

Shaping the Digital  
Future, Creating a  
**Wonderful World.**

زين  
zain



Saudi Arabia's role in championing the digital economy's future is guided by our visionary leadership and its strategic investment in the development of human capabilities. Our youth drive innovation and digital transformation, reinforcing the Kingdom's position as a global hub for advanced technologies.

**Eng. Sultan Al-Deghaither**

1982-2024

Mobile Telecommunication Company  
Saudi Arabia

Annual Report  
**2024**

# In Memoriam

**ENG. SULTAN AL-DEGHAITHER** - May his soul rest in peace



## Legacy

Eng. Sultan Al-Deghaither left a remarkable legacy in Saudi Arabia's telecommunications industry, transforming Zain KSA into a leading market player and digital services provider. During his tenure, the Company achieved financial growth, expanded its 5G footprint, enhanced sustainability practices,

and diversified its portfolio by tapping into adjacent markets.

His leadership and vision cemented Zain KSA's leadership as an innovative and competitive company in the ICT sector.

## Achievements



### Financial and operational transformation

He successfully reversed Zain KSA's accumulated losses of over ₪ 2 billion (USD 533 million), transforming the Company into a profitable entity and enabling it to distribute cash dividends for the first time in its history.

### Launch of 5G network

In 2019, Al-Deghaither led the launch of the largest 5G network across the Middle East, Europe, and Africa, positioning the Company as the world's fourth-largest 5G network operator.



### Business expansion and investments

He inked a strategic partnership with "PlayHera", a global esports company, which led to the launch of "PlayHera MENA".

In addition, he spearheaded the launch of "Tamam Financing", the first micro-financing company in Saudi Arabia and the Middle East.

### Doubling market value

Under his leadership, Zain KSA's market value doubled from ₪ 4.8 billion in 2018 to ₪ 9.4 billion, highlighting strong investor confidence in its growth and future potential.



### Strengthening brand position

Under his leadership, Zain KSA made it onto the Brand Finance List of the top 50 brands, ranking 13th and reflecting the brand's strength and significant impact.



### Sustainability and environmental initiatives

He launched the world's first zero-carbon 5G network at the "Six Senses Southern Dunes" resort in the Red Sea Project. Driven by his passion for sustainability, the Company earned an AA rating in the MSCI ESG Index, underscoring its dedication to upholding global sustainability standards.

### Women empowerment in technology and leadership

He advocated for Saudi women's leadership roles at Zain KSA, grounded in his firm belief in their skills and potential. He actively promoted female participation in the ICT sector, unveiling the Company's first women empowerment initiative in 2017.



### Transforming the Company from a traditional telecom operator into a leading service provider

He spearheaded the transformation of Zain KSA from a traditional telecommunications provider serving individuals to a leading digital services provider, catering to both the business and government sectors and offering various products, such as the Internet of Things (IoT) and cloud services.





# Shaping the Digital Future, Creating a Wonderful World.

Annual Report 2024

## Table of Contents

At a Glance	01
Awards	03
About Zain KSA	05
Our Journey	07
<b>01. Overview</b>	
Year in Review	11
Where We Operate	13
Shareholders' Information	15
Stakeholder Engagement	17
<b>02. Strategic Review</b>	
Chairman's Statement	21
Acting CEO's Message	23
Our Strategy	25

<b>03. Business Review</b>	
Introduction	33
Zain Consumer	35
Zain Business	37
Tamam	41
Innovation and Solutions	43
Subsidiaries and Investments	47
Our People	49

### 04. ESG Review

<b>05. Corporate Governance</b>	
Corporate Governance	65
Policies Approved by the Extraordinary General Assembly in 2024	66
Policies Approved by the Board of Directors	67
Remuneration Policy for the Board Members and its Committees and the Executive Management Policy	68
Profit Distribution Policy	70
Corporate Governance Regulation Compliance	71
Risks	73
Board of Directors	75
Zain KSA Leadership	81
Our Shareholders	92
Regulatory Affairs and Compliance	97

### 06. Operational Results and Declarations

<b>07. Financial Statements</b>	
Independent Auditor's Report	111
Consolidated Statement of Financial Position	120
Consolidated Statement of Profit or Loss and Other Comprehensive Income	121
Consolidated Statement of Changes in Equity	122
Consolidated Statement of Cash Flows	123
Notes to the Consolidated Financial Statements	124



Overview  
Pg 09



Chairman's Statement  
Pg 21

## At a Glance

### Driving Growth, Innovation and Sustainability

Zain KSA delivered a strong 2024 performance, expanding its 5G footprint, driving digital transformation and achieving a record **ﷲ 10.4 billion** revenue. Strategic investments, operational efficiencies and ESG leadership reinforced its position as a digital pioneer, creating long-term value for shareholders, businesses and communities.

### Operational Highlights

- 1st**  
Operator to fully cover Holy Sites in 5G
- 9.3 million**  
Customers
- 66.1%**  
Population coverage with 5G
- 237**  
Shops
- 10,385**  
Total number of sites
- 70**  
Cities (including Red Sea project) covered by 5G
- 47%**  
Data Revenue (excluding SMS and VAS)
- 5,549**  
Point of sales
- 21,435 TB/day**  
Average daily data traffic

### Financial Highlights

- ﷲ 10.4 billion**  
Revenue
- 5.0%**  
Revenue growth
- ﷲ 6.5 billion**  
Gross profit
- ﷲ 3.3 billion**  
EBITDA
- ﷲ 596 million**  
Net profit
- ﷲ 62**  
Blended Average Revenue  
Per Customer (ARPU)

### ESG Highlights

- AA**  
MSCI ESG Index  
elevated rating from A
  - 5,000+**  
Electronic  
devices recycled
  - 410**  
Total women  
trained so far
  - Zero-emission  
5G towers**  
Deployed in Ummahat Island
- 
- More than  
120,000**  
individuals trained under HRSD's Wa'ad program  
for youth training and skill development
  - 150**  
University students onboarded to the  
Women in Tech (WIT 4) mentorship program



## Awards



The list, published by Forbes Middle East and Saudi CSR, highlights Zain KSA's dedicated efforts and initiatives as part of its integrated social responsibility strategy.



Zain KSA was honored as a partner of "Wa'ad" program by the Minister of Human Resources and Social Development for completing the training of more than 120,000 young women and men.



Zain KSA and Huawei's FWA2 project was recognized at MWC Barcelona 2024, signifying Zain KSA's remarkable contributions to advancing the 5G market.



Zain KSA's recognition as the Best Work Environment for Women underscores its commitment to women's empowerment, in line with Saudi Vision 2030.



Organized by the Ministry of Human Resources and Social Development, this award highlights the impact of Zain KSA's sustainability and social responsibility initiatives across the Kingdom.



The international recognition for "Excellence in Diversity and Inclusion," and "Excellence in Social Responsibility" by the Society for Human Resource Management (SHRM) highlights Zain KSA's commitment to fostering a diverse and inclusive workplace that values gender equality and provides equal opportunities for all.



At Telecom Review Leaders' Summit 2024, Zain KSA secured two awards:

- Best 5G Advanced User Experience
- Best BSS/OSS Solution in the Middle East

These accolades recognize Zain KSA's commitment to delivering an exceptional 5G-Advanced (5.5G) network experience in Saudi Arabia.

- Bronze Award for Performance Marketing
- Silver Award for Integrated E-commerce Innovation



## Strategic Partnerships and Sponsorships

### Partnerships:



### Sponsorships:



## About Zain KSA

Zain KSA is a leading telecommunications and digital services provider in Saudi Arabia. The Company has emerged as a key player in the region's digital transformation, offering an extensive range of services, including mobile voice and data, 5G network connectivity, fintech, cloud computing, IoT applications, fiber services and drone technologies.

Established in 2008 following its successful IPO, Zain KSA has been at the forefront of technological advancements in the Middle East. In 2011, it became the first operator in the region to commercially launch a 4G/LTE network. By 2019, it introduced one of the world's largest 5G networks, earning recognition as the fourth-largest 5G deployment globally.

Zain KSA continues to enhance its network capabilities and services. Its commitment to innovation and customer experience aligns with Saudi Vision 2030, supporting the Kingdom's digital transformation goals and fostering a smarter, more connected society.

Through its focus on advancing technology and service excellence, Zain KSA remains a key enabler of Saudi Arabia's ambitious development objectives, delivering cutting-edge solutions to individuals, businesses, and government institutions alike.



### 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.



#### Belonging

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



#### Agility

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



#### Open Communication

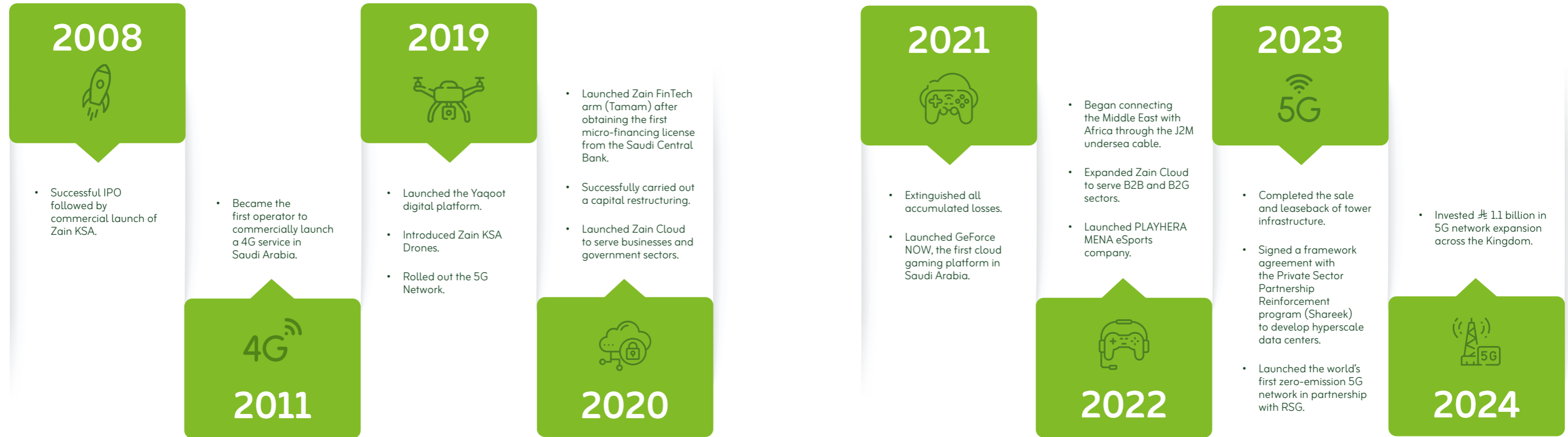
We ensure credible business dealings whilst maintaining open communication for more reliable performance.



#### 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.

## Our Journey



# 01

## Overview

By driving digital transformation, we support Saudi Vision 2030's goals of economic diversification, a vibrant society and a prosperous economy.

Year in Review	11
Where We Operate	13
Shareholders' Information	15
Stakeholder Engagement	17





## Year in Review

In 2024, Zain KSA achieved remarkable milestones, advancing its strategic initiatives while fostering innovation and delivering record-breaking performance. Through transformative investments and impactful partnerships, it reinforced its position as a leader in the Kingdom's digital and telecommunications landscape.

### January

#### Fueling youth potential in Saudi Arabia

Zain KSA signed an MoU with Maximus to equip young Saudi talent with professional qualifications and market-ready skills.

#### Zero-emission innovation at Ummahat Island

Zain KSA deployed a zero-emission 5G network in collaboration with Red Sea and Serge Ferrari Group, delivering exceptional speed and efficiency for visitors.

### February

#### Empowering the elderly with technology

Zain KSA signed an MoU with Kebar Association to bridge the digital divide and empower the elderly to thrive in a tech-driven society.

#### Connecting LIV Golf's global audience

Zain KSA provided advanced infrastructure and digital services for the prestigious LIV Golf Jeddah Tournament.

### March

#### Building digital skills for the future

Zain KSA partnered with Al Yamamah University to develop youth digital skills and provide hands-on training, strengthening the national telecom sector.

#### Transforming the 5G experience with artificial intelligence

Through its partnership with Elisa Polystar, Zain KSA enhanced its 5G network by integrating advanced AI technologies.

#### Pioneering 5G Cloud innovations

Zain KSA signed an agreement with Nokia to collaborate on 5G Cloud RAN infrastructure, advancing next-generation telecommunications.

#### Revolutionizing healthcare with connectivity

Zain KSA launched remote medical consultations via Zain Clinic, becoming the first telecom operator in the Kingdom to offer such a service.

### April

#### Championing sustainability in Saudi Arabia

Zain KSA reinforced its commitment to ESG principles by signing the Sustainability Champions Charter.

#### Leading the way with Saudi-made solutions

As part of the Made in Saudi program, Zain KSA introduced a 100% Saudi-made fleet management system, optimizing logistics and reducing fuel consumption.

#### Partnering with the Ministry of Information on the Media Oasis initiative

Zain KSA acted as the media partner for the Media Oasis initiative, offering officials and media professionals an opportunity to explore the Kingdom's major projects through advanced technologies and interactive models.

### May

#### Investing in 5G network expansion in Saudi Arabia

Zain KSA announced a \$1.1 billion investment to expand its 5G infrastructure and digital services across 122 cities and governorates in the Kingdom.

### June

#### Connecting holy sites with 5G

Zain KSA became the first operator to provide full 5G coverage at the Kingdom's holy sites, enhancing pilgrim experiences and supporting Saudi Vision 2030 goals.

### July

#### Recycling for a sustainable future

Zain KSA's Phase II E-waste Recycling Campaign in collaboration with Ertiq'a aims to recycle over 5,000 devices, showcasing its dedication to environmental preservation.

#### Illuminating paths for the visually impaired

Zain KSA empowered the blind and visually impaired community through its innovative "Be My Eyes" initiative.

### August

#### Raising the bar in ESG excellence

Zain KSA advanced to an AA rating on the MSCI ESG Index, marking its fourth consecutive year of ESG leadership.

### October

#### Championing Saudi sports on the global stage

As the "Presenting Partner" of Saudi Games 2024, Zain KSA reinforced its role in elevating the Kingdom as a global sports hub.

### November

#### Strengthening 5G capabilities with new spectrum

Zain KSA acquired the 600 MHz spectrum band, enhancing its capabilities to deliver advanced 5G stand-alone services across Saudi Arabia.

#### Enhancing cybersecurity with global partnerships

At the Black Hat event, Zain KSA partnered with StarLink to boost 5G security and drive cloud computing.

### December

#### Revolutionizing Red Sea connectivity

Zain KSA launched a Unified Critical Communication System, integrating advanced solutions to support Red Sea Global projects.

#### Leading digital authentication transformation

Zain KSA secured a license from the Digital Government Authority, enabling it to independently provide comprehensive digital authentication services.

#### Partnering with Ministry of Communications and Information Technology

Zain KSA partnered with the Ministry of Communications and Information Technology (MCIT) to launch the fourth edition of Women in Tech, reinforcing its commitment to inclusion and corporate sustainability.



## Where We Operate

Zain KSA's transformation into a leading telecom and digital services provider in Saudi Arabia, is due in part to our focus on innovation and deploying advanced technology and infrastructure in the national ICT sector. By driving digital transformation, we support Saudi Vision 2030's goals of economic diversification, a vibrant society and a prosperous economy. Zain KSA's strategic investments in digital infrastructure have facilitated the widespread adoption of cutting-edge technological services across the Kingdom, ensuring an unparalleled user experience.

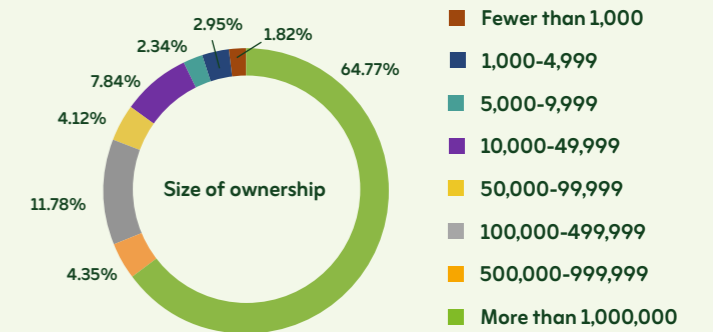
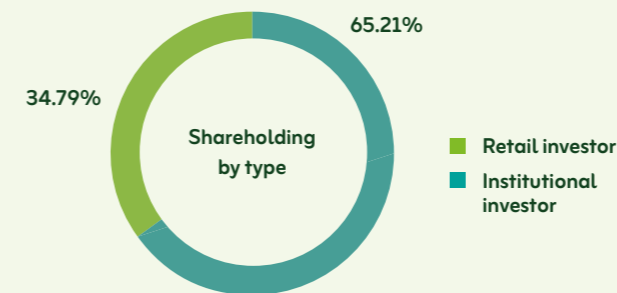
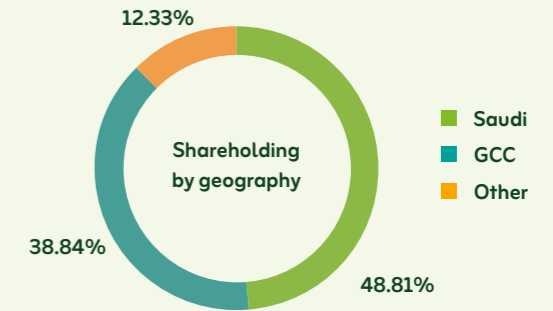
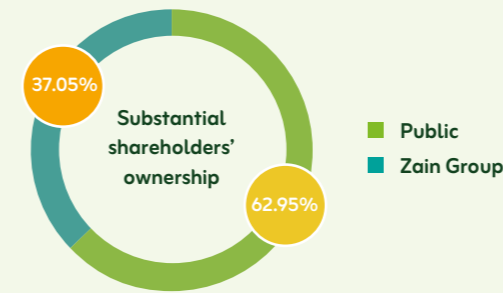
### Our 5G footprint – 70 cities (including Red Sea project) in Saudi Arabia

- |                      |                        |                           |
|----------------------|------------------------|---------------------------|
| 1. Abha              | 25. Hail               | 49. Qunfudhah             |
| 2. Abu Arish         | 26. Hair               | 50. Qurayyat              |
| 3. Ahad Al Masarihah | 27. Hajj Mashaer Areas | 51. Quwayiyah             |
| 4. Ahad Rufaydah     | 28. Hawtat Bani Tamim  | 52. Rabigh                |
| 5. Aflaj             | 29. Hayathem           | 53. Rafha                 |
| 6. Ahsa              | 30. Jazan              | 54. Ras Tannurah          |
| 7. Arar              | 31. Jeddah             | 55. Rass                  |
| 8. Bad'              | 32. Jubayl             | 56. Red Sea Project (RSP) |
| 9. Badai             | 33. Jumum              | 57. Riyadh                |
| 10. Bahah            | 34. KAUST (Thuwal)     | 58. Sakaka                |
| 11. Bahrah           | 35. Khafji             | 59. Samtah                |
| 12. Baysh            | 36. Khamis Mushayt     | 60. Sabya                 |
| 13. Bishah           | 37. Kharj              | 61. Safwa                 |
| 14. Bukayriyah       | 38. Khobar             | 62. Shaqra                |
| 15. Buqayq           | 39. Lith               | 63. Tabuk                 |
| 16. Buraydah         | 40. Madinah            | 64. Taif                  |
| 17. Dammam           | 41. Makkah             | 65. Tubarjal              |
| 18. Darb             | 42. Majmaah            | 66. Turayf                |
| 19. Dhahran          | 43. Muzahimiyah        | 67. Unayzah               |
| 20. Dilam            | 44. Najran             | 68. Wadi Ad Dawasir       |
| 21. Diriyah          | 45. Neom Airport       | 69. Yanbu                 |
| 22. Duba             | 46. Nuayriyah          | 70. Zulfi                 |
| 23. Duwadimi         | 47. Oyun               |                           |
| 24. Hafar Al Batin   | 48. Qatif              |                           |

# Shareholders' Information

## Share Information

Legal name <b>Mobile Telecommunications Company Saudi Arabia</b>	Industry and sector <b>Telecommunications</b>	Date of listing <b>22 March 2008</b>
Exchange <b>The Saudi Stock Exchange (Tadawul)</b>	Bloomberg <b>ZAINKSA:AB</b>	Symbol <b>7030</b>
ISIN code <b>SA121053DR18</b>	Currency <b>ﷲ</b>	Number of shares issued <b>898,729,175</b>
Market cap as at 31 December 2024 <b>ﷲ 9,220,961,336</b>	Share price as at 31 December 2024 <b>ﷲ 10.26</b>	52-week high <b>ﷲ 15.18</b>
52-week low <b>ﷲ 10.18</b>		



**Application:**

For more information, please visit our website <https://sa.zain.com/en/investors/share-statistics>

or contact us through: [investor.relations@sa.zain.com](mailto:investor.relations@sa.zain.com) +966 59 244 888



## Stakeholder Engagement

Zain KSA ensures open and transparent communication with all of its stakeholder groups and allows them to easily contact us at their convenience through a variety of platforms and avenues including meetings, social media, Zain KSA app, the Company’s website and press releases. We encourage their open communication and feedback and stand ready to resolve any of their issues or concerns.

