's ability to continue its activity.
4. There is no emphasis on a matter by the external auditor.
5. The external auditor's report did not contain any reservations on the financial statements.
6. There was no inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
7. The Board did not recommend replacing the external auditor before the end of its term.
8. There are no treasury shares retained by the Company.
9. No investments were made or reserves set up for the benefit of employees.
10. No redeemable debt instruments were redeemed, purchased, or cancelled by the Company as of the date of this report.
11. No shares or debt instruments were issued by any subsidiaries.
12. There was no notification of any interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) or of any change in these rights during the final financial year, under Article 68 of the CMA's Rules on The Offer of Securities and Continuing Obligations.
13. There is a fully-fledged and independent internal audit function operating throughout the year.
14. There was no conflict between the Audit Committee's recommendations and the Board's resolutions regarding the appointment, dismissal, performance assessment or determining the remuneration of the external auditor, or relating to the appointment of the internal auditor.
15. There was no business by the members of the board of directors that might compete with the company or any of its activities.

Zain KSA | Board of Directors Report 2024

Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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