Stakeholder group	Customers	Shareholders and investors	Employees	Communities	Business partners	Government and regulators
How we engage	<ul style="list-style-type: none"> <li>Surveys</li> <li>Events</li> <li>Activities</li> <li>SMS</li> <li>Calls</li> <li>Social media accounts</li> </ul>	<ul style="list-style-type: none"> <li>Events</li> <li>Meetings</li> <li>Emails</li> <li>Virtual communication</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Events</li> <li>Meetings</li> <li>Internal communication emails</li> <li>Virtual communication</li> <li>Activities</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Events</li> <li>Activities</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Events</li> <li>Meetings</li> <li>Emails</li> <li>Virtual communication</li> <li>Activities</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Emails</li> <li>Events</li> <li>Activities</li> </ul>
How often we engage	Daily interactions as needed	Quarterly	Weekly	Weekly	Monthly	Monthly
How we create value	9.3 million customers trust Zain KSA to provide them with reliable tele-communications services.	Investors trust Zain KSA to provide a sustainable return on their investment and keep them updated on operational progress.	Over 1,500 employees trust Zain KSA to provide them with job security and career development opportunities, as well as an open-door, transparent work culture.	Zain KSA provides 5G coverage across 70 cities (including Red Sea project), and we understand it is our responsibility to support the communities in which we operate.	Zain KSA partners with local universities, government entities and not-for-profit organizations to make a positive impact on our communities and the environment.	Zain KSA stays abreast of the regulations issued by the Capital Market Authority (CMA), the Communications, Space and Technology Commission (CST), the Ministry of Communications and Information Technology of Saudi Arabia (MCIT), and the National Cybersecurity Authority (NCA), among others, to ensure we remain fully compliant with the latest requirements. We expect our business partners to align with local regulations, too.

Our proactive approach to stakeholder engagement helps to build trust and maintain strong relationships with all our stakeholder groups.

### Concerns and feedback

We welcome feedback, both positive and negative, from all our key stakeholder groups. They can contact us via email as published on our website, or by calling the designated contact numbers in emergency situations.

Zain KSA prioritizes making user-friendly, accessible communication channels available to our stakeholders so that customers and other interested groups can readily submit complaints, make inquiries or report issues. Complaints are followed up and remediated by the internal audit or human resource management teams, as required.



# 02

As a pioneering force in elevating digital services nationwide, we remain firmly grounded in our core values, which permeate every aspect of our organization and operations.

## Strategic Review

Chairman's Statement	21
Acting CEO's Message	23
Our Strategy	25



## Chairman’s Statement

On our journey to shape the Wonderful World of Zain KSA, we embrace innovation and development to contribute to a brighter future for the Kingdom of Saudi Arabia, its vibrant society, and its diverse environment. Our determination is fueled by the vision of our insightful leadership to position Saudi Arabia among the most advanced and prosperous countries in the world.

In 2024, we doubled down on our strategy to deliver exceptional digital experiences for both individuals and businesses. This focused effort has positioned us, in a remarkably short time, as the preferred choice for digital services and solutions. By consistently partnering with our customers and empowering them to achieve their goals, we have cemented our position as a leading digital service provider in the Kingdom.

A remarkable milestone in 2024 was the strategic decision to launch one of our most ambitious expansion initiatives. With an investment of **ﷲ 1.1 billion**, we set out to enhance our infrastructure, scale up our 5G network, and strengthen our digital services ecosystem. This initiative is essential to enhancing digital inclusion and establishing a cutting-edge digital infrastructure that delivers the best customer experience. This expansion plan, along with our previous strategic initiatives, underscores our commitment to driving national progress. It highlights how Zain KSA has evolved from a key player in the Kingdom’s digital services sector to a major contributor to

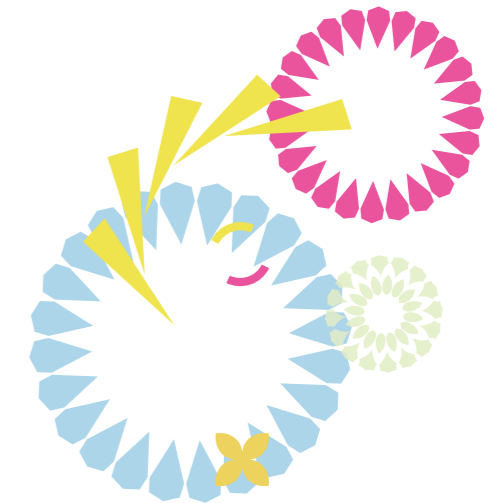
advancing our nation’s capabilities. By accelerating digitalization and championing digital inclusion, we are actively shaping a thriving digital economy and a vibrant society.

Throughout 2024, our focus on qualitative expansion has significantly bolstered our financial performance. The Company’s robust financial results highlight our commitment to delivering sustained shareholder value and maximizing returns for our investors, all while setting new benchmarks for digital innovation across the Kingdom and beyond. This momentum has continued to fuel growth across our operations, and we achieved the highest revenues in the Company’s history; **ﷲ 10.4 billion**, marking a 5.0% increase from 2023, with net profits of **ﷲ 596 million** for the fiscal year 2024.

As a pioneering force in advancing digital services nationwide, we remain firmly grounded in our core values, which guide every aspect of our organization and operations. Our integrated corporate framework ensures these values align seamlessly with our overarching strategy, national development priorities and our commitment to ESG best practices and the UN SDGs. This genuine dedication has resulted in measurable impact, earning local and international recognition for our efforts across Climate Change, Operating Responsibly, Inclusion, and Generation Youth. These achievements have also positioned us among Saudi Arabia’s top 50 brands in social responsibility.

Zain KSA continues to thrive, thanks to the steadfast support of our dedicated Board of Directors, the unwavering efforts of our executive management, and the dedication of the entire Zain KSA family; united by a shared commitment to our community and nation. Guided by our astute leadership and an ambitious vision for the future, we will continue to grow, innovate and set new benchmarks in digital excellence.

Together, we are shaping a future where technology serves humanity, enhancing the Kingdom’s global standing as a leader in development and innovation, in line with Saudi Vision 2030. The future, God willing, is “Zain”.



**With an investment of **ﷲ 1.1 billion**, we set out to enhance our infrastructure, scale up our 5G network, and strengthen our digital services ecosystem.**

**ﷲ 10.4 billion**

Revenue

**ﷲ 596 million**

Net profit

**5.0%**

Revenue growth

**Naif bin Sultan bin Mohammed bin Saud Al-Kabeer**

Chairman of the Board



## Acting CEO's Message

In 2024, Zain KSA operated under the theme of "Sustained Innovation", focusing on creating long-term impact and driving digital transformation. As Saudi Arabia moves toward a knowledge-based, smart, and diversified economy, we remain a proactive digital enabler, aligning our strategies, investments, and operations with national ambitions. The results speak for themselves: significant contributions to digital advancement, employment, training, and sustainability, reinforcing our position as a pioneering digital provider and a champion of development in the Kingdom.

Our commitment to enhancing sustainability in the telecom and digital services sector was realized through strategic investments in innovation, targeting four key pillars: Climate Change, Operating Responsibly, Inclusion, and Generation Youth. This included a ₪ 1.1 billion investment in expanding our 5G network, extending our reach to 122 cities and governorates. A significant milestone was becoming the first telecom operator in the Kingdom to provide full 5G coverage across all Company towers in the holy sites, setting a new benchmark for nationwide connectivity.

At Zain KSA, growth is not just about expanding into more regions; it is about delivering value through innovation. We strengthened our ability to integrate the ICT sector with key industries, enhancing the user experience through advanced technology capabilities and unlocking new industry verticals. Our leadership in investing in

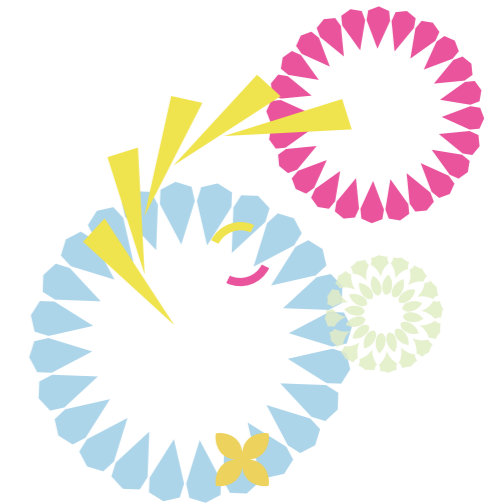
adjacent markets, particularly fintech and digital entertainment, continues to gain momentum, reinforcing our position as a key player in emerging digital sectors.

Sustainability remains a core priority. In 2024, we launched several initiatives promoting environmental responsibility, circular-economy practices, and digitalization across all operations. Our focus on talent development extends beyond hiring and training; we continued to actively foster an inclusive and empowering workplace. We have supported individuals with disabilities, ensuring equal opportunities and an inclusive work environment, in addition to expanding our volunteer work. Our workplace diversity and inclusion efforts earned us the Ghazi Al Gosaibi Award for the Best Work Environment for Women. We were also honored to be among 19 leading national companies selected by the Ministry of Economy and Planning to sign the Sustainability Champions Charter, reaffirming our commitment to environmental, social and governance (ESG) excellence.

Aligning with Saudi Vision 2030, we continue to integrate ESG principles and the United Nations Sustainable Development Goals, earning global recognition. Our commitment to sustainability and corporate governance was reflected in the upgraded MSCI ESG Index rating from A to AA, further strengthening our position as a responsible and future-focused organization.

Our strong operational and organizational performance translated into robust financial results in 2024, continuing the upward trajectory we have sustained for several years. We achieved historical revenues of ₪ 10.4 billion and record net profits of ₪ 596 million, with a recommendation from the Board of Directors to distribute cash dividends to shareholders amounting to 5% of the share nominal value.

As we move forward, our unwavering focus remains on growing and expanding our impact. With the trust and support of our visionary leadership, and the dedication of our exceptional team, we remain committed to pushing the boundaries of innovation and shaping Saudi Arabia's future as a global hub for digital excellence. Together, we are building a brighter, more connected world, driven by innovation and sustainability.



**As Saudi Arabia moves toward a knowledge-based, smart and diversified economy, we remain a proactive digital enabler, aligning our strategies, investments and operations with national ambitions.**

**Eng. Saad bin Abdulrahman Al-Sadhan**  
Acting CEO



**AA**  
MSCI ESG Index rating

**₪ 1.1 billion**  
Investment for expanding 5G network

## Our Strategy

We have developed a comprehensive strategy to position Zain KSA as the leading provider of telecommunications and digital services in the Kingdom. This strategy is built on key pillars aimed at enhancing operational and financial efficiency through strong governance, optimizing the Company’s capabilities and resources, staying ahead of global ICT innovations and creating an integrated digital ecosystem of advanced services and solutions to deliver the best user experience.

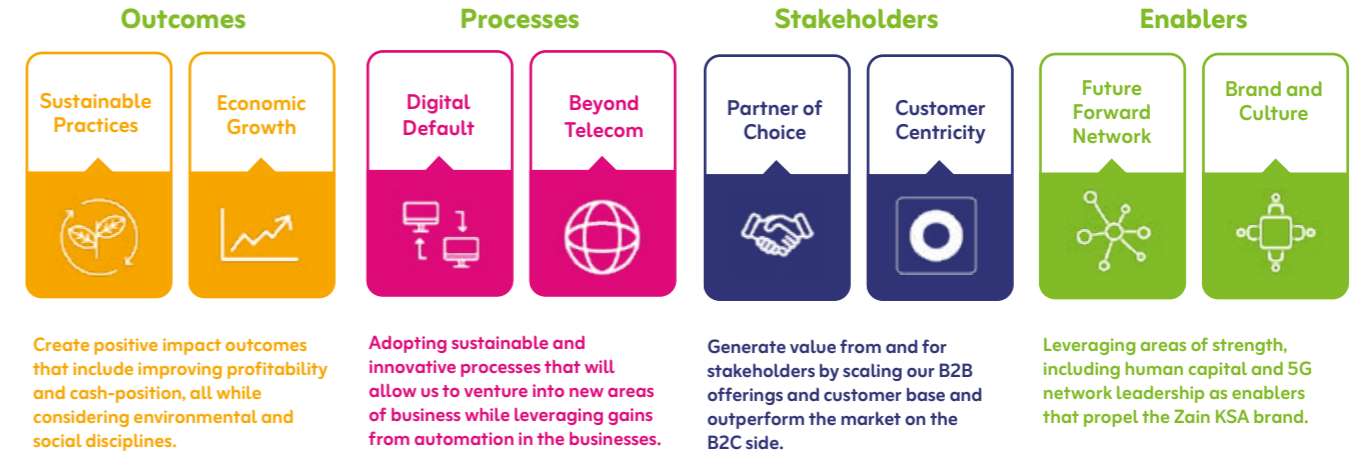
### Our Vision

To become a leading information communications company in KSA that enables people to benefit in a hyper-connected world.

### Our Purpose

Play a leading role in the ongoing evolution of a digitally connected future for people, businesses and machines, and deliver value to all key stakeholders.

This strategy has driven our efforts to expand our operations and invest in the growth of Saudi Arabia’s ICT sector. In 2024, we implemented our eight-pillar strategy across four principal areas.





## Key focus areas

### Outcomes

#### Economic Growth and Sustainable Practices

Driving economic growth and implementing sustainable practices, ensuring both financial success and long-term responsibility.

We have established a supportive ecosystem that fosters the growth and success of the ICT sector, driving overall economic development. This includes achieving significant revenue growth across all segments, such as digital services, while contributing to Saudi Arabia's sustainable development goals. Our focus is on empowering a vibrant society and improving quality of life, with sustainability at the core of Zain KSA's integrated ecosystem.

The Company has developed an environmentally friendly digital infrastructure, offering green technology solutions to address climate

change, with a particular emphasis on e-waste management and recycling initiatives.

As part of this, Zain KSA has aligned with its technical partners to implement standards that reduce energy consumption, including the launch of the first net zero 5G network. This initiative minimizes greenhouse gas emissions, mitigates the impact of climate change and improves the quality of life in cities and communities through sustainable, innovative solutions that support Saudi Arabia's future goals.

#### Our major achievements

- **Growth in overall Company revenue**  
Indicates an increase in the Company's total revenue across all services and markets. This growth reflects the effectiveness of strategic initiatives and enhanced service offerings.
- **Increase in EBITDA**  
A significant improvement in EBITDA demonstrates operational efficiency and higher profitability across business units.
- **Rise in revenue from 5G services**  
Shows the robust demand and monetization success of 5G offerings, emphasizing the Company's leadership in cutting-edge connectivity solutions.

#### Focus areas

- **Growth in overall Company revenue**  
The target emphasizes a sustained increase in total Company revenue by leveraging existing strengths and tapping into new opportunities across markets.
- **Increase in B2B earnings**  
Reflects a concentrated effort to expand business solutions, ensuring the Company solidifies its position in the B2B market through enhanced services, tailored solutions and strategic partnerships.

### Processes

#### Digital Default and Beyond Telecom

Implement comprehensive automation of the Company operations and invest in adjacent markets to achieve diversified revenue streams.

As technology reshapes the future and propels innovation to new heights, Zain KSA has made significant strides in driving progress and innovation. By harnessing the power of an integrated network ecosystem and cutting-edge technologies, Zain KSA has delivered an exceptional user experience with a comprehensive range of digital services and solutions. This approach has opened up new opportunities for the Company, the Saudi ICT sector and various service and production industries.

Zain KSA has implemented transformative changes by leveraging technology across all its sectors, departments and operations. This includes the introduction of online sales channels, electronic applications and the optimization of daily network operations, all of which have contributed to improved service quality.

#### Innovation and revenue diversification

Securing a leading position in the Saudi ICT sector, Zain KSA has made significant strides in exploring adjacent markets, achieving a major milestone in fintech. The Company generated substantial revenue through Tamam, its fintech arm and the first fully digital micro-financing platform in Saudi Arabia, licensed by the Saudi Central Bank (SAMA).

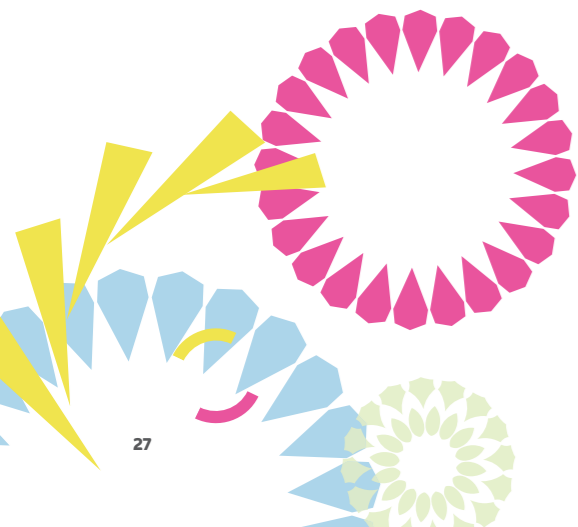
As part of its commitment to making a broader impact on the digital entertainment and esports sector, Zain KSA established PLAYHERA MENA. At the same time, the Company expanded its regional reach by launching the GeForce NOW cloud gaming platform, extending its services to neighboring markets.

#### Our major achievements

- **Revenue growth from Tamam**  
Highlights the success of Tamam as a strong revenue contributor, reflecting its popularity and customer-centric service model.
- **Boost in revenue from Yaqoot**  
Indicates Yaqoot's solid performance as a key product or service, demonstrating its ability to capture market share and attract customers.
- **1.5 million app active users per month**  
Reflects strong customer engagement and loyalty, as well as the value delivered by the app in facilitating services and interactions.  
  
Our initiatives demonstrate the Company's effective pivot toward digital transformation, enhancing digital product offerings and user experiences.

#### Focus areas

- **Smart home and gaming devices**  
Focuses on expanding into the consumer electronics and connected devices market, enhancing the smart living and entertainment experience for customers.
- **Gaming proposition**  
Represents a dedicated effort to cater to the growing gaming industry, with tailored services, partnerships or devices designed to meet gamers' unique needs.
- **New vertical revenue streams**  
Signals exploration into untapped or emerging markets and industries, aiming to diversify revenue beyond traditional offerings.



Stakeholders

Partner of Choice: Excellence in CX

To ensure Zain KSA is the preferred partner for individuals, businesses and government entities, with a strong focus on enhancing the customer experience.

Zain KSA has strategically positioned itself as the preferred partner in the Kingdom, prioritizing the enhancement of the customer experience. To expand its customer base, the Company has focused on diversity and improving service quality for both B2B and B2C segments through a customer-centric approach. This involves tailoring products and services to meet the needs and aspirations of customers at both personal and professional levels. In addition, Zain KSA has enhanced after-sales services, ensuring efficiency and high quality across multiple channels.

Zain KSA is also committed to delivering cutting-edge services to all 5G users, offering ultra-fast broadband connectivity and innovative digital applications that are set to transform everyday life. Through strategic partnerships, the Company has provided advanced solutions to the business and government sectors, leveraging one of the region's most developed 5G networks and a comprehensive ecosystem of premium cloud computing services through Zain Cloud.

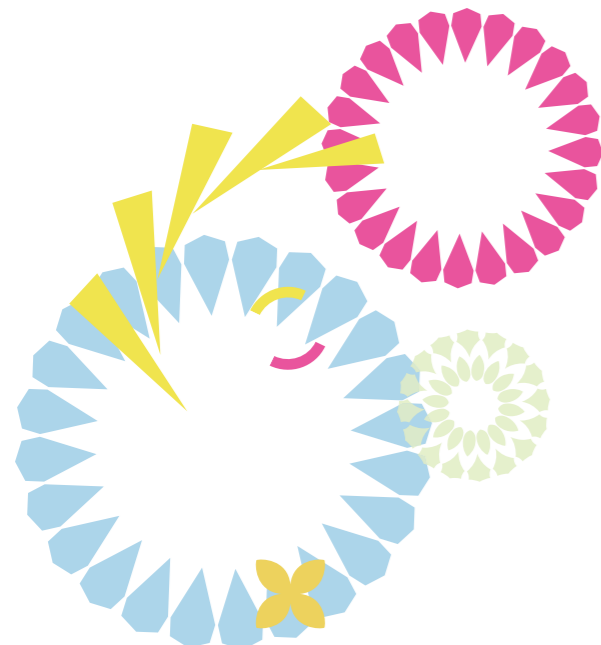
These efforts have contributed to a significant increase in revenue from the government sector, along with a thriving portfolio of services in the business sector.

Our major achievements

- **Rise in revenue from B2B services and wholesale**  
Demonstrates strong performance in enterprise solutions and wholesale offerings, supporting business clients' connectivity and ICT solutions needs.
- **92% Customer satisfaction**  
A high customer satisfaction score reflects the Company's commitment to excellent service delivery, issue resolution and customer experience.

Focus areas

- **Network as a Service (NaaS)**  
Highlights the transformation toward flexible, on-demand network solutions for businesses, supporting digital transformation and scalability.
- **IoT offerings**  
Represents a push to strengthen Internet of Things (IoT) solutions, enabling customers to harness connected devices and data-driven insight effectively.



Enablers

Cultural Identity in the Network Era

Leveraging the Company's identity, corporate culture and future network plans, to empower investors, consumers and employees.

Zain KSA has undergone a remarkable transformation in recent years, shifting from a traditional telecommunications provider to a leader in innovation and progress. The Company's brand is now closely associated with innovation, modernization, agility and the achievement of ambitious goals. This strong brand identity reflects the Company's core values, both internally and externally.

Zain KSA fosters a culture of innovation within the workplace, where the "Zain Family" collaborates to push boundaries and create groundbreaking solutions. The Company's investment in human resources has been a key driver of this transformation. By empowering a dynamic, young Saudi workforce, Zain KSA has not only cultivated a collaborative, high-performance environment that

supports growth, but has also developed a forward-thinking team at the forefront of 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.

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.

Our major achievements

- **31% Data traffic growth YoY**  
Demonstrates the increasing demand for data, which the Company effectively supports, ensuring quality and reliability in services.
- **66.1% 5G population coverage across 70 cities (including Red Sea project)**  
Reflects the rapid and expansive rollout of 5G networks, ensuring widespread access and leading-edge infrastructure.
- **37% Rise in 5G customers**  
Indicates growing adoption and retention of 5G services, driven by compelling value propositions and superior service quality.

Focus areas

- **Service slicing**  
Focuses on implementing advanced network technologies to deliver customizable, high-performance connectivity tailored to specific use cases or customer requirements.
- **Capitalize on Zain KSA's strong 5G offering**  
Leverages the Company's leadership in 5G to expand services, attract more customers and create innovative solutions across various sectors.

# 03

Our strong operational and organizational performance resulted in robust financial results in 2024 continuing the upward trajectory we have sustained for several years.

## Business Review

Introduction	33
Zain Consumer	35
Zain Business	37
Tamam	41
Innovation and Solutions	43
Subsidiaries and Investments	47
Our People	49



## Introduction

### Zain Consumer

Zain Consumer is dedicated to selling products and services directly to individual consumers through an extensive network of digital and physical touchpoints. With a focus on outstanding customer experience, it manages every aspect of the customer journey, including marketing, sales, communication, customer service and support. By delivering the right products through the right channels at the right time, Zain Consumer provides tailored solutions and exceptional service that powers its customers' daily lives.

### Zain Business

Zain Business is a leading enabler of digital transformation, offering a diverse range of innovative solutions tailored to businesses of all sizes across various sectors. By leveraging cutting-edge technologies like cloud computing, IoT and cybersecurity, it empowers organizations to enhance operational efficiency and drive growth. With a customer-centric approach and strategic partnerships, Zain Business is committed to fostering innovation and enabling businesses to thrive in an increasingly digital economy.

As a critical player in Saudi Vision 2030, Zain Business remains dedicated to leading digital transformation and shaping the future of the Kingdom's ICT sector.

### Tamam Finance Company (Tamam)

Tamam is a trailblazing fintech in Saudi Arabia, revolutionizing the microfinance sector with 100% digital onboarding and instant approvals. Since its inception in 2019 and official licensing as the first digital micro-lending platform in Saudi Arabia in 2020, it has focused on capitalizing on its first-mover advantage by serving underserved segments. It aims to enhance financial inclusivity in alignment with Vision 2030 and the Financial Sector Development Program. Leveraging its commitment to accessibility, transparency and innovation, Tamam integrates seamlessly with the digital lifestyles of modern consumers in need of financial support and driving growth with a robust platform and dedicated team.

**ﷲ 10.4 billion**

Revenue

**ﷲ 6.5 billion**

Gross profit



# Zain Consumer

## Delivering Excellence Across the Customer Journey

Zain Consumer achieved solid progress in 2024, delivering financial growth and introducing new products and services across all customer segments. It succeeded in enhancing network speed and customer experience, ensuring exceptional connectivity across the Kingdom, empowering the lives of its customers each day.

During a year of strategic progress and transformation, Zain Consumer launched a new 300 Mbps speed tier for home 5G, catering to diverse customer needs. This saw sustained monthly growth in 5G adoption, with a high penetration of its base opting for 5G Home solutions. It introduced the world's first customizable home routers, offering customers a unique level of personalization in their connectivity solutions. It also completed a full transformation of its business support systems (BSS), allowing it to serve customers more effectively and adapt to market demands with greater agility.

Zain Consumer expanded its ecosystem with the launch of a comprehensive voucher marketplace, featuring over 140 brands and 1,200 SKUs. Its device portfolio was further diversified to include smartphone brands such as Xiaomi, Nothing and OnePlus, alongside the development of a smart home ecosystem that integrated seamlessly with its product offerings.

Through a partnership with alrajhi bank, Zain Consumer integrated the Mokafoo loyalty program, connecting customer transactions with reward opportunities and further enhancing its ecosystem. As a result of its focus and success in delivering exceptional value and meeting the evolving needs of its customers, Zain Consumer achieved 5.18 billion in annual revenue.

### Transforming for an enhanced customer experience

Zain Consumer undertook a comprehensive transformation of its BSS, designed to deliver tailored packages and promotions with faster time-to-market, improved channel dynamics and optimized sales footprints. This transformation focused on ensuring customers received the right products at the right price, through the right channels, and with messaging that resonated with their needs.

Throughout the transformation, Zain Consumer implemented a seamless customer migration process by operating on a separate platform to minimize disruptions. This strategic approach ensured continuity and reliability during the upgrade, while laying the groundwork for a more dynamic and responsive sales ecosystem.

The transformation has already delivered significant improvements, particularly in service availability across digital and other channels. These improvements have directly contributed to a measurable reduction in non-network complaints, reflecting its commitment to providing exceptional customer experience across all its touchpoints.

### Embracing a digital-first strategy

In 2024, Zain KSA's strategic focus revolved around a digital-first methodology that redefined every aspect of the customer journey, from product awareness and purchase to usage and retention. This approach was designed to enhance customer experience, optimize operational efficiency and drive sustainable growth by leveraging digital innovation across all touchpoints.

The strategy was built on four core pillars, each supporting the overarching goal of integrating digital capabilities into Zain KSA's offerings.

This comprehensive digital-first approach positioned Zain to address the changing expectations of its customers while maintaining its leadership in the rapidly evolving telecommunications and technology sectors.

### Launching innovative connectivity solutions

Zain Consumer introduced groundbreaking propositions designed to enhance connectivity, improve reliability and expand access to underserved areas. These innovative solutions align with Zain Consumer's commitment to delivering exceptional customer experience and driving economic growth through advanced technologies.

### Zain Consumer in 2025: towards an enhanced digital future

Looking forward, Zain Consumer strategic objectives are centered on driving innovation, increasing efficiency and expanding into high-potential markets. It will optimize legacy channels to ensure they remain efficient and responsive and accelerate growth on digital platforms through improved customer journeys, new digital features and enhanced customization.

In line with its commitment to adopting advanced technologies, Zain Consumer will integrate AI across several key areas, including marketing, sales, customer care, and network operations, enabling smarter decision-making, greater personalization, and more proactive service delivery. AI will be leveraged in network operations to enhance connectivity by predicting and resolving technical issues before they impact users. Zain Consumer will also focus on entering new verticals, including IoT, gaming, eSports and eHealth, by introducing tailored offerings and innovative services. Through these efforts, Zain Consumer will capture emerging opportunities and deliver cutting-edge solutions, solidifying its position as an industry innovator and sustaining its growth trajectory.

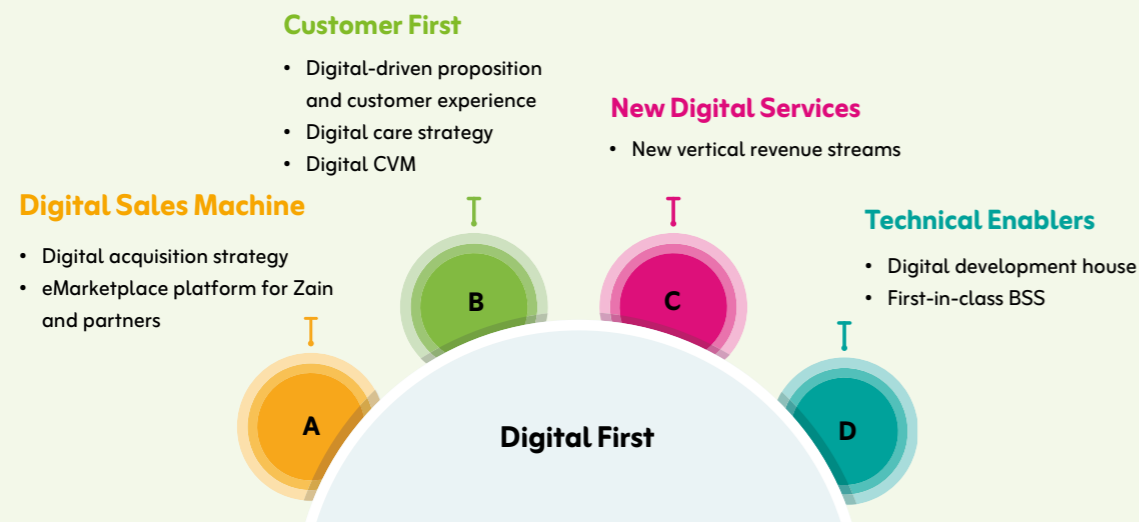
### Yaqoot: A fully digital communication experience

Yaqoot, launched by Zain KSA in 2019, is a cutting-edge digital communication service built on a 100% digital business model. Designed to deliver seamless and convenient experiences, Yaqoot empowers customers with innovative solutions tailored to their needs.

The service offers a variety of digital products, including the latest devices and flexible call and data packages supporting 5G connectivity. Customers can further customize their experience with unlimited application options included within the packages, ensuring maximum flexibility and value.

Yaqoot packages feature fixed pricing with automatic renewals, managed entirely through digital contracts. Using the Yaqoot app, customers can easily manage their subscriptions and packages in real time, providing instant access to all services in a streamlined and efficient manner.

In 2024, Yaqoot achieved remarkable growth, with its revenue increasing by 13%, underscoring its success as a leader in digital communication services.



## Zain Business

### Empowering Enterprise Transformation

Zain Business solidified its position as a key enabler of digital transformation in 2024, delivering exceptional performance, introducing cutting-edge solutions and enhancing customer experiences. By leveraging advanced technologies, forming strategic partnerships and prioritizing client centricity, the business unit demonstrated its commitment to empowering organizations across sectors to adapt and excel in a rapidly evolving digital economy, reinforced its leadership in the ICT landscape and supporting the goals of Saudi Vision 2030.

Zain Business achieved a robust revenue growth, underscoring its commitment to advancing digital transformation across Saudi Arabia. This performance reflects the unit's success in delivering innovative, technology-driven solutions tailored to the needs of enterprises across diverse sectors. By leveraging advanced capabilities in 5G, IoT, cloud services and AI, Zain Business has enabled organizations to optimize operations, enhance customer engagement and pursue sustainable growth trajectories.

As a critical enabler of Vision 2030, Zain Business continues to provide scalable, customized solutions that empower businesses to adapt and excel in an increasingly digital economy. A key highlight was the successful extension of its MVNO partnership with Salam Mobile through March 2030. This milestone reflects Zain Business' strategic focus on building enduring alliances that generate mutual value and strengthen its position as a leading driver of innovation and growth in the Kingdom's ICT ecosystem.

#### Strategic focus driving sustainable growth

Zain Business set ambitious targets for 2024, designed to accelerate growth, improve customer satisfaction and lead innovation in Saudi Arabia's enterprise sector. These objectives centered on achieving a significant year-on-year revenue increase, expanding its customer base with a focus on large enterprises and government contracts, driving adoption of advanced services – such as cloud computing, IoT and 5G – and deploying cutting-edge digital solutions, including AI-powered analytics and advanced cybersecurity offerings, across key industries.

The business unit delivered strong results, with 4.73 billion in annual revenue, fueled by robust demand for its cloud services, 5G connectivity and IoT solutions. This success reflected its ability to support businesses as they embraced digital transformation initiatives. Customer acquisition targets were also met, with significant traction in sectors such as healthcare, government and retail. Strategic partnerships further expanded Zain Business' client portfolio, with notable gains among SMEs and large enterprises.

Adoption rates for key services exceeded expectations, as businesses sought reliable, efficient and secure digital solutions. Cloud services and 5G offerings gained widespread acceptance, while new digital solutions – including AI-driven analytics and enhanced cybersecurity services – positioned Zain Business as a trusted leader in enterprise digital transformation.

Three key factors contributed to this success. First, the increasing demand for advanced digital solutions, aligned with Vision 2030, provided a favorable environment for adoption across various industries. Second, Zain Business capitalized on strategic partnerships with leading technology and industry players to broaden its service offerings and capture new opportunities. Finally, a customer-centric approach, focusing on personalized support and value-added solutions, strengthened client satisfaction and loyalty, driving sustained growth.

#### Transforming industries through innovation

During 2024, Zain Business introduced groundbreaking solutions that reinforced its leadership in innovation, diversified its portfolio and supported the goals of Vision 2030. These launches demonstrated Zain KSA's ability to address emerging market needs, empower customers and expand into non-traditional sectors.

#### Advancing conservation with wildlife tracking solutions

Zain Business successfully deployed a solar-powered, satellite-based wildlife tracking system, enabling precise monitoring of animal behavior. This innovative solution provided critical data for wildlife conservation and sustainability efforts, combining robust satellite communication with eco-friendly technology. The initiative strengthened Zain KSA's commitment to environmental stewardship and positioned it as a pioneer in diversifying telecom applications. For clients, the system offered streamlined, efficient wildlife monitoring that supported conservation goals.

#### Bridging the digital divide with LiteMW

Utilizing its advanced 5G infrastructure, Zain Business launched LiteMW, a fixed wireless service designed for underserved areas with limited wired connectivity. Targeted at locations with low bandwidth needs, LiteMW provided affordable and reliable fixed internet access, enhancing digital inclusion in rural and remote regions. This solution optimized existing network resources, creating new revenue streams while reducing operational costs, and delivered flexible connectivity options for customers in previously underserved markets.

#### Enhancing communications with eSBC solutions

The enterprise session border controller (eSBC) solution secured and streamlined voice and video communications across diverse platforms for enterprises. By integrating with existing communication networks, Zain Business enabled seamless, reliable and secure connections for businesses. This launch expanded its service offerings, boosting customer loyalty and operational efficiency, benefiting customers with enhanced communication security, reduced costs and increased productivity.

#### Strengthening cybersecurity with managed SOC services

Zain Business introduced a 24/7 managed security operations center (SOC) service, providing round-the-clock monitoring and response to cyber threats. This service positioned Zain as a trusted security partner, offering proactive threat detection, compliance support and access to expert cybersecurity knowledge. Customers experienced reduced risks, increased protection against data breaches and improved business continuity, while Zain established a recurring revenue stream and a reputation for excellence in managed security services.

#### Proactive defense with threat intelligence services

Zain Business launched a threat intelligence service to deliver real-time insight into evolving cyber threats, empowering customers to take proactive security measures. By providing actionable information on vulnerabilities, phishing and malware, the solution improved threat visibility, enabled faster incident responses, and supported informed investment in security measures. This initiative further reinforced Zain KSA's credibility as a trusted cybersecurity provider while offering clients superior protection and decision-making tools.

#### Elevating customer experience

Zain Business prioritized enriching customer experience and service delivery this year, through a series of strategic initiatives tailored to meet the evolving needs of enterprise clients. A team of specialized account managers was deployed to provide personalized support, and ensure large enterprises received proactive assistance and tailored solutions to address their unique challenges. To further empower clients, user-friendly self-service portals were introduced, allowing businesses to independently manage accounts, monitor service usage and resolve issues efficiently. These portals significantly improved convenience and reduced wait times.

Streamlined operational processes enabled faster implementation of new services, ensuring businesses could scale operations and respond to market demands with agility. Zain Business also integrated a robust feedback system to capture customer insight, using this information to refine existing offerings and develop solutions that better align with client needs. Advanced monitoring tools were implemented to proactively identify and resolve potential service issues, improving reliability and minimizing disruptions to critical operations. Collectively, these initiatives drove significant improvements in customer satisfaction, strengthened client relationships and reinforced Zain Business' position as a trusted partner for innovative, reliable enterprise solutions.



### Zain Business in 2025

Looking forward, Zain Business will pursue a dynamic agenda of growth and innovation, focusing on advancing its leadership in digital transformation and delivering exceptional value to enterprise clients. The Company's priorities will center on expanding its digital solutions portfolio, driving 5G and IoT adoption, growing geographic reach and embedding sustainability and innovation into its offerings.

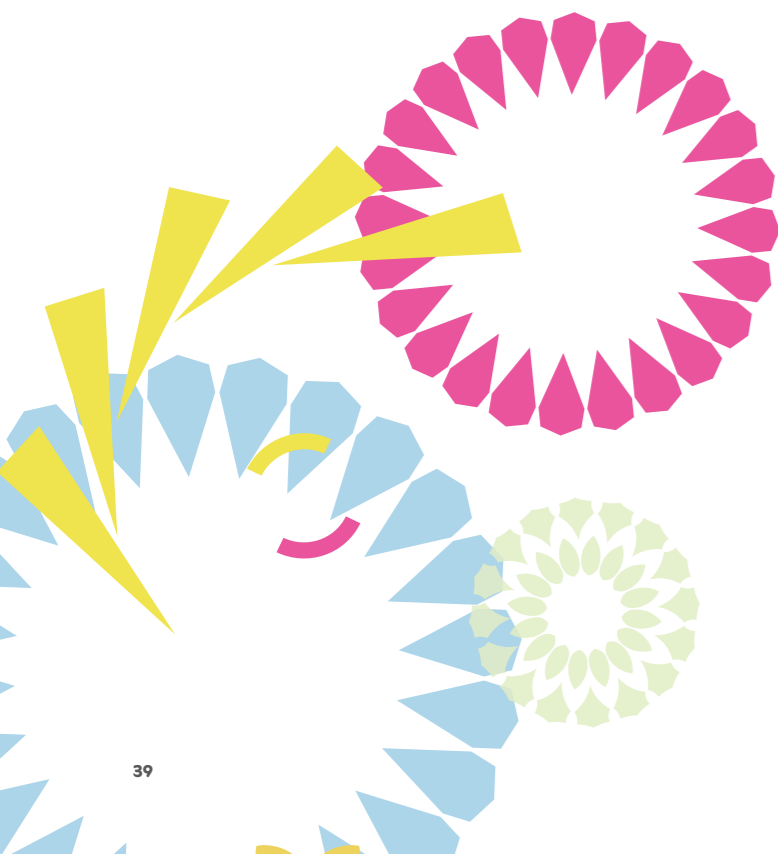
Zain Business plans to launch new advanced services in AI, machine learning and edge computing, equipping businesses with smarter, data-driven tools to optimize operations and decision-making. Enhanced cybersecurity solutions will also be a key focus, addressing the increasingly complex threat landscape and providing enterprises with robust protection for their data and infrastructure.

Leadership in 5G and IoT will remain a cornerstone of Zain Business' strategy, with tailored 5G solutions enabling industries such as manufacturing, healthcare and logistics to leverage low-latency, high-bandwidth connectivity. IoT applications will expand to support smart cities, agriculture and industrial operations, driving efficiency and innovation across sectors. To capitalize on the growing IoT ecosystem, Zain Business will actively pursue wholesale partnerships with licensed IoT-MVNO operators, leveraging its advanced network capabilities to strengthen its market presence and capture new growth opportunities.

Geographic expansion will be a priority, as Zain Business looks to extend its footprint across the Kingdom and explore emerging markets where digital transformation is accelerating. New partnerships and alliances with key players in government and enterprise services will further cement its position as a regional leader.

Customer centricity will underpin all initiatives, with plans to enhance customer experience through more personalized services, AI-driven tools and the continued support of dedicated account managers. These efforts will enable clients to receive tailored, responsive solutions that align with their specific needs.

In alignment with Vision 2030, Zain Business will integrate sustainability initiatives into its operations, including eco-friendly data centers and energy-efficient solutions. Innovation will be fostered through the development of forward-thinking business models and technologies that empower clients to achieve their operational and sustainability objectives, positioning Zain Business to lead the digital transformation journey for enterprises in Saudi Arabia and beyond.



# Tamam



## Leading the Transformation of Microfinance

Tamam Finance Company (Tamam), a subsidiary of Zain Saudi Arabia, has established itself as a market leader in the microfinance sector, delivering robust financial growth and pioneering innovations that align with Saudi Arabia's Vision 2030. Revenue and profits surged during the year, driven by strategic advances and initiatives that have expanded financial inclusion and enhanced customer experience.

During a very successful year that saw Tamam solidify its standing as a leader and innovator in the Kingdom's microfinance sector, a key achievement was winning an exclusive partnership with Samsung to provide embedded finance solutions in Saudi Arabia. As the first initiative of its kind in the region, this agreement will launch in 2025, offering consumers a range of affordability options and expanding access to finance for underserved segments.

Tamam also became a leader in open banking through partnerships with Lean Technologies and Tarabut, automating and accelerating the finance application process for customers. This initiative supports the Kingdom's open banking objectives and underscores Tamam's commitment to empowering consumers with 100% digital finance solutions.

In collaboration with FICO, Lean Technologies, and ZainTECH, Tamam is advancing AI-powered innovation to develop customized financial solutions that enrich customer experience and redefine microfinance in Saudi Arabia. These efforts position Tamam at the forefront of fintech innovation, combining cutting-edge technology with a deep understanding of customer needs.

Operational enhancements have also been a focus, with the implementation of state-of-the-art platforms designed to scale the business efficiently and improve the digital finance process. These improvements have resulted in faster and more accessible services for Tamam's customers, solidifying its reputation as a trusted provider of microfinance solutions.

### Outstanding financial performance

Tamam delivered exceptional financial results, demonstrating the strength of its business model and its ability to scale efficiently in the growing microfinance market. Revenue reached 368 million, a 30% increase over the previous year, reflecting sustained demand for its innovative, fully digital financial solutions and reinforcing its position as a key driver of financial inclusion and digital transformation in the Kingdom.

Net income grew by an impressive 103%, reaching 105.2 million, underscoring the profitability of Tamam's strategic initiatives, and highlighting improved operational efficiency and cost management.

The company's net Islamic financing receivables rose to 869 million, a 46% year-on-year increase in value, driven by expanded customer adoption and an active loan book that continues to grow across key market segments, cementing Tamam's position as a leader in the Kingdom's microfinance sector.

### Strategic focus driving results

Tamam maintained a clear and focused strategy in 2024, delivering exceptional results while optimizing the finance journey for consumers in Saudi Arabia. With instant approvals and a seamless, document-free digital experience at its core, Tamam prioritized customer centricity, while driving robust risk management and portfolio quality to ensure sustainable growth and stability.



This balanced approach, combining innovation with strong governance, enabled Tamam to serve underserved and digital-native segments and adhere to the highest standards of portfolio integrity. Advanced data analytics and monitoring systems played a crucial role in enhancing financial inclusivity, safeguarding lending practices and delivering a mobile-friendly, secure and intuitive application process.

Key achievements underscored the effectiveness of Tamam's strategy. A major milestone was the successful migration to a new hosting system and the implementation of a state-of-the-art core platform, providing the scalability needed to support future growth. Additionally, Tamam launched open banking solutions, reinforcing its commitment to innovation and empowering customers with faster, more efficient financial services.

These advances were supported by strategic planning, technological upgrades and a dedicated focus on delivering value to underserved communities. Overall, Tamam delivered a strong financial and operational performance for the year, positioning the company for sustained growth and operational excellence.

### Innovating for growth and enhancing customer experience

Tamam introduced transformative initiatives in 2024, solidifying its leadership in the fintech sector and aligning with Vision 2030. Among its key innovations, the collaboration to develop an AI-driven credit assessment model, in partnership with ZainTECH, FICO and Lean Technologies, marked a major step forward in personalized and secure financial solutions. This collaboration leverages FICO's global expertise in predictive credit scoring, integrating AI and open banking to improve financial inclusion while ensuring data protection and transparency.

Customer experience saw significant advances through a series of impactful upgrades. Tamam enhanced its digital platform by implementing a new core system and integrating open banking technologies, enabling faster, more seamless user interactions and secure data sharing. The company optimized its industry-leading instant approval process, providing customers with a simple, document-free loan application journey.

Additional customer-centric innovations included a complete revamp of the Tamam app, delivering a more engaging, responsive and user-friendly digital experience. Data protection measures were also strengthened, reinforcing trust and ensuring the highest standards of privacy in all customer interactions. Collectively, these efforts showcased Tamam's focus on delivering superior financial experiences, while fostering financial inclusion and innovation across Saudi Arabia.

### Recognizing excellence

Tamam earned prestigious recognition in 2024 for its exceptional contributions to the fintech sector and its role in driving innovation and growth in Saudi Arabia. These accolades underscore the company's pioneering efforts in transforming consumer finance through innovative, data-driven solutions and visionary leadership.

- Received the Financial Technology Award from MEA Business Magazine for Tamam's achievements in revolutionizing the consumer finance landscape in Saudi Arabia.
- Tamam's CEO, Yousef Al Musailleem, named in the Forbes Middle East 30 Under 30 list for 2024, recognizing his visionary leadership, dedication to innovation and pivotal role in shaping the future of financial technologies in the region.

### Tamam in 2025

In the year ahead, Tamam is committed to building on its strong foundation by pursuing transformative initiatives and ambitious objectives that will shape its growth and innovation in the year ahead. Central to this vision is the expansion of its operational capacity to meet rising customer demand while maintaining the seamless digital experience that defines its reputation. Tamam's focus on scaling embedded finance will enable retailers to offer instant purchase financing at the point of sale, increasing customer satisfaction, boosting conversion rates and creating significant growth opportunities for retail partners.

Strengthening strategic partnerships with technology leaders, including ZainTECH, FICO and Lean Technologies, will remain a priority, leveraging advanced AI and open banking capabilities to deliver cutting-edge financial solutions. In parallel, Tamam will further refine its app design, making it more accessible and user-friendly while integrating personalized financial journeys powered by advanced data analytics to provide customers with tailored experiences.

Aligned with Saudi Vision 2030, Tamam will continue to promote access to finance and empower underserved segments of society, contributing to the Kingdom's ambitions to establish itself as a regional fintech leader driving sustainable growth in the financial technology sector.



# Innovation and Solutions

## Driving Digital Transformation and Supporting Saudi Vision 2030

As the Kingdom continues its ambitious path toward Saudi Vision 2030, Zain KSA is evolving from a traditional connectivity service provider (CSP) into a digital solutions provider (DSP). This strategic shift allows the Company to go beyond offering basic connectivity by delivering a wide range of end-to-end digital services. By cultivating a robust ecosystem of technology partners, Zain KSA is poised to address complex business needs, accelerate digital adoption and actively contribute to the Saudi Arabia’s economic diversification and innovation goals.

Central to this transformation is Zain KSA’s commitment to pioneering future-forward initiatives that align with the core pillars of its strategy. In harnessing advanced technologies such as 5G, satellite connectivity, IoT, cybersecurity and AI, the Company is amplifying the value it brings to customers, cementing its role as a driving force behind the Kingdom’s digital evolution.

The following is an overview of Zain KSA’s key projects and solutions, all of which underscore its dedication to strategic growth, innovation and long-term sustainability.

Key projects and solutions	Description and impact	Strategic pillars		
Smart Node	As a future-forward network, Smart Node provides a unique indoor solution specifically designed for enterprise clients, aimed at helping Zain KSA accelerate B2B time to market, resolve coverage challenges within enterprise locations and elevate customer experiences. This innovation delivers reliable and secure connectivity, while efficiently redirecting traffic from outdoor sites. Its compact design enables straightforward installation supports both 4G and 5G technologies.			
Digital signature license	Zain Business has obtained a Digital Government Authority (DGA) license, authorizing it to provide digital certification services that align with the government’s digital strategy. The license supports secure, paperless workflows, reducing environmental impact, promoting compliance and ensuring legal validity. In addition, it unlocks new revenue opportunities in digital authentication and boosts scalability and security.			
CCTV new capability	Zain KSA has successfully introduced a solar-powered CCTV solution with IPVPN connectivity, tailored for smart city initiatives. This innovative system enables clients to achieve their smart city ambitions while meeting sustainability goals. Designed for energy efficiency, it aligns with environmental objectives and expands the Company’s security portfolio to support enterprises and public-sector organizations. It also boosted Zain KSA’s competitive edge for smart city projects and large compounds, providing clients with a seamless blend of sustainability and advanced technology.			
Connectivity Management Platform (CMP)	Zain KSA has successfully launched a next-generation CMP, migrating from legacy systems to deliver enhanced control and efficiency. This platform streamlines and scales IoT solutions, unlocking new revenue opportunities and empowering clients with robust tools for large-scale IoT deployments. The successful go-live of Zain Group’s CMP, along with the seamless migration of SIMs from the legacy system, enables Zain KSA to offer increased value-added services to IoT connectivity clients.			
Business-in-a-Box (BiB)	Zain Business has successfully introduced BiB, an all-in-one solution designed to empower SMEs by streamlining operations, boosting efficiency and driving growth. Built on industry best practices, the offering simplifies business management, while enabling a strong market presence and contributing to the development of a more tech-driven economy.  With access to expert support, SMEs can seamlessly integrate the platform into their operations, enabling businesses to focus on their core operations while enhancing overall performance.			

Security awareness	Zain KSA has implemented educational programs for employees to recognize and avoid cyber threats, reinforcing internal security and risk mitigation. The programs deliver several key benefits, including increased customer satisfaction, improved brand reputation, differentiation from competitors and a reduction in liability associated with security incidents. For customers, the programs reduce the risk of phishing attacks, improve employee security awareness, strengthen the overall security posture and ensure compliance with industry regulations.			
Successful showcase at LEAP 2024	Zain KSA’s successful showcase at LEAP 2024 featured 23 innovative solutions and resulted in 25 new agreements, generating 109 leads. The event significantly raised market visibility, fostered innovation-driven partnerships and attracted top-tier clientele. The showcase highlighted Zain KSA’s latest solutions, with a focus on attracting attention from key clients, educating and engaging a diverse audience, and enhancing brand awareness and recognition.			
RedCap: mid/high speed IoT	5G Reduced Capability (RedCap) is a 5G technology optimized for lower-complexity IoT devices such as sensors, wearables and industrial applications, bridging the gap between LTE-M and full 5G. It opens new market segments in IoT, boosting adoption and driving revenue, while reducing energy consumption and retaining key 5G capabilities.  RedCap is designed to support devices with lower power and data rate requirements, offering efficient connectivity for IoT sensors, wearables, CCTV and industrial applications. By bridging the gap between full 5G capabilities and simpler solutions, RedCap enables cost-effective, power-efficient communication without compromising essential 5G features. This technology facilitates the widespread adoption of 5G in industries that require communication solutions for a diverse range of devices.			
Air Fiber	Air Fiber is a fixed wireless access solution that provides multi-gigabit, “fiber-like” experiences for both the consumer and enterprise sectors. It addresses last-mile connectivity gaps quickly and cost-effectively, enabling faster deployment of high-speed internet.			
Gaming Turbo with dedicated bearer solution	This solution prioritizes gaming traffic on 5G networks, significantly reducing lag and boosting overall gaming performance. It positions Zain KSA as the preferred choice for gaming enthusiasts, reinforcing its reputation as a provider of cutting-edge services.  By focusing on gaming traffic, the solution optimizes performance, delivering a smoother and more responsive gaming experience. It targets gamers specifically, strengthening Zain KSA’s presence in the gaming market. Showcasing the unique capabilities of 5G, it demonstrates the network’s ability to support high-performance, latency-sensitive applications, cementing the Company’s leadership in the gaming and digital entertainment industries.			
Google Cloud and AI training program	The Google Cloud AI training program is a specialized initiative aimed at improving employees’ expertise in cloud, AI and cybersecurity, with funding from Google.  This program fosters a tech-savvy workforce, accelerating Zain KSA’s transformation into a true DSP. It also builds internal capabilities that drive product innovation and service differentiation, positioning Zain KSA at the forefront of the digital economy.			

Digital milestones in 2024

Acquisition of the 600MHz spectrum for 5G stand-alone

Zain KSA successfully acquired the 600MHz spectrum during the CST spectrum auction. As a cornerstone for 5G stand-alone (SA) services, this spectrum enhances the Company's ability to deliver extensive network coverage across urban centers, villages and remote areas, as well as major highways, and significantly improves indoor coverage.

Universal service fund initiative

Zain KSA secured three major projects valued at 1.3 billion under the Universal Service Fund program, tendered by the Ministry of Communications and Information Technology, covering 37 governorates. These projects focus on expanding wireless broadband in underserved areas and will provide broadband speeds of up to 20 Mbps.

Cutting-edge network enhancements and VoLTE and 5G roaming

The Company has made notable strides in growing its network capabilities. Zain KSA launched commercial VoLTE roaming for both inbound and outbound customers, alongside completing a successful proof of concept (PoC) with Zain Kuwait for 5G SA and VoNR roaming.

Supporting enhanced tourism experiences

Zain KSA expanded its partnership with Red Sea Global to promote the use of green technologies and extend the world's first carbon-neutral 5G network to Shebara Island. The Company will connect the island's telecom tower to the mainland via a Free Space Optics (FSO) wireless optical communication link, providing the island with a fully integrated digital experience, a laser-based network spanning 20 kilometers, speeds of up to 20 Gbps, and a network powered entirely by solar energy.

Emergency communication system

In collaboration with Red Sea Global, Zain KSA launched the region's first unified and specialized emergency communication system, integrating three advanced technologies: Push to Talk (PTT) over land, sea and air based on the mobile network, air-to-ground communication technology, and the Digital Mobile Radio (DMR) Wireless communication network.

MoU with Nokia

Zain KSA signed a memorandum of understanding with Nokia to collaborate on developing 5G-based infrastructure, leveraging cloud radio access network (C-RAN) technology. This strategic partnership aims to unlock the potential of future technologies, develop innovative services to improve user experiences, and improve the efficiency of networks and communication services while delivering cutting-edge digital solutions.

Enabling virtual operators

Zain KSA has signed an agreement to extend its strategic partnership with Integrated Telecom Company (Salam Mobile) until 2030. The agreement aims to elevate Salam Mobile's services by leveraging Zain KSA's advanced network hosting capabilities and infrastructure.

Spotlight: Shaping the future of 5G

By harnessing the power of these initiatives, Zain KSA is laying a foundation for sustainable innovation and continued economic growth. Its ecosystem-driven approach makes sure it remains agile and ready to capitalize on emerging opportunities – ultimately delivering on its promise to support Saudi Vision 2030, enrich the Kingdom's digital landscape and redefine the Company as a leading digital solutions provider.

01

Investing in impact

Zain KSA has invested 1.1 billion as part of an integrated plan to expand its infrastructure, 5G network and digital services ecosystem.

Through this major expansion plan, Zain KSA aims to achieve the following:

- Expand 5G network coverage to reach 122 cities and regions across the Kingdom
- Cover more than 66% of populated areas with 5G services
- Enhance network capacity to deliver higher speeds and industry-leading response times (5G)
- Enable advanced digital infrastructure to offer the best customer experience

02

Exceptional experience for pilgrims

The Company has achieved a milestone by providing full 5G network coverage across the holy sites, becoming the first telecom operator to do so. The network is fully equipped to handle increased demand for communication and data services during peak seasons.

Through this achievement, Zain KSA delivers the following:

- Enhancing the digital experience for pilgrims, making their spiritual journey more connected and memorable
- Contributing to the digital capacity of the Pilgrim Services Program and supporting its broader objectives

03

Artificial intelligence to enhance user experience

Zain KSA has signed a memorandum of understanding with the global company Elisa Polystar to increase the use of AI in improving the user experience of its 5G network.

Through this partnership, Zain KSA will be able to:

- Redefine operational processes for digital services using advanced technologies
- Optimize the operational efficiency of its 5G network
- Analyze customers' digital behaviors to design tailored solutions that meet their expectations

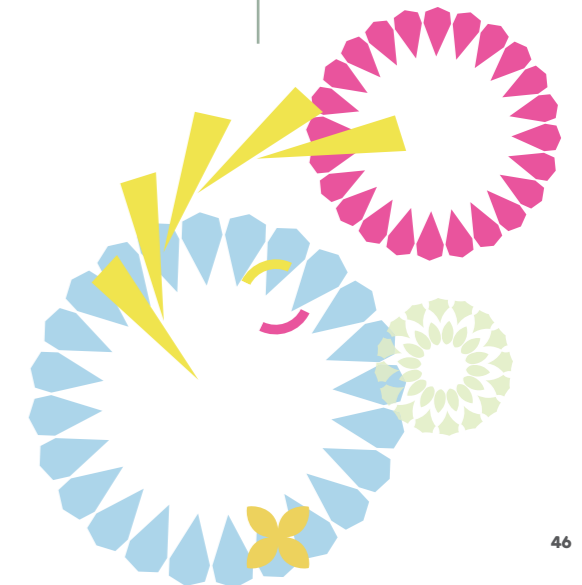
04

New frequencies for a future-forward user experience

Zain KSA has secured new 600 MHz frequencies through a frequency auction by the Communications, Space and Technology Commission, enabling advanced 5G SA services.

This achievement highlights the Company's:

- Commitment to offering the most advanced technologies and digital solutions
- Dedication to expanding coverage
- Continuous efforts to increase the capacity of its advanced 5G network flexibility to provide advanced 5G services, such as the Internet of Things (IoT), smart city solutions and more



## Subsidiaries and Investments

### Subsidiaries

#### Zain Sales Co. Ltd. (Zain Sales)

Zain KSA shareholding: 100%

A limited liability company, with commercial registration number (1010474932) registered and operating in the Kingdom of Saudi Arabia and headquartered in Riyadh, with a capital of ₪ 10,000.

Founded in 2018, Zain Sales operates in the areas of ongoing distribution and partner management. It was established to serve as Zain KSA's sales arm in the market and act as an intermediary between Zain KSA and sales and distribution channels for consumers, aiming to effectively manage sales and marketing channels and enhance overall sales efficiency. Zain Sales began its commercial activities in the first quarter of 2019.

#### Zain Drones Ltd.

Zain KSA shareholding: 100%

A limited liability company, with commercial registration number (1010584404), registered and operating in the Kingdom of Saudi Arabia, headquartered in Riyadh, with a capital of ₪ 10,000.

Founded in 2019, Zain Drones provides a fleet of world-class drones and applications with the capabilities to implement the latest drone solutions and conduct advanced data analytics for government entities and the private sector. The services offered by Zain Drones in the field of drone solutions will create numerous opportunities for various industries to achieve rapid growth and benefit from the Internet of Things (IoT) in an environment that is efficient, secure, and fast.

### Beyond telecom

Zain Drones collaborated with the Madinah Development Authority to create a digital twin of the Prophet's Mosque and the central area. The innovative project aimed to improve the area's development by replacing paper plans with digital data, thereby improving the efficiency of planning and management.

Zain Drones and General Electric (GE) partnered for the first time in Saudi Arabia on a project to inspect the Wa'ad Al Shamal power plant, one of the largest power plants in the region. This innovative initiative relied on the use of robots to inspect the facility, replacing traditional methods and achieving significant cost and time savings.

#### Tamam Finance Company (Tamam)

Zain KSA shareholding: 100%

A closed joint stock company, with commercial registration number (1010573360) registered and operating in the Kingdom of Saudi Arabia and headquartered in Riyadh, with a capital of ₪ 248,000,000.

Founded in 2019, Tamam provides microfinance consumer finance services in accordance with the approval of the Saudi Central Bank (SAMA) No. 57/A Sh/202012, issued on 20 December 2020. Tamam aims to raise financial inclusion in the Kingdom, in line with the Financial Sector Development Program, which is part of the Kingdom's Vision 2030. Tamam started its commercial activities in the fourth quarter of 2019.

#### Data Reach Information Technology Company

Zain KSA shareholding: 100%

A limited liability company, with commercial registration number (1010871663), registered and operating in the Kingdom of Saudi Arabia, and headquarters in Riyadh, with a capital of ₪ 5,000.

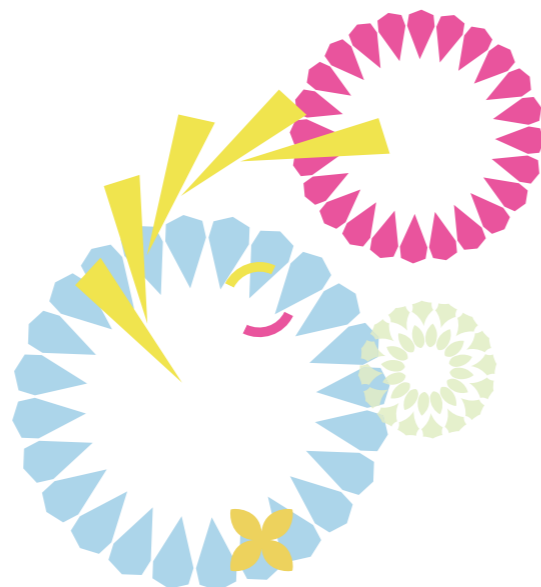
Founded in 2023, Data Reach Information Technology Company specializes in data preparation, website hosting, and related activities.

#### Sairah Holding Company

Zain KSA shareholding: 100%

A limited liability company, with commercial registration number (1010976163), registered and operating in the Kingdom of Saudi Arabia, headquartered in Riyadh, with a capital of ₪ 50,000.

Founded in 2024, Sairah Holding Company is responsible for managing the subsidiaries of the holding company and investing the funds of these subsidiaries, along with related activities.



### Investments

#### PLAYHERA Company

Zain KSA shareholding: 15%

A limited liability company, with commercial registration number (1010801531), registered and operating in the Kingdom of Saudi Arabia, headquarters in Riyadh, with a capital of ₪ 716,000.

Founded in 2022, Play Hera Company carries out wholesale and retail trade, information and communications, as well as film and television program production.

#### Fusion Company

Zain KSA shareholding: 31%

A limited liability company, with commercial registration number (1010875081), registered and operating in the Kingdom of Saudi Arabia, headquarters in Riyadh, with a capital of ₪ 22,000,000.

Founded in 2023, Fusion Company is focused on big data technology, data analytics, and the development of geospatial databases.



# Our People

## Investing in People to Drive Sustainable Growth

At Zain KSA, our people are at the core of our success, shaping our ability to innovate, grow, and deliver long-term value. We have built a dynamic and inclusive work environment that nurtures talent, empowers individuals, and aligns with our strategic ambitions. By fostering a culture of collaboration and continuous learning, we ensure that our workforce remains agile, motivated, and equipped to meet the evolving demands of the digital economy.


We are committed to attracting top Saudi talent and providing them with meaningful career opportunities through specialized training programs and interactive learning platforms. Our focus extends beyond recruitment to long-term professional development, offering clear career paths that enhance employee engagement and drive retention. By investing in the skills and ambitions of young Saudi men and women, we support their professional growth while strengthening our contribution to Vision 2030.

As we continue to cultivate a highly skilled workforce, we remain dedicated to empowering individuals across multiple disciplines, reinforcing our leadership in the industry, and driving sustained progress in the Kingdom's labor market. Our human capital strategy is a cornerstone of our success, ensuring we remain a forward-thinking, people-driven organization that delivers value for employees, customers, and stakeholders alike.


### Our strategic people focus

Our strategic human resources focus is centered on fostering an engaged, resilient and high-performing workforce. We are committed to creating an environment that empowers employees, strengthens leadership pipelines and aligns with Saudi Vision 2030's national workforce development goals.


## Our Corporate Values




Customer Centric




Agility



Belonging



Inclusion



Open Communication

### Employee engagement

We prioritize a workplace culture that fosters innovation, teamwork and motivation. Through continuous engagement activities and awareness programs, we reinforce our corporate values while enhancing job satisfaction and productivity. We are diligently working towards instilling a deep sense of belonging in our employees by ensuring that every employee feels included, respected and engaged. This is due to our belief that by creating an environment where employees feel valued and connected, we drive long-term retention and performance.

### Succession planning

Ensuring business continuity and organizational resilience requires a strong leadership pipeline. Our structured succession planning framework identifies and develops future leaders, equipping them with the skills and expertise needed to sustain strategic growth. This investment in internal talent strengthens our long-term stability and cultivates a culture of professional advancement.

### High-potential development

We actively identify and develop high-potential employees, providing them with tailored development plans to prepare for future leadership roles. By nurturing internal talent, we ensure our next generation of leaders is equipped to drive business growth and maintain our position at the forefront of the digital landscape.

### Employee well-being

The well-being of our employees is fundamental to our success. We prioritize physical, mental and emotional health through wellness initiatives, flexible work arrangements and accessible counseling services, fostering a balanced and supportive work environment where employees can thrive.

### Empowering youth

Developing young talent is essential to shaping the future of the workforce. Through our Graduate Development Program (Evolve), we cultivate specialized skills and provide structured career pathways.

Partnerships with leading educational institutions, innovation hubs and industry leaders further enhance training opportunities, equipping young professionals with the expertise needed for future success.

### Alignment with Vision 2030

Our HR initiatives directly support Saudi Vision 2030's goals of innovation, inclusion and workforce development. We continue to implement strategies that empower youth, increase women's participation in leadership and technology roles, and collaborate with national programs to bridge skill gaps. By investing in our people, we are strengthening the Kingdom's digital economy and positioning Zain KSA for long-term success.

### Fostering an inclusive culture

We are building a diverse and inclusive workplace where every individual is valued and empowered. Our approach ensures all employees, regardless of background or ability, have the support and opportunities needed to thrive. By integrating accessibility, equity and representation into our organizational culture, we reinforce our dedication to creating a workplace that fosters innovation, respect and equal opportunity.

Driven by this commitment, we have embarked on an ambitious journey rooted in strong and integrated values within our strategy, which emphasizes equality among all employees of both genders. This strategy also prioritizes the mental and emotional well-being of our employees and focuses on empowering and developing employees with disabilities.

### Empowering people with disabilities

We actively promote the inclusion of people with disabilities by embedding supportive practices across all functions and ensuring a culture that prioritizes accessibility and empowerment. Through partnerships with organizations such as Be My Eyes, we provide tools and resources that enhance accessibility for both employees and customers, reinforcing our commitment to an inclusive digital and physical environment.

Raising awareness and fostering allyship is essential to building an inclusive culture. Our comprehensive training programs focus on unconscious bias, inclusive leadership and workplace accessibility, ensuring that all employees contribute to an open, respectful and supportive environment. We also celebrate diversity through campaigns and events that align with national and global milestones, highlighting our commitment to inclusion and accessibility as a core part of our identity.

### WE ABLE initiative: Championing inclusion and accessibility

Diversity and inclusivity are fundamental to our strategy, shaping the way we connect communities and empower individuals. As a telecommunications and digital services company, we recognize the importance of fostering meaningful engagement across all segments of society while providing the tools and solutions that enable people to achieve their aspirations.

In line with this commitment, we launched the WE ABLE initiative to integrate and empower individuals with disabilities in the workplace. This program focuses on recruitment, professional development and tailored career opportunities that address the unique needs of employees with disabilities, ensuring they have the support necessary to succeed.

As part of this initiative, we signed a strategic agreement with Be My Eyes, a platform designed to assist visually impaired individuals, further reinforcing our commitment to accessibility. In parallel, we introduced educational programs to raise awareness and equip employees with the knowledge to foster an inclusive and supportive work environment. By embedding accessibility and inclusivity into our corporate culture, we continue to create a workplace where all employees feel valued and empowered to contribute.

### WE initiative: Empowering our female talent

Zain KSA has been a pioneer in advancing gender diversity in the workplace, taking decisive steps to empower women and increase their participation across all levels of the organization. In 2017, we launched the WE initiative, a strategic program designed to enhance opportunities for women, particularly in leadership roles, in alignment with Saudi Vision 2030 and the Human Capability Development Program. This initiative underscores our commitment to fostering a more inclusive workforce and contributing to sustainable development.

Since its launch, the WE initiative has delivered measurable impact, increasing the representation of women in our workforce from 7.6% in 2017 to 20% today, an increase of 163%. Female representation in top executive positions has risen from 0% to 44%, while the proportion of women in managerial roles has doubled from 5.6% to 11.8%, marking a growth rate of 111.8%. Over the years, we have hired 560 women, reinforcing our efforts to create a diverse and dynamic work environment.

Recognizing the importance of supporting working mothers, we introduced several initiatives to promote work-life balance, including 50 additional childcare leave days beyond statutory requirements, flexible childcare hours until children reach the age of four, and a dedicated nursery allowance. These policies reflect our commitment to ensuring that women can thrive in their careers while balancing family responsibilities.



Professional development remains a core pillar of the WE initiative. Through strategic partnerships with global technology leaders such as Huawei and Nokia, we have provided female employees with specialized training in key industry fields. Collaboration with the Ministry of Communications and Information Technology has further strengthened leadership capabilities through the Leadership Towards a Digital Economy program. Additionally, we have partnered with the Human Resources Development Fund (HRDF) and Cranfield University in the UK to offer leadership training for both male and female employees, reinforcing our investment in developing a skilled and diverse leadership pipeline, as a champion for gender diversity shaping an inclusive future where women play a vital role in the Kingdom's digital transformation.

**Empowering women in STEM and digital transformation**

We remain committed to strengthening the role of women in technology and digital transformation, driving their participation in shaping the industry's future. Through the expansion of our Women in Tech program, we provide advanced technical training and leadership development, equipping participants with the skills needed to excel in an evolving digital landscape. Strategic collaborations with global and local technology partners ensure access to certified programs that enhance technical expertise and leadership capabilities, reinforcing our commitment to innovation, diversity, and sustainable growth in alignment with Saudi Vision 2030.

As part of this commitment, we are launching the fourth edition of the Women in Tech program in collaboration with the Ministry of Communications and Information Technology (MCIT), Huawei, Nokia and Princess Nora bint Abdul Rahman University (PNU). This year's program is dedicated to empowering 150 female STEM graduates from PNU, providing them with mentorship, professional development, and specialized training to build successful careers in technology.

By equipping women with the expertise needed to thrive in digital industries, we are fostering a more inclusive and competitive workforce. Through mentorship, skills development and leadership training, we are ensuring that women play an active role in driving Saudi Arabia's digital transformation, strengthening their contributions to the Kingdom's long-term economic and technological ambitions.



**Developing our talent and driving growth**

We foster a culture of continuous learning, equipping our employees and the Kingdom's youth with the skills needed to thrive in an evolving labor market. Through structured development programs and strategic training partnerships, we ensure that our workforce remains agile, future-ready and aligned with our long-term business objectives. Recognizing that talent development is essential for institutional excellence and national progress, we have implemented targeted initiatives that support both individual career growth and Saudi Arabia's broader economic transformation.

**ZY initiative: Building the leaders of tomorrow**

Our commitment to youth empowerment is deeply embedded in our identity as a dynamic and ambitious Company that has rapidly established itself as a leader in telecommunications and digital services. Recognizing that young professionals are the driving force behind the future of technology, we launched the ZY Spark initiative, a program designed to develop the skills, knowledge, and leadership potential of individuals aged 18 to 29.

Through ZY Spark and ZY Mavericks, the initiative provides specialized development programs that equip young employees with expertise in key areas essential for success in a rapidly evolving industry. Seven talented employees from Zain KSA were selected to refine their skills in product management, human resources management, data analytics, communication, leadership and cloud computing. Participants earn certifications that qualify them as expert trainers in their respective fields, ensuring that the knowledge gained is continuously shared and expanded within the organization.

A key element of this initiative is our collaboration with edX, a leading global platform providing high-quality training courses. This partnership ensures that participants receive world-class education and industry-recognized credentials that enhance their professional development.

To further expand the impact of the initiative, the ZY Learn Program is designed to develop Mavericks experts into in-house trainers. By equipping them with the tools to mentor and train their colleagues, we foster a culture of continuous learning, enabling young professionals to advance their careers while strengthening the collective expertise within Zain KSA.

Through the ZY Initiative, we continue to invest in young talent, ensuring they are equipped to lead, innovate, and contribute meaningfully to the Kingdom's digital transformation.

**Evolve training program for fresh graduates**

As part of our commitment to nurturing young talent, we continue to roll out annual editions of the Evolve program, which was launched in 2022 to train and develop fresh graduates. The program has achieved outstanding success, with 95% of participants securing employment since its inception, reflecting its effectiveness in bridging the gap between education and professional careers.

**Wa'ad program: Specialized training for the youth**

A key pillar of this commitment is the Wa'ad program, developed in collaboration with the Ministry of Human Resources and Social Development. Aligned with the national training campaign, this initiative empowers students, graduates, and employees through specialized training and capacity-building programs. By enhancing workforce participation and strengthening professional competencies, Wa'ad reflects our shared vision of cultivating a skilled Saudi workforce.

As part of this initiative, we have pledged to provide 50,000 training opportunities to Saudi citizens between 2023 and 2025.

Demonstrating our dedication to this goal, we have already exceeded expectations by doubling the total number of training opportunities offered in 2024, delivering 141,741 opportunities.

In recognition of our contributions to workforce development, we were honored by the Ministry of Human Resources and Social Development at the Wa'ad awards ceremony. This recognition reinforces our role as a key enabler of talent development, ensuring that Saudi Arabia's workforce remains competitive, future-ready and aligned with the ambitions of Vision 2030.



**HiPo Talent Development program**

The HiPo Talent Development program was launched to enhance the capabilities of employees across all managerial levels, offering tailored programs for executives, managers and high-potential employees. The first phase of the program has been successfully completed, focusing on leadership development, professional skill-building and preparing participants for future leadership roles within the Company.

**Partnerships to elevate young national talent**

We strive to foster professional, educational, and community partnerships that create meaningful opportunities for young national talent. Through strategic collaborations with leading training institutions and universities, we are equipping the next generation with the technical and professional skills needed to succeed in a rapidly evolving job market. These partnerships reflect our dedication to developing Saudi talent and strengthening the Kingdom's workforce in alignment with Vision 2030.

In collaboration with the Ministry of Human Resources and Social Development, we have signed a Memorandum of Understanding (MoU) to expand training programs for individuals with special needs, reinforcing our commitment to inclusivity and social empowerment. This partnership focuses on integrating people with disabilities into the workforce, enhancing community participation and supporting professional and personal development for employees. As part of this initiative, we remain on track to train 50,000 members of the Saudi workforce between 2023 and 2025.



Through our partnership with Al Yamamah University, we are advancing digital skills development and on-the-job training for students while providing professional development courses for our employees. This initiative enables students to acquire practical experience, preparing them for career success while reinforcing the role of Saudi talent in shaping the Kingdom's telecom and digital services sector.

Our agreement with the Saudi Digital Academy focuses on enhancing job market readiness by providing training in digital skills, ensuring young professionals are prepared for careers in the technology sector. Similarly, our collaboration with the Colleges of Excellence is expanding training opportunities for graduates across multiple disciplines while offering professional development programs for employees.

By forging these strategic partnerships, Zain KSA continues to play a leading role in empowering young national talent, ensuring they are equipped with the knowledge and experience to drive the Kingdom's digital transformation and economic growth.

#### Strategic training partnerships

To ensure employees have access to world-class learning opportunities, we have established key partnerships with leading training institutions, enhancing leadership capabilities and equipping our workforce with specialized expertise. Through these collaborations, we have trained over 60% of our employees and strengthened the leadership skills of 20% of our executive management.

Through Zain Academy by PwC, we launched an updated version of our Digital Zain Academy, offering employees access to over 60,000 training courses across various professional fields. Our partnership with the LEORON Institute supports the HiPo Talent Development Program, delivering high-impact training programs that maximize the potential of our most talented employees.

In collaboration with ESCP Business School, we provide executive education programs designed to strengthen leadership capabilities and enhance organizational performance, ensuring a pipeline of future leaders who can drive sustainable growth. Additionally, our partnership with the Financial Academy offers specialized financial training and certification programs, equipping employees in the finance department with the technical expertise needed to excel in their field.

By continuously investing in our employees, we are reinforcing a culture of excellence, innovation, and leadership, ensuring that Zain KSA remains at the forefront of the telecommunications and digital services industry.

#### Enhancing engagement and well-being

We recognize employee well-being is fundamental to fostering a productive, inclusive and innovative work environment. Our commitment to human-centric values is reflected in initiatives designed to support the mental, emotional and physical health of our workforce, ensuring a culture that prioritizes engagement, resilience, and overall job satisfaction.

#### BE WELL initiative

Through the BE WELL initiative, we have integrated mental health and well-being into our corporate strategy, transforming employee support into actionable policies that enhance workplace welfare. This initiative fosters a positive and supportive environment where employees feel valued and empowered to prioritize their mental and emotional health.



To strengthen our benefits framework, we have incorporated life insurance into our employee package, ensuring greater financial security and peace of mind. Dedicated mental health programs provide psychological support through platforms such as Tahoon,

Labayh and Mostsharqce, offering employees access to professional guidance and counseling services. We actively participate in global mental health observances, including World Mental Health Day and Stress Awareness Day, granting employees a leave day on World Mental Health Day to emphasize the importance of self-care and well-being.

Workplace stress management remains a priority, with dedicated stress relief sessions designed to help employees navigate professional pressures. Physical health is also actively encouraged through initiatives such as the Count Your Steps Challenge, promoting movement and wellness. The Be a Rescuer program provides first aid training, equipping employees with essential life-saving skills, while seasonal flu vaccinations and awareness sessions on breast cancer, diabetes and autism spectrum disorder further contribute to overall health education and disease prevention.

By embedding well-being into our corporate culture, we have strengthened employee engagement and reinforced Zain KSA's reputation as an organization that fosters inclusion, creativity and innovation. These initiatives reflect our ongoing commitment to building a workplace where employees thrive, ensuring they remain motivated, supported and inspired to contribute to the Company's long-term success.

#### Awards & recognition

Zain KSA has been widely recognized by both local and international entities, earning numerous awards that reflect our leadership in human resources, commitment to sustainable development and dedication to empowering national talent.

- Ghazi Al-Qusaibi Award for an Ideal Work Environment for Women: Zain KSA received the Ghazi Al-Qusaibi Award for fostering an ideal work environment for women. This recognition underscores the Company's commitment to gender equity and aligns with Saudi Vision 2030's objectives of enhancing women's participation in economic and social development.
- Excellence in Diversity and Inclusion: The Diversity and Inclusion Award from the Society for Human Resource Management (SHRM) recognized Zain KSA's efforts in building an inclusive workplace culture. Additionally, Telecom Review awarded the Company the Best Diversity and Inclusion Program Award for leadership in fostering an environment that encourages innovation and empowers employees. These achievements reflect Zain KSA's commitment to sustainable business practices that drive long-term success.
- Social Responsibility Award: Zain KSA was honored with the Social Responsibility Award from SHRM for our innovative initiatives in community service and sustainable development. This recognition reinforces the Company's role as a responsible corporate leader, dedicated to creating meaningful social impact.
- Partnership with WalaPlus: WalaPlus recognized Zain KSA for our commitment to employee engagement and motivation. This partnership highlights Zain KSA's efforts to foster a dynamic and sustainable work environment by leveraging advanced technological solutions that enhance employee experience and drive productivity.



Through carefully tailored initiatives and programs we seek to deliver responsible solutions fully aligned with the objectives of Saudi Vision 2030 and the United Nations Sustainable Development Goals.



# ESG Review

Zain KSA is committed to building a sustainable world that fosters a digitally connected society with a high quality of life. Rooted in a higher purpose of creating and maximizing positive impact on the nation, economy, society, people and the environment, we adopted a comprehensive corporate sustainability strategy in 2020. This strategy is centered on integrating Environmental, Social and Governance (ESG) principles into our Company fabric and engaging with both internal and external stakeholders to create value for all.

We have embraced the principles of ESG as the cornerstone of our sustainability efforts, seamlessly integrating these values into our operational, financial and administrative frameworks. This approach has fostered the creation of a comprehensive methodology that drives innovation while ensuring responsible and impactful progress.

In pursuit of this, we conducted a thorough analytical study to identify the true needs and devise effective strategies to address them.

Through carefully tailored initiatives and programs, we seek to deliver responsible solutions, fully aligned with the objectives of Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDG). This approach is designed to amplify the developmental, social and environmental impact, extending the reach of benefits to encompass all stakeholders and community segments across the Kingdom.

## Corporate sustainability strategy pillars



### Climate Change

**Decarbonize our business and transition towards net zero by 2050**

Our solutions and initiatives are in line with our targets aiming to integrate mitigation and adaptation plans through the following:

- Networks and energy consumption transition
- Strategic approach and communications
- Waste management and circular economy




### Operating Responsibility

**Embed ESG across our value chain**

Through our processes and business activities, we aim to integrate ESG indicators to increase resilience and transparency by:

- Disclosure and reporting
- Responsible supply chain
- Protecting customer data privacy



### Inclusion

**Reduce the digital inequality gap**

We aim to bridge the digital divide that exist in our operating markets, focusing on the inclusion of vulnerable communities, which includes:

- Elderly community
- People with disabilities
- Women in technology



### Generation Youth

**Build resilience across our communities by targeting children and youth**

We work towards building, creating and supporting ecosystems that foster the well-being of young people to ensure sustainable, inclusive growth and social cohesion in our region through our initiatives in:

- Child online safety
- Digital literacy
- Youth unemployment

### Sustainability governance and transparency

Our sustainability journey has been marked by several key milestones, but 2024 stood out as a turning point, as we embarked on the path of formalizing and governing sustainability.

We also launched our inaugural sustainability report titled Into an Innovative Sustainable World. What sets this report apart – in addition to documenting the outputs and achievements of our corporate sustainability strategy throughout the year – is that it reflects our success in driving sustainability forward within the Kingdom. It represents a systematic change in how environmental, social, compliance and governance issues are approached.

Furthermore, it highlights our commitment to a high level of transparency and professionalism in disclosing our ESG impacts, while adhering to various regulatory guidelines, standards and frameworks for reporting, such as the Global Reporting Initiative (GRI), Greenhouse Gas Protocol (GHG Protocol) and the SDGs. We have also gone a step further by continuously measuring the impact of our operations on the environment, society and stakeholders, maintaining an open and productive dialogue to understand and meet their needs, and fostering openness to diverse ideas.

The report clearly demonstrates the seamless alignment between our corporate sustainability strategy, which is deeply integrated into our core corporate strategy, and the impact achieved in line with the objectives of Saudi Vision 2030 in the field of sustainable

development. It also showcases our pioneering role beyond the borders of the Kingdom, as we support global sustainability efforts represented by the SDGs and best practices in ESG standards.

Recognition for our progress in ESG continued during this year, as the Morgan Stanley Capital International (MSCI) ESG Index elevated our rating from A to AA. This upgrade reflects our efforts in environmental preservation, social responsibility and governance, as well as our transformation into a model company for embedding sustainable values and practices across our departments and operations. It is also the result of our adoption of clear, measurable performance indicators across all Company processes and our alignment with the SDGs.

Zain KSA has also signed the Sustainability Champions Program charter, one of the key initiatives of the Ministry of Economy and Planning. We were selected as one of 19 leading national companies in the Kingdom for sustainability practices. Through the initiative, we will support the sustainability transformation of three companies in the ICT sector: Thiqah, 2P, and Unifonic. This will include transferring knowledge, elevating their sustainability performance, reporting and ensuring ongoing efforts are made to serve national objectives, and position Saudi Arabia as a global leader in sustainability.

















### Environmental impact

We are dedicated to actively preserving the nation's natural and environmental resources. This commitment is reflected in our practical efforts to combat global warming, promote and protect biodiversity, and ensure the responsible and sustainable use of natural resources.
















To achieve these environmental goals, we leverage innovation and technology to develop solutions and services that foster the adoption of green energy, reduce carbon emissions, improve energy efficiency and manage electronic waste.


In 2024, we launched and implemented numerous programs and initiatives aimed at achieving these objectives.

Initiative/program	Description	Goals	Results	Contributing to the SDGs
<b>Second phase of the electronic waste management and recycling campaign</b>	Through a strategic partnership with the Ertiqa Association, we launched the second phase of our electronic waste management campaign, focusing on rehabilitation and recycling.	<ol style="list-style-type: none"> <li>1. Attracting and enhancing investment in the recycling sector and electronic waste management, while reducing waste emissions</li> <li>2. Contributing to the reduction of carbon emissions</li> <li>3. Enhancing economic efficiency</li> <li>4. Supporting the circular economy</li> </ol>	Recycling 5,000+ electronic devices	   
<b>Zero emission 5G network on Ummhat Island</b>	In collaboration with Red Sea Global and the French company Serge Ferrari Group, we designed and deployed innovative telecom towers for our zero emission 5G network on Ummhat Island.	<ol style="list-style-type: none"> <li>1. Providing advanced 5G speed and services</li> <li>2. Enhancing the stunning visual landscape of the island and eliminate visual disturbance</li> <li>3. Reducing emissions through the use of 100% clean energy</li> <li>4. Preserving environmental biodiversity</li> <li>5. Enabling the sharing of our 5G towers with all licensed telecom operators in Saudi Arabia</li> </ol>	Deployment and launch of innovative green communication towers	    
<b>Tree planting campaign in Jeddah</b>	Launched a tree planting campaign on Prince Mohammed bin Salman Road in Jeddah on Saudi Green Initiative Day.	Supporting the achievement of the Saudi Green Initiative's goals by combating desertification and climate change, contributing to the enhancement of vegetation cover in the Kingdom.	Planting trees and plants  Participation of our employees	  

### Social impact

The welfare of the Kingdom and its communities is a duty, an ethical commitment and a great honor. This is at the core of our steadfast belief in social development, stemming from our values and mission. We work tirelessly to empower sustainable and thriving communities that are distinguished by social cohesion and support, within an inclusive and integrative framework. The tools to achieve this goal are advanced solutions and technologies specifically designed to meet the needs and aspirations of each segment of society.

Initiative/program	Description	Goals	Results	Contributing to the SDGs
<b>Women in tech</b>	Launched WIT 4 with the collaboration of MCIT, Princess Norah Bint Abdulrahman University, Huawei and Nokia, aiming to support and guide females across the Kingdom in Science, Technology, Engineering, and Mathematics (STEM).	<ol style="list-style-type: none"> <li>Supporting the Kingdom's efforts to develop the ICT sector to be equally inclusive and empowering for women</li> <li>Increasing women's participation in the digital sector</li> <li>Bridging the gender digital gap in ICT sector</li> </ol>	Onboarding 150 university students to WIT 4  260 graduates in the previous versions of the program	    
<b>Empowering the elderly</b>	A strategic partnership with the Kebar Association aimed at bridging the digital divide among the elderly and encouraging them to use technology.	<ol style="list-style-type: none"> <li>1. Achieve the targets of Saudi Vision 2030 by contributing to reaching an ambitious digital nation</li> <li>2. Ensuring digital inclusion</li> <li>3. Enhancing and developing the digital capabilities of community members</li> </ol>	Training courses specifically designed for elderly to help them learn simple and direct technology usage, encourage them to engage with digital solutions, and introduce them to the most suitable applications and programs for their needs  Training them on how to handle suspicious emails and apps  Over 550 beneficiaries from the workshops	  
<b>Development young Saudi talent</b>	An MoU with Maximus, a leading company in training and human resources development, aimed at developing the skills and capabilities of young national talent.	<ol style="list-style-type: none"> <li>1. Contributing to supporting the achievement of the strategic objectives of the Human Capital Development Program, one of the programs of Saudi Vision 2030</li> </ol>	Courses and programs to empower youth by professionally qualifying them and equipping them with the necessary skills for the labor market	  
<b>Empowering the blind and visually impaired</b>	A strategic partnership with the Be My Eyes app, the largest and fastest-growing community helping blind and visually impaired people in the world.	<ol style="list-style-type: none"> <li>1. Empowering Company employees to contribute to social responsibility</li> <li>2. Promoting diversity and inclusivity across all groups</li> <li>3. Enabling a community based on equal opportunities, where every individual has the right to dream and achieve</li> </ol>	Volunteers from the Zain KSA family received incoming calls via the app from a subscriber base of over 600,000 users, including the blind and visually impaired, offering support for tasks such as reading specific documents, identifying medication types, providing navigation guidance and assisting with other needs	   

<b>Training and development for people with disabilities</b>	An MoU with the Ministry of Human Resources and Social Development to provide training and development programs for people with disabilities.	<ol style="list-style-type: none"> <li>Empowering people with disabilities and enhancing their presence and role in the telecommunications and information technology sector</li> <li>Supporting diversity and inclusivity and achieving equality across all segments of society</li> <li>Supporting the achievement of the goals of Saudi Vision 2030 to improve social services</li> </ol>	<ol style="list-style-type: none"> <li>Providing training and development programs for people with disabilities</li> <li>Offering job opportunities for them</li> <li>Granting registered individuals on the Ministry's platform special and exclusive offers that meet their needs</li> </ol>	   
<b>A key partner in the Saudi Games 2024</b>	Participation as a key partner in the third edition of the Saudi Games, we focused our efforts on enhancing the Kingdom's position as a leading global sports destination.	<ol style="list-style-type: none"> <li>Empowering young sports talents in the Kingdom and supporting their sports journey to represent the Kingdom in international events</li> <li>Contributing to the achievement of Saudi Vision 2030 goals by building a vibrant community through enabling a prosperous and healthy life, as well as enhancing the quality of life</li> <li>Promoting human, social and economic development in the Kingdom</li> </ol>	<p>Increased opportunities for young athletes through training programs</p> <p>By prioritizing health, wellness and physical activity, we contributed to the enhancement of public health outcomes</p> <p>Increased social cohesion and community engagement through shared sporting events and initiatives</p>	   
<b>The Purple Saturday initiative</b>	Participated in the Purple Saturday initiative through our partnership with the Authority for Persons with Disabilities.	<ol style="list-style-type: none"> <li>Unleashing the potential of persons with disabilities</li> <li>Utilizing technology to transform disability into strength</li> <li>Empowering all segments of society</li> </ol>	Providing special and exclusive offers for people with disabilities	   

**Governance impact**

The sustainability of our achievements and success is linked to sound governance, ethical behavior, effective risk management and regulatory compliance. We invest heavily in increasing flexibility and transparency across our supply and value chains. We also exert significant efforts to promote these practices among all our stakeholders and supplier network, going beyond our direct operations to spread the culture of governance and sustainability throughout the nation.

Initiative/program	Description	Goals	Results	Contributing to the SDGs
<b>Empowering three national companies to drive sustainability progress</b>	As part of our efforts to implement the Sustainability Champions program in partnership with the Ministry of Economy and Planning to support the transformation of national companies towards adopting sustainability practices, we signed the charter with three companies: Thiqah, Unifonic, and 2P.	<ol style="list-style-type: none"> <li>Empowering national companies to strengthen their sustainability strategies and reporting by transferring and sharing knowledge</li> <li>Enhancing sustainability practices in the Saudi telecommunications and information technology sector</li> <li>Maximizing efforts to serve national goals and transform the Kingdom into a global model for sustainability in line with Saudi Vision 2030</li> </ol>	The program has launched and is set to deliver results in 2025	   
<b>Cybersecurity awareness campaign</b>	Organizing awareness sessions on data privacy and ways for employees to protect themselves against cyberthreats through events and training videos.	Raising awareness on data privacy and cyber risks	<p>700 employees attended the data privacy awareness session</p> <p>1,111 beneficiaries of the data privacy videos</p>	 
<b>Vendor relations</b>	Zain KSA drives ESG performance by fostering environmental stewardship, championing ethical business conduct, and empowering them to make informed, sustainable decisions. This includes promoting sustainable practices, upholding human rights and collaborating on circular economic initiatives.	Promoting sustainability by collaborating with partners, vendors and service providers to ensure they adhere to the best ESG standards	<p>More than 29% of our suppliers have completed the Supplier Self-Assessment survey</p> <p>External audits for ESG practices completed for eight suppliers</p> <p>Training suppliers on the Code of Conduct and Human Rights policy</p> <p>Inclusion of Supplier Code of Conduct and Human Rights Policy as requirements for all Zain KSA suppliers</p>	 

# 05

## Corporate Governance

The Company adopts leading practices in corporate governance, incorporating key requirements and directives from the relevant regulatory authorities.

Corporate Governance	65	Risks	73
Policies Approved by the Extraordinary General Assembly in 2024	66	Board of Directors	75
Policies Approved by the Board of Directors	67	Zain KSA Leadership	81
Remuneration Policy for the Board Members and its Committees and the Executive Management Policy	68	Our Shareholders	92
Profit Distribution Policy	70	Regulatory Affairs and Compliance	97
Corporate Governance Regulation Compliance	71		



## 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 includes three lines of defense within the internal control system for independent oversight. Accountability and the effectiveness of operations are ensured through the Internal Audit and Risk and Business Continuity Management departments. These lines of defense enhance independent oversight, support accountability, and stimulate operational efficiency.

### First Line: Risk ownership

Departments work to manage risks resulting from their operations by developing and implementing the strategy, evaluating their business performance, implementing the internal control system, and ensuring that departments manage and accept business risks.

### Second Line: Oversight, monitoring, and business continuity

Providing objective oversight of business risk management by designing a risk management framework and deploying it throughout the Company, ensuring that departments (the first line of defense) comply with the risk framework policies and procedures, and supporting departments in managing, monitoring, and holding them accountable for risk management.

### Third Line: Independent assurance and validation

Internal Audit provides an independent assessment and reports on the effectiveness of the business risk management framework, ensuring that the first and second lines of defense implement controls and procedures to ensure they fulfill their responsibilities appropriately.

## Policies Approved by the Extraordinary General Assembly in 2024

### Audit Committee and Nomination and Remuneration Committee charters

On 30 June 2024, the General Assembly approved the Board of Directors' recommendation to:

- Amend the Audit Committee Charter
- Amend the Nomination and Remuneration Committee Charter

These charters outline the formation, composition, member selection criteria, tenure, responsibilities, duties, and remuneration of committee members. They also define the committees' statutory powers, matters requiring periodic or annual discussion and deliberation, procedures for filling vacant positions, meeting protocols, and quorum requirements for convening meetings or approving recommendations.

### Standard policy for Board of Directors and executive management membership

On 30 June 2024, the Extraordinary General Assembly approved the Board of Directors' recommendation to:

- Amend the standard policy for Board of Directors and executive management membership

This policy serves as a procedural framework that establishes general and specific criteria, nomination procedures and the information applicants must provide to the Company. It also outlines the steps the Board of Directors will take in the event of a vacancy. The policy is designed to align with the Company's bylaws, as well as the regulations, instructions and legislation issued by the relevant regulatory authorities.

### Competition business standard

On 30 June 2024, the Extraordinary General Assembly approved the Board of Directors' recommendation regarding the adoption of a competition business standard. These standards aim to articulate the concept of competitive practices, their regulations and the mechanisms for the Company's competition in its activities or in any branch of its operations. All members of the Board of Directors or its subcommittees are required to adhere to these standards without violating the Company's bylaws or any related regulations and instructions issued by regulatory authorities.



## Policies Approved by the Board of Directors

### Company governance framework

The Company's governance framework focuses on articulating the general principles for leading, directing and guiding the Company, as well as establishing the concepts of governance application across all levels of the organizational structure. It encompasses mechanisms to regulate the various relationships between the Board of Directors, senior executives, shareholders and stakeholders, ensuring compliance with the Companies Law, the Company's bylaws and the regulatory provisions issued by the Capital Market Authority. Additionally, the framework outlines the responsibilities and general duties that all parties are expected to adhere to.

### 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.

### Code of 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:

1. Conflict of interests
2. Confidentiality
3. Gifts
4. Employment relationships
5. Health, safety and environment
6. Use of company assets and facilities
7. Identifying and reporting of behavioral misconduct

## Remuneration Policy for the Board Members and its Committees and the Executive Management Policy

On 30 June 2024, the Extraordinary General Assembly approved the Board of Directors' recommendation to:

- Amend the remuneration policy for Board members, Board committees, and senior executives

The policy aims to regulate the remuneration of Board members, Board committees and senior executives in accordance with general procedures established by the Company's Nomination and Remuneration Committee. The policy is designed to attract, retain and motivate top professional talent, encouraging them to contribute to the Company's long-term success and growth.

### Board remuneration

The following sections contain details of remunerations paid during the year 2024:

Board members	Fixed remuneration (ﷲ)							Variable remuneration (ﷲ)							Expense allowance (ﷲ)	
	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	Profit share	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (value is inserted)	Total	End-of-service gratuity (ﷲ)		Total (ﷲ)
<b>First: Independent members</b>																
Mr. Saud bin Abdullah Al-Bawardi	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Abdullah Fahad Al Faris	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Saad bin Ibrahim Al Mousa	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
<b>Total</b>	<b>900,000</b>	-	-	-	-	-	<b>900,000</b>	-	-	-	-	-	-	-	<b>900,000</b>	-
<b>Second: Non-Executive members</b>																
H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Bader bin Nasser Al-Kharafi	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Ossama Michel Matta	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Martial Antoine Caratti	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Firas Oggar	75,000	-	-	-	-	-	75,000	-	-	-	-	-	-	-	75,000	-
Mr. Kamil Hilali	300,000	-	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000	-
Mr. Talal Said Al Mamari	225,000	-	-	-	-	-	225,000	-	-	-	-	-	-	-	225,000	-
<b>Total</b>	<b>1,800,000</b>	-	-	-	-	-	<b>1,800,000</b>	-	-	-	-	-	-	-	<b>1,800,000</b>	-

### Committees' remuneration

Committee members	Fixed remuneration (ﷲ)	Reimbursements for meeting attendance (ﷲ)	Total (ﷲ)
<b>Audit Committee</b>			
1 Mr. Martial Antoine Caratti	100,000	-	100,000
2 Mr. Ossama Michel Matta	100,000	-	100,000
3 Mr. Saud bin Abdullah Al-Bawardi	100,000	-	100,000
<b>Total</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>
<b>Nomination and Remuneration Committee</b>			
1 Mr. Saud bin Abdullah Al-Bawardi	100,000	-	100,000
2 Mr. Ossama Michel Matta	100,000	-	100,000
3 Mr. Kamil Hilali	100,000	-	100,000
<b>Total</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>

### Senior executives' remuneration

The following table includes details relating to the remuneration of five (5) executives who received the highest remuneration from Zain KSA, including the CEO and CFO. It is worth mentioning that the remunerations granted in 2024 are in line with the approved Remunerations Policy and pay scale approved by the Board of Directors, with no significant deviations recorded.

Senior executives	The total remuneration of the five senior executives who received the highest compensations (ﷲ)	
Fixed remuneration	Salaries	7,351,383.48
	Allowances	3,110,756.04
	In-kind benefits	-
	<b>Total</b>	<b>10,462,139.61</b>
Variable remuneration	Periodic remunerations	-
	Profits	-
	Short-term incentive plans	17,056,922.21
	Long-term incentive plans	-
	Granted shares	-
	<b>Total</b>	<b>17,056,922.21</b>
End-of-service gratuity	5,035,834.27	
Total executive remuneration, if any	-	
<b>Total</b>	<b>32,554,896.00</b>	

### Employees' end-of-service benefits

The value of the employees' end-of-service benefits provided by Zain KSA amounted to ﷲ 179 million as at 31 December 2024.

## Profit Distribution Policy

The profit distribution policy aims to strike a balance between the interests of shareholders and the Company's needs by fulfilling its obligations and sustaining long-term growth. On 30 June 2024, the Company updated Article 40 of its bylaws related to dividend distribution, which now reads as follows:

1. The Ordinary General Assembly – when determining the share of shares in net profits – may decide to form reserves, to the extent that achieves the interests of the Company or ensures the distribution of fixed profits, as far as possible, to shareholders. The aforementioned assembly may also deduct amounts from the net profits to achieve social objectives for the Company's employees.
2. The General Assembly shall determine the percentage that shall be distributed to shareholders from the net profits after deducting reserves, if any.
3. Distributable profits consist of the net income for the fiscal year, deducting all amounts that shall be set aside to the reserve allocated for specific purposes in these articles of association, if any, or that shall be set aside to the reserves formed by the General Assembly, in addition to the retained profits and the distributable reserves made up of profits.

4. Without prejudice to the provisions of paragraphs stated in this article, the Company's policies and regulations shall determine the reserves that shall be allocated for certain profits purposes and the mechanism and percentage of profits that can be distributed to shareholders.

The Company may distribute interim dividends to shareholders on a semi-annual or quarterly basis in accordance with the controls set by the competent authority, based on an authorization issued by the Ordinary General Assembly to the Board of Directors to distribute such profits.

It is also noteworthy that the Board of Directors, in its resolution dated 28 February 2024, recommended the distribution of cash dividends to shareholders amounting to ﷲ 449,364,588 as dividends for the fiscal year 2023. The Extraordinary General Assembly held on 30 June 2024 approved the distribution of cash dividends representing 5% of the nominal value per share, equivalent to ﷲ (0.5) per share.

## Corporate Governance Regulation Compliance

#	Article No.	Article/paragraph	Reasons for non-application
<b>Mandatory articles</b>			
1	Article 87: Paragraph (19) of 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 owing to the nature of the telecoms sector, as the revenue generated by subscribers is not linked to a certain location or area.
2	Article 90: Disclosure of Remunerations, paragraph (4)	A description of the necessary details with respect to the remuneration and compensation 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.	Compensation 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 executive's 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.
<b>Non-mandatory articles</b>			
1	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.	Non-mandatory article
2	Article 39: The Assessment	Annual evaluation of the Board, its members, committees and executive management performance.	Non-mandatory article
3	Article 51 (C): Audit Committee formation	The Chairman of the Audit Committee shall be an independent member.	Non-mandatory paragraph
4	Article 51 (D): Audit Committee formation	Half of the Audit Committee members must be independent or meet the criteria for independence.	Non-mandatory paragraph
5	Article 67: Composition of the Risk Management Committee and associated articles 68-69	Composition of the "Risk Management Committee 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.	Non-mandatory article
6	Article 82: 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 profits and pension programs for employees and setting up an independent fund for such program. 3) Establishing social organizations for the benefit of the Company's employees.	Non-mandatory paragraph
7	Article 84: Social responsibility	Social responsibility The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and the communities for purposes of developing the social and economic conditions of the community.	Non-mandatory article
8	Article 92: Formation of a Corporate Governance Committee	Formation of a Corporate Governance Committee If the Board forms a Corporate Governance Committee, the competencies stipulated in Article (94) of the Corporate Governance Regulations issued by the Capital Market Authority shall be assigned thereto. Such committee shall oversee any matters related to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Non-mandatory article

### 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 control 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 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 Deloitte were recommended on 30 May 2024 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 30 June 2024, selected Ernst & Young & Co. (EY) as 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-2024, and the first quarter of 2025.

## Risks

### Enterprise risk management

Zain KSA continued its commitment to a formal, systematic and structured approach to risk management across the organization. The enterprise risk management (ERM) framework, policies and processes were maintained in line with ISO 31000:2018 standards and CMA Governance regulations to ensure robust risk management practices. The Board of Directors maintained an active oversight of Zain KSA's top risk profiles, with risks tracked quarterly to monitor the progress of mitigation plans and key risk indicators. A comprehensive annual risk refresh exercise was conducted in October, leveraging both top-down and bottom-up approaches to identify key risks impacting organizational objectives. This approach reinforced Company-wide awareness of risks and ensured the implementation of targeted mitigation actions. Zain KSA successfully retained its ISO 22301:2019 certification in 2024, reaffirming its steadfast commitment to business continuity and organizational resilience. This achievement highlights Zain KSA's dedication to implementing systematic assessment, mitigation and monitoring processes that strengthen resilience and support the attainment of its strategic objectives.

Below is a list of risks with the actions taken in 2024 that had the most material impact on Zain KSA, along with the measures implemented to mitigate them.

### Strategic risks

#### Customer experience

Zain KSA continued its focus on enhancing customer experience and addressing challenges in 5G network coverage, which remains a top customer concern and a key driver of churn. Zain KSA implemented several initiatives to strengthen network performance and sustain market competitiveness. Efforts included expanding coverage and capacity, improving network service quality, conducting comprehensive network health checks and preventive maintenance, and enhancing the overall customer experience. Additionally, Zain KSA advanced its digital transformation by increasing digital penetration, optimizing touchpoint experiences and transitioning more services to digital channels. These initiatives demonstrate Zain KSA's commitment to continuously improving network infrastructure, meeting dynamic customer expectations and reinforcing its market position in the telecommunications sector.

#### Successful implementation of the BSS Transformation program

Zain KSA has brought the risks associated with its Digital BSS Transformation program back into focus as a risk that matters, recognizing the ongoing challenges and critical importance of its success. Despite previous efforts to mitigate these risks through effective controls and measures established by top management, the dynamic nature of the program and its dependencies have highlighted the need for continued vigilance. Ensuring progress toward key objectives such as enhanced agility, improved time-to-market and alignment with the Company's broader digital transformation goals remains paramount. While the program

has achieved substantial milestones, the evolving complexities underscore the necessity for reinforced focus to drive the Company's comprehensive digital transformation and maintain its commitment to innovation and operational excellence.

#### Prepaid sector growth

Zain KSA continued to prioritize the growth and revitalization of the prepaid sector as a critical component of its market share strategy. The Company implemented a range of initiatives to address challenges such as new legislation impacting distribution, pricing risks and service quality concerns. Key actions included expanding sales points, diversifying sales channels and launching innovative prepaid offerings tailored to evolving customer needs. Zain KSA also enhanced revenue management practices, strengthened partner relationships and developed targeted value propositions, particularly for the youth segment. These efforts reflect Zain KSA's dedication to adapting to market dynamics, improving customer experience and driving sustainable growth in the prepaid sector through strategic product and distribution management.

#### Data center strategy to manage growth

In 2024, we identified a new risk associated with the growing demand for data centers driven by hyperscale cloud providers, IoT expansion and increased digitization. This risk encompasses delays in modernizing our existing facilities, intensified market competition, potential misalignment between capacity expansion and demand, and heightened exposure to cybersecurity threats. To mitigate this, we have prioritized phased upgrades, detailed market assessments, differentiated service offerings and strengthened cybersecurity protocols to ensure alignment with market needs while maintaining our competitive edge.

### Financial risks

#### Macroeconomic factors

The risk has been assessed and determined to no longer qualify as a risk that matters, as it falls under the radar thanks to Zain KSA's proactive measures. The Company's implementation of revenue uplift programs, analytics-driven upsell opportunities, deployment of virtualized solutions in technology, enhanced digitalization across channels and adoption of interest rate hedging for loans/debt has effectively mitigated the risk. Furthermore, diversification into non-telecom avenues, digital services and B2B opportunities has demonstrated Zain KSA's balanced approach to revenue enhancement, cost optimization and strategic financial management, rendering this risk sufficiently addressed.

#### Investment in network/return on assets (ROA)

Zain KSA continued to prioritize strategic capital investments to strengthen its market position as the third-largest mobile telecom operator in Saudi Arabia. The Company focused on expanding its 5G and 4G networks, enhancing fiber connections and investing in additional 5G spectrum to meet growing demand for broadband services. Despite the dynamic telecom market and potential

risks from rising interest rates, Zain KSA maintained a disciplined approach to financial management. Capital projects were self-financed through operating cash flows, with any shortfalls strategically allocated to manage debt increases or shareholder liabilities. The Company adhered to financial caps to control extra spending while ensuring a balance between capital investments and a strong return on assets (ROA). This prudent investment strategy reflects Zain KSA's commitment to sustainable growth, improved customer experience and maintaining competitiveness in the evolving telecom landscape.

#### Supply chain disruptions

Zain KSA successfully mitigated supply chain risks stemming from the global recovery from the COVID-19 pandemic. Through a comprehensive review of critical inventory, managed services and suppliers, the Company ensured stability in its supply chain operations. Proactive measures included identifying and engaging alternative suppliers, securing prioritized or pre-booked capacity with key partners, and re-channeling inventories in transit to minimize disruptions. These efforts have effectively brought this risk under control and, as a result, supply chain disruptions are no longer a top priority for the Company. This demonstrates Zain KSA's capability to adapt and ensure operational continuity in the face of global challenges.

### Compliance risks

#### Evolving regulatory regime

Zain KSA continued to navigate the complexities of evolving regulatory frameworks as governments advanced digital society initiatives. With expanding legislation on emerging technologies such as fiber and 5G, and the overlapping regulatory ambit of cross-industry regulators, Zain KSA proactively addressed potential risks to ensure compliance and operational efficiency. Key efforts included strengthening relationships with external stakeholders, engaging with cross-sector industry ecosystems and responding promptly to regulatory directives. The Company prioritized compliance with recent regulations, including spectrum auctions and Nafath 2.0, by implementing robust measures, controls and governance strategies. These initiatives reflect Zain KSA's commitment to aligning with regulatory requirements while ensuring seamless execution of its business plans.

#### Data governance and privacy risk

Zain KSA has minimized non-compliance risks, strengthened data management practices and reduced potential reputational and financial impacts. Looking ahead to 2025 and beyond, Zain KSA will continue investing in advanced technologies, refining frameworks and collaborating with regulatory bodies to maintain leadership in responsible data governance and privacy management.

### Operational risks

#### Information security and cyber risks

Zain KSA maintained its focus on cybersecurity as a top urgent risk, addressing the evolving landscape of cyber threats and the associated risks. The Company conducted regular internal and external assessments to ensure alignment with best practices and compliance with cybersecurity regulatory frameworks and standards. Significant investments were made in advanced cybersecurity projects to mitigate emerging threats and evolving attack methods, particularly considering vulnerabilities linked to remote work and the proliferation of connected devices and networks. A key milestone for 2024 was Zain KSA's re-attainment of ISO 27001 certification, demonstrating its unwavering commitment to maintaining robust cybersecurity measures, upholding high-quality standards and ensuring secure operations across its ecosystem. These efforts underline Zain KSA's proactive approach to safeguarding its operations and stakeholders against cybersecurity risks.

#### Talent management

Zain KSA reinforced its commitment to strategic talent management, addressing the growing demand for skilled resources driven by Saudi Vision 2030 initiatives and the accelerating pace of digital transformation. The Company conducted a comprehensive talent gap analysis to identify critical skill needs and implemented organizational restructuring to align with its strategic goals. Partnerships with universities were strengthened to recruit top talent in high-demand domains such as data science, IoT, RPA and software-based networks. Zain KSA also enhanced its efforts to attract and retain top ICT professionals through competitive remuneration packages, robust retention programs and initiatives to improve the work environment. These measures underscore Zain KSA's proactive approach to ensuring workforce readiness and operational efficiency in the digital era.

#### B2B market competition

The market's highly competitive nature, with numerous players entering the segment under CST-issued licenses and the emergence of G2G providers, had intensified competition. This resulted in price wars, creating significant pricing pressure on Zain KSA. Additionally, the lack of adequate owned fiber infrastructure had limited our ability to compete aggressively in pricing, posing a challenge to maintain and grow our market share in this critical segment.

To mitigate these risks, Zain KSA focused on expanding its fiber infrastructure through targeted investments and partnerships, enhancing its ability to compete in pricing. Additionally, the Company developed innovative, value-added solutions tailored to the unique needs of B2B customers to differentiate its offerings. Proactive market analysis and competitive intelligence were conducted to refine pricing strategies, while strategic collaborations with key stakeholders ensured a stronger position in the evolving market landscape.



## 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:

- On 03 September 2024, former Board member Mr. Martial Antoine Caratti submitted his resignation from the Board (as a Non-Executive member) and the Audit Committee (as Chairman) for personal reasons.

- On 19 December 2024, the Board of Directors appointed Mr. Nawaf Hisham Al Gharabally to fill the vacant seat on the Board (as a Non-Executive member).

### Key decisions made by the Board of Directors in 2024:

- Recommending to the General Assembly the distribution of cash dividends to shareholders for the fiscal year ending 31 December 2023, amounting to ﷲ 449,364,588, equivalent to ﷲ 0.5 per share.
- Recommending to the General Assembly the transfer of the statutory reserve balance of ﷲ 203,099,405, as shown in the financial statements for the year ending 31 December 2023, to the retained earnings account.
- Appointing Eng. Saad bin Abdulrahman Al-Sadhan as the Acting Chief Executive Officer, effective 13 August 2024 (corresponding to 09 Safar 1446H).
- Appointing Mr. Talal Said Al Mamari as a member of the Audit Committee on 16 September 2024.
- Approving the appointment of Mr. Nawaf Hisham Al Gharabally as a member of the Board of Directors on 19 December 2024 to fill the vacant seat.

### Board of Directors members, their positions, and membership descriptions

Name	Position	Membership
H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer	Chairman	Non-Executive
Mr. Bader bin Nasser Al-Kharafi	Vice Chairman	Non-Executive
Mr. Ossama Michel Matta	Board member	Non-Executive
Mr. Kamil Hilali	Board member	Non-Executive
Mr. Talal Said Al Mamari	Board member	Non-Executive
Mr. Nawaf Hisham Al Gharabally	Board member	Non-Executive
Mr. Saud bin Abdullah Al-Bawardi	Board member	Independent
Eng. Abdullah Fahad Al Faris	Board member	Independent
Mr. Saad bin Ibrahim Al Moussa	Board member	Independent

### Board of Directors' meetings

The Board of Directors held the following meetings:

Name	1st meeting 28 February 2024	2nd meeting 20 March 2024	3rd meeting 05 May 2024	4th meeting 28 October 2024	5th meeting 19 December 2024	Total
H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer	✓	✓	✓	✓	✓	5
Mr. Bader bin Nasser Al-Kharafi	✓	✓	✓	✓	✓	5
Mr. Ossama Michel Matta	✓	✓	✓	✓	✓	5
Mr. Martial Antoine Caratti*	✓	✓	✓	Resigned from the Board on 03 September 2024		3
Mr. Talal Said Al Mamari	X	✓	✓	✓	✓	4
Mr. Saud bin Abdullah Al-Bawardi	✓	✓	✓	✓	✓	5
Eng. Abdullah Fahad Al Faris	✓	X	✓	✓	✓	4
Mr. Saad bin Ibrahim Al Moussa	✓	✓	✓	✓	✓	5
Mr. Kamil Hilali	✓	✓	✓	✓	✓	5
Mr. Nawaf Hisham Al Gharabally*	Appointed at the vacant seat on the Board on 19 December 2024				✓	1

### 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
H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors at Almarai (joint stock company)</li> <li>Chairman of the Board of Directors of Sultan Holdings</li> <li>Chairman of the Board of Directors at Arabian Shield Cooperative Insurance Company (joint stock company)</li> <li>Chairman of the Board of Directors of Sabeen Investment Co.</li> <li>Vice Chairman at Farabi Petrochemicals Company</li> <li>Vice Chairman at Yamama Saudi Cement</li> <li>Board member at Tarabot Investment and Development Company</li> <li>Board member at Tejoury Company</li> </ul>	<ul style="list-style-type: none"> <li>Held a position at Saudi Fransi Bank</li> <li>Chairman and Board member at a number of leading local and international companies</li> </ul>
Mr. Bader bin Nasser Al-Kharafi	<ul style="list-style-type: none"> <li>Chairman of National Investments Company, Kuwait</li> <li>Chairman of Diamond Motor Corp. (Mitsubishi)</li> <li>Vice Chairman of the Board at Gulf Cable and Electrical Industries Co. KSCP, Kuwait</li> <li>Vice-Chairman of Zain Sudan</li> <li>Vice Chairman and Group CEO at Mobile Telecommunications Company KSCP (Zain Group, Kuwait)</li> <li>VP of Mohammed Abdulmohsin Al-Kharafi &amp; Sons (Kuwait)</li> <li>Vice Chairman of the Atheer Telecommunications (Zain Iraq)</li> <li>Vice Chairman of the Board of Directors of INJAZ Foundation, a non-profit organization</li> <li>Chairman of the Board, member of the Remuneration and Nomination Committee, and Chairman of the Executive Committee for Securities at Kuwait Stock Exchange</li> <li>Board member at Gulf Bank KSCP since 2012 (Kuwait)</li> <li>Member of the Advisory Board for the Middle East Region of the British Coutts Bank</li> <li>Executive Committee Director of Mohammed Abdulmohsin Al-Kharafi &amp; Sons Group since 2003 (Kuwait)</li> <li>Managing Director of Al-Khatem Telecommunications (Iraq)</li> </ul>	<ul style="list-style-type: none"> <li>Non-Executive Board member at AL-Khatem Telecommunications</li> </ul>

Mr. Ossama Michel Matta	<ul style="list-style-type: none"> <li>Chief Financial Officer at Mobile Telecommunications Company, KSCP, Kuwait</li> <li>Board member of Zain Sudan</li> <li>Board member of Zain Iraq</li> <li>Board member of TASC Towers Holding Ltd. (UAE)</li> </ul>	<ul style="list-style-type: none"> <li>PWC Senior Auditor (Lebanon and Saudi Arabia)</li> <li>Deloitte &amp; Touche LLP Senior Auditor</li> <li>General Accountant at the refugees' fund (Lebanon)</li> <li>Board member at INWI Morocco</li> </ul>
Mr. Saud bin Abdullah Al-Bawardi	<ul style="list-style-type: none"> <li>Chief Executive Officer at the United Commercial Company (Almuttahida)</li> <li>Board member at Al Jouf Cement Company</li> <li>Board member of Rassanah Capital</li> <li>Board member of Rafd Al Nahas Industrial Co.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Operating Officer at Mobile Telecommunications Company Saudi Arabia (Zain KSA)</li> <li>Chief Communications Officer at Mobile Telecommunications Company Saudi Arabia (Zain KSA)</li> <li>Chief Commercial Officer at Mobile Telecommunications Company Saudi Arabia (Zain KSA)</li> <li>Board member and member of the Audit Committee at Gypsum Co.</li> <li>Independent Board member at Falcom</li> <li>Retail General Manager, Mobily</li> </ul>
Eng. Abdullah Fahad Al Faris	<ul style="list-style-type: none"> <li>Member of the Board of Directors and Audit Committee at Marble Design Company</li> <li>Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee at Flynas</li> <li>Deputy Minister for Strategy and Development at the Ministry of Industry and Mineral Resources</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive of Strategy of National Real Estate Registration Services Company, a PIF company</li> <li>Vice Governor for Strategy at Small and Medium Enterprises General Authority (Monsha'at)</li> <li>Chief of Organizational Strategy at VRO, Ministry of Municipal Rural Affairs and Housing</li> <li>Infrastructure development sector – mobile tower construction, 3G 4G, on-premises coverage, Mobily</li> </ul>
Mr. Saad bin Ibrahim Al Mousa	<ul style="list-style-type: none"> <li>Board member and member of the Audit and Risk Committee at Ashmore Saudi</li> <li>Non-Executive Board member at Flynas</li> </ul>	<ul style="list-style-type: none"> <li>Jisr –Technology/Information technology</li> <li>Real Estate Development – Saaf International</li> <li>Board member at Enma Al Rawabi</li> </ul>
Mr. Kamil Hilali	<ul style="list-style-type: none"> <li>Chief Strategy and Business Development Officer of Mobile Telecommunications Company, KSCP, Kuwait</li> <li>Board member, Chief Investment Officer and the Acting Executive Vice President at TASC Towers Holding Ltd.</li> <li>Board member in INWI Morocco</li> <li>Board member at Zood Mall ecommerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Board member in two subsidiaries of the Kuwait Projects Company (KIPCO)</li> <li>Director of Asset Management and Co. &amp; JPMorgan Chase</li> <li>Finance and Business Planning Manager of the Mobile Telecommunications Company, KSCP, Kuwait</li> <li>Senior Investment Manager in North Africa Holding Company (private company owned by KIPCO)</li> </ul>
Mr. Talal Said Al Mamari	<ul style="list-style-type: none"> <li>CEO of Omantel</li> <li>Board member at Zain Group (Kuwait, Iraq, Jordan, Sudan)</li> <li>Board member at Oman Center for Corporate Governance and Sustainability</li> <li>Board member at PMJPR Properties Ltd.</li> <li>Member of Oman-China Friendship Association</li> <li>Member of Oman-France Friendship Association</li> </ul>	<ul style="list-style-type: none"> <li>Chief Financial Officer at Omantel</li> <li>VP, Finance at Omantel</li> </ul>
Mr. Nawaf Hisham Al Gharabally	<ul style="list-style-type: none"> <li>Chief Executive Officer of Mobile Telecommunications Company Kuwait (Zain Kuwait)</li> </ul>	<ul style="list-style-type: none"> <li>Chief Technology Officer of Zain Group and Zain Kuwait</li> </ul>

### Zain KSA 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: the Audit Committee, and the Remuneration and Nomination Committee. Each committee has its own roles and responsibilities, work procedure, appointed procedure and nomination roles, term duration and remunerations as recommended by the Board and approved by the General Assembly.

#### Audit Committee

The Audit Committee shall be competent by a decision of the Board of Directors for a period similar to the Board's term. It shall be from shareholders or others who meet all the requirements for membership in the Audit Committee. During 2024, the Audit Committee consisted of the following members:

1. Mr. Martial Antoine Caratti: Chairman (Non-Executive Board member) – resigned on 03 September 2024
2. Mr. Ossama Michel Matta: Member (Non-Executive Board member)
3. Mr. Saud bin Abdullah Al-Bawardi: Member (Independent Board member)
4. Mr. Talal Said Al Mamari: Chairman of the Audit Committee (Non-Executive member) – appointed as a member of the Audit Committee on 16 September 2024

#### Audit Committee roles and responsibilities

The Audit Committee is responsible for overseeing the Company's operations and ensuring the accuracy and integrity of its financial reports and statements, as well as its internal control systems and any topics referred to Audit Committee by the Board of Directors to assess that, a number of meetings were held during 2024 with the Internal Audit Vice President, senior management and the external auditor. This section briefly introduces the committee's roles and responsibilities, composition and the meetings conducted.

#### Audit Committee meetings

The Audit Committee held four (4) meetings during 2024. The following table includes the meetings attended by each member:

#	Name	Capacity	1st meeting 25 February 2024	2nd meeting 8 May 2024	3rd meeting 23 June 2024	4th meeting 27 October 2024	Total
1	Mr. Martial Antoine Caratti*	Chairman	✓	✓	✓	X	3
2	Mr. Ossama Michel Matta	Member	✓	✓	✓	✓	4
3	Mr. Saud bin Abdullah Al-Bawardi	Member	✓	✓	X	✓	3
4	Mr. Talal Said Al Mamari**	Committee Head	X	X	X	✓	1

\*Resigned on 03 September 2024

\*\*Appointed as a member of the Audit Committee on 16 September 2024

As outlined in the CMA's Corporate Governance Regulations and the relevant articles of the Corporate Law, as well as the responsibilities stated by the Board of Directors, the main responsibilities of the Audit Committee are outlined as follows:

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Examining and reviewing the Company's internal and financial control systems and risk management system.
- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Approval the internal audit department annual plan.
- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, considering the relevant rules and standards.
- Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.
- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board.
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of three (3) members who were appointed by the Board of Directors on 27 April 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 Extraordinary General Assembly on 30 June 2024.

#### Remuneration and Nomination Committee members

- Mr. Saud bin Abdullah Al-Bawardi – Chairman (Independent Board member)
- Mr. Kamil Hilali – Member (Non-Executive Board member)
- Mr. Ossama Michel Matta: Member (Non-Executive Board member)

#### Remuneration and Nomination Committee roles and responsibilities

The Nomination and Remuneration Committee is responsible for examining and addressing matters within its scope, such as overseeing membership standards, nomination procedures, remuneration policies and performance criteria for the Board of Directors and executive management. The committee also handles any tasks or matters delegated to it by the Board of Directors. Specifically, the committee's responsibilities include the following:

#### A) Remuneration:

1. Developing a clear policy for the remuneration of Board members, Board committees and executive management, and submitting it to the Board of Directors for review prior to its approval by the General Assembly. This policy must adhere to performance-based criteria, ensure transparency and verify its implementation, without violating the provisions of the Corporate Law, Capital Market Law and their respective executive regulations.
2. Clarifying the relationship between the remuneration granted and the approved remuneration policy for Board members, Board committees and senior executives, while highlighting any material deviations.
3. Periodically review the remuneration policy and assess its ability to achieve its objectives.
4. Subject to the applicable policy, advise the Board of Directors on the remuneration of the Board and committee members as well as senior executives.

#### B) Nominations:

1. Suggesting clear policies and standards for membership of the Board of Directors and executive management.
2. Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
3. Preparing a description of the capabilities and qualifications required for membership of the Board and executive management positions.
4. Determining the amount of time the member shall allocate to the activities of the Board.
5. Annually reviewing the skills and expertise required of the membership of the Board members and executive management.
6. Reviewing the structure of the Board of Directors and executive management and providing recommendations regarding changes that may be made to such structure.
7. Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of Directors of another company.
8. Providing job descriptions for the Executive, Non-Executive and Independent Directors and the senior executive management.
9. Setting procedures to be followed if the position of a member of the Board or a senior executive becomes vacant.
10. The Board shall develop a mechanism to annually assess the performance of the Board, its members and committees and 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 a solution shall be proposed for the same in the best interests of the Company.
11. Determining the strengths and weaknesses of the Board and recommending remedial solutions that serve the Company's interests.

### Remuneration of the Members of the Remuneration and Nominations Committee

Committee members are entitled to an annual remuneration and reimbursement of expenses in accordance with the remuneration policy for Board members, Board committees and senior executives.

#### Remuneration and Nomination Committee meetings

The Nomination and Remuneration Committee held three (3) meetings during 2024. The table below lists the names of the committee members, their capacities and their attendance at the meetings:

#	Name	Capacity	1st meeting 11 March 2024	2nd meeting 11 August 2024	3rd meeting 30 September 2024	Total
1	Mr. Saud bin Abdullah Al-Bawardi	Committee Head	✓	✓	✓	3
2	Mr. Kamil Hilali	Member	✓	✓	✓	3
3	Mr. Ossama Michel Matta	Member	✓	✓	✓	3

## Zain KSA Leadership

### The Board of Directors



**H.H. 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. H.H. serves in several leading positions, including Chairman in many conglomerates, one of which is the renowned company Almarai. H.H. also chairs and serves as a member on the boards of several other establishments, including Yamama Cement Company, Farabi Petrochemicals Company, the Arabian Shield Insurance Company, and Tarabot Investment and Development, as well as serving as Chairman of the Board and General Manager for Sultan Holding Co. H.H. Prince Naif holds a BSc in Business Administration from King Saud University.



**Mr. 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, Mr. 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 as the Chairman of the Board of the Executive Committee, member of the Board of Nomination and Remuneration Committee of Kuwait Stock Exchange Company. 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, Mr. Al-Kharafi serves as Vice Chairman of the Board of Directors of Atheer Telecommunications in Iraq (Zain Iraq), Vice Chairman of the Board of Directors of Zain Sudan 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.



**Mr. Ossama Michel Matta**

#### Member of the Board

Mr. Ossama Michel 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 at June 2010. Alongside his leadership skills, Mr. Matta has extensive experience in corporate finance. He has effectively contributed to securing more than USD 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 he is a Certified Public Accountant.



**Mr. Saud bin Abdullah Al-Bawardi**

#### Member of the Board and Chairman of the Remuneration and Nomination Committee

Mr. 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 as 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.



Mr. Talal Said Al Mamari

### Member of the Board

Mr. Talal Said Al Mamari has been a Board member since 9 May 2023. He is a member of the Audit Committee at Zain KSA following nomination by the BOD. He was the Chief Executive Officer of Omantel since 29 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, completed on 24 August 2017. He sits on the boards of several companies and investment funds including Oman Corporate Governance & Sustainability Centre and Al Amal Fund. He holds a degree in Business Administration from Duquesne University, Pittsburgh, Pennsylvania, U.S.A. He also holds a Senior Executive Program degree from the London Business School, U.K.



Mr. Kamil Hilali

### Member of the Board

Mr. Kamil Hilali is Chief Strategy Officer at Zain Group and has over 18 years of experience as 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 KSA, 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, U.S.A, and a Master's in Finance from London Business School, U.K.



Eng. Abdullah Fahad Al Faris

### Member of the Board

Eng. Abdullah Fahad Al Faris is Deputy Minister for Strategy and Development at the Ministry of Industry and Mineral Resources. He has extensive experience in government and private sectors in the fields of strategy, transformation, governance, change management and managing and implementing initiatives and projects. He is a member of the Board of Directors and Audit Committee at Marble Design Company, and a member of the Board of Directors and Chairman of the Nomination and Remuneration Committee at Flynas. He held several leadership positions throughout his career, including Chief Strategy Officer at one of the Public Investment Fund's subsidiaries, Vice Governor for Strategy at the Small and Medium Enterprise General Authority (Monsha'at) and Head of Vision Realization Office at the Ministry of Municipality, Rural Affairs and Housing. Eng. Abdullah Al Faris holds a Master's degree in Business Administration (MBA) from Prince Sultan University and a Bachelor's degree (BSc) in Electrical Engineering from King Saud University.



Mr. Saad bin Ibrahim Al Moussa

### Member of the Board

Mr. Saad bin Ibrahim Al Moussa 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 and real 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, Mr. Al Moussa 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. Mr. Al Moussa holds a Bachelor's degree in Information Systems from the College of Computer and Information Sciences, King Saud University.

## Executive management



Mr. Nawaf Hisham Al Gharabally

## Member of the Board

Mr. Nawaf Hisham Al Gharabally has been serving as the Chief Executive Officer of Zain Kuwait since March 2024, bringing with him a distinguished career spanning over 26 years of success within Zain and the telecommunications industry across the Middle East and Africa. Prior to his current role, Mr. Al Gharabally held the position of Chief Technology Officer at Zain Group and Zain Kuwait. He joined the Zain family in 1998 and, over the years, has grown to become a key member of the Company's executive management team. He possesses extensive expertise in various fields, including mobile technologies, digital transformation, strategy and management.

Among his most notable professional achievements is leading Zain Kuwait to become the first company in the region to successfully launch 5G services in 2019. Mr. Al Gharabally has also spearheaded efforts to develop and modernize Zain Kuwait's networks in recent years, playing a pivotal role in the expansion of 5G in Saudi Arabia, Bahrain and Jordan, as well as the expansion of 4G in Iraq, Sudan and South Sudan.

Additionally, he held high-level technical positions during Zain's operations across 15 African countries between 2005 and 2011.

Mr. Al Gharabally holds a Bachelor's degree in Engineering from Kuwait University, which he earned in 1998, and later completed his Master's degree in Business Administration from the London Business School in 2021.



Eng. Saad bin Abdulrahman Al-Sadhan

## Acting Chief Executive Officer

Eng. Saad bin Abdulrahman Al-Sadhan has served as the Acting CEO of Zain KSA since August 2024. With over 21 years of expertise in telecommunications and information technology, Eng. Al-Sadhan previously held the role of Chief Business and Wholesale Officer at Zain KSA. In this position, he was instrumental in advancing the Company's enterprise business, positioning Zain KSA's portfolio of business solutions and services as a key driver of digital transformation across the Kingdom's business sector. Additionally, he managed strategic relationships and partnerships and spearheaded the development of innovative digital products and solutions.

Eng. Al-Sadhan played a pivotal role in launching Zain Cloud and Fiber optics services, designed to bolster the digital transformation of both the public and private sectors. He also contributed to developing a comprehensive digital ecosystem, integrating advanced communications and diverse cloud solutions and vertical 5G applications. Additionally, he managed end-to-end sales for carriers and operators, significantly improving the Company's network capabilities through strategic investments to meet sales requirements across the enterprise and wholesales sectors.

Prior to joining Zain KSA, Eng. Al-Sadhan held several leadership positions at leading local and global telecommunications companies. He also holds a Bachelor's degree in Electrical Engineering from King Fahd University of Petroleum and Minerals (KFUPM) and has obtained several professional certifications in leadership and IT.



Mr. Mehdi Khalifaoui

## Chief Financial Officer

Mehdi Khalifaoui holds the position of Chief Financial Officer at Zain KSA. During his tenure, he made systematic improvements in profitability, dedicating strategic focus on commercial investment and bolstering cash liquidity together with improved capital structure. He played a vital role in scoring several financial achievements for the company, including the flagship sale and leaseback of Zain KSA's passive infrastructure that involved 8,100 towers. He also led the first dividend distribution to shareholders.

Mr. Khalifaoui has international ICT sector experience in various areas within the telecommunications industry, including financial management, 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, Mr. Khalifaoui held key strategic roles with leading international telecom companies, serving as a Budget and Planning Analyst for Orascom Telecom and a Financial Analyst for SGCIB. He holds a Master's degree in Corporate Finance from INSEC and a Professional Learning Experience degree from Harvard Business School for the Program of Leadership Development.



Eng. Abdulrahman Al-Mufadda

### Chief Operations Officer

Eng. Abdulrahman Al-Mufadda serves as the Chief Technology Officer at Zain KSA, where he leads the Company's technology development and operational teams, overseeing digital innovation initiatives.

With over 21 years of experience in the telecommunications and information technology sector, Eng. Al-Mufadda's achievements include spearheading the launch of Zain KSA's 5G network, which at the time was the largest in the Middle East and Europe, and the third-largest 5G network globally. He led Zain KSA's contribution to the National Transformation Program 2020, one of the Company's largest broadband projects aimed at bridging the digital divide across the Kingdom's regions and enabling a knowledge-based society and smart economy. He plays a pivotal role in developing environmentally friendly green technology initiatives.

Under his leadership, his team successfully implemented Zain KSA's strategy to deploy 5G network coverage throughout the Kingdom, achieving a significant milestone for the company. This expansion enhanced the implementation of 5G applications and innovative services, including augmented and virtual reality technologies, artificial intelligence, robotics and others. He also contributed to the implementation of Project Reload.

Eng. Al-Mufadda joined Zain KSA in 2013 as Executive Director of Planning and has held various management positions leading to his current role. Previously, he held several leadership positions, notably as Research and Development Engineer and Project Manager at Ericsson Group. He is a certified project management expert and holds a Bachelor's degree in Electrical Engineering from King Saud University and a General Management Program certificate from INSEAD.



Eng. Maher Al-Fawaz

### Chief Sales Officer

Eng. Maher Al-Fawaz has served as Zain KSA's Chief Sales and Distribution Officer since September 2019. As an incumbent in this position, Eng. Al Fawaz took part in expanding and promoting Zain KSA's distribution and market share and registering innovative channels for sales solutions.

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



Mr. Tiago Rocha da Silva

### Chief Commercial Officer

Mr. Tiago Rocha da Silva holds the position of Chief Commercial 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.

Mr. Da Silva brings to Zain KSA over 18 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 Movitel.

Mr. Da Silva holds a Bachelor's degree in business administration and a Master's degree in Executive Business Administration (EMBA) from ISCTE Business School.



Ms. Maha Al Qernas

### Executive Vice President of Information Technology

Ms. Maha Al Qernas holds the position of Executive Vice President of Information Technology 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, Ms. Al Qernas 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.

Ms. 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.



Ms. Loluwah AlNowaiser

### Executive Vice President of Human Resources

Ms. 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.

Ms. Loluwah 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. She has also contributed to nurturing and reinforcing Zain KSA'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, she takes the lead in crafting HR policies to ensure compliance with governmental and organizational regulations.

Ms. 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, she played a key role in the HR division at a major international trading corporation, PepsiCo.

She holds a Bachelor's degree in human resources management from King Saud University, alongside several accredited training certificates in HR and business management.



Eng. Abdulaziz Al-Subaie

### Vice President of 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 16 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 and Communications Engineering from King Saud University in 2008.



Eng. Fawaz Al-Homoud

### Vice President of 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 19 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 and Minerals, 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.



Ms. Eman AlSaidi

### Vice President of Corporate Communications

Eman AlSaidi has served as Vice President of Corporate Communications at Zain KSA since February 2024. She brings over 15 years of expertise in corporate communications and public relations.

During her tenure with Zain KSA, AlSaidi has led the Company's brand identity and corporate image strategy, focusing on corporate sustainability, thereby contributing to forging strategic partnerships and generating substantial value for Zain KSA's corporate communications sector.

AlSaidi's instrumental dedication to corporate sustainability significantly contributed to upgrading Zain KSA to an AA rating on the MSCI ESG Index.

Prior to joining Zain KSA, AlSaidi held multiple roles in marketing and media communications. She successfully managed and led several social media campaigns and public relations initiatives for various private sector organizations and government agencies.

AlSaidi holds a Bachelor's degree in Business Administration and Management from Al-Imam Muhammad Ibn Saud Islamic University.





**Mr. Faisal Abdullah AlAssaf**

**Vice President of Legal Affairs and Governance**

Mr. Faisal Abdullah AlAssaf serves as the Vice President of Legal Affairs and Governance at Zain KSA. In this role, he has been pivotal in shaping the Company's internal governance framework, implementing legal policies and ensuring governance practices align with industry best practices. Mr. AlAssaf boasts over 21 years of extensive experience in legal consultancy, litigation, initial public offerings (IPO), and mergers and acquisitions. He has also held prominent positions such as Head of Legal Department, Corporate Governance Director and Legal Advisor at several leading companies and law firms. He holds a Master's degree in Corporate Finance Law from the University of Westminster, UK; a Postgraduate diploma in International Commercial Law from Swansea University, UK; and a Bachelor's degree in Law from King Saud University.



**Mr. Haythem Bennaceur**

**Acting Chief Marketing Officer**

Mr. Haythem Bennaceur serves as the Acting Chief Marketing Officer. His exceptional leadership in executive management and innovative strategy development, guided by data-driven decision-making, significantly contributed to the Company's sustainable growth.

Bennaceur brings over 21 years of expertise in marketing, sales, distribution and digital transformation in the telecom industry. He also held multiple senior positions at Oredoo Tunisia.

Bennaceur holds a Bachelor's and a Master's degree from the Institute of Higher Commercial Studies of Carthage (IHEC) in Tunisia. Additionally, he completed a Business Leadership Program at IMD in Lausanne, Switzerland, and has earned certifications in finance and strategy from Harvard.

**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](mailto:investor.relations@sa.zain.com) and telephone calls at +966-59-244-8888, 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.

**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 2024:

Shareholder	As at 01 January 2024		As at 31 December 2024		Net change (shares)	Change %
	No. of shares	Ownership %	No. of shares	Ownership %		
Mobile Telecommunications Company K.S.C.P.	332,935,919	37.05%	332,935,919	37.05%	-	0



## Key highlights of announcements

Date	Announcement
03 March 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces its annual consolidated financial results for the year ending on 31-12-2023.
03 March 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year 2023.
12 May 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces its interim financial results for the period ending on 31-03-2024 (3 months).
14 May 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces contract sign off with al rajhi bank.
01 July 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces the Results of the Extraordinary General Assembly Meeting (1st meeting).
03 July 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces the date and method of distributing cash dividends to shareholders for the fiscal year 2023.
25 July 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces its interim financial results for the period ending on 30-06-2024 (6 months).
06 August 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces the death of the CEO Eng. Sultan Bin Abdulaziz Al-Deghaither.
13 August 2024	Mobile Telecommunications Company "Zain KSA" announces appointment of Acting CEO.
03 September 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces resignation of a Board Member and Chairman of the Audit Committee.
16 September 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces appointment of Audit Committee Member.
29 October 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces its interim financial results for the period ending on 30-09-2024 (9 months).
12 November 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces the acquisition of additional spectrum in the 600 MHz frequency bands.
22 December 2024	Mobile Telecommunication Company Saudi Arabia "Zain KSA" announces appointment of a Board Member.

## Dividend distribution

Distributed profit	Distribution method	Distribution date	Eligibility date	Announcement date
ﷲ 0.50	Account deposit	18 July 2024	30 June 2024	03 March 2024

## Shareholder meetings

Find below the attendance register of the Board of Directors at the Extraordinary General Assembly meeting held on 30 June 2024 corresponding to 1445-12-24, at 19:30, with an attendance rate of 60.77% 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). The following members of the Board of Directors were in attendance:

#	Name	Attendance
1	H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer	✓
2	Mr. Bader bin Nasser Al-Kharafi	✓
3	Mr. Ossama Michel Matta	✓
4	Mr. Saud bin Abdullah Al-Bawardi	✓
5	Mr. Kamil Hilali	✓
6	Eng. Abdullah Fahad Al Faris	✓
7	Mr. Saad bin Ibrahim Al Moussa	✓
8	Mr. Talal Said Al Mamari	X
9	Mr. Martial Antoine Caratti	X

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

#	Agenda
1	The Board of Director's report for the fiscal year ending on 31/12/2023 was reviewed and discussed.
2	The financial statements for the fiscal year ending on 31/12/2023 were reviewed and discussed.
3	Approved the External Auditor's report for the fiscal year ending on 31/12/2023 after discussing it.
4	Approved the appointment of an External Auditor for the Company, Ernst & Young Professional Services, based on the recommendation of the Audit Committee to review and audit financial statements of the second quarter, third quarter, and the annual of the fiscal year 2024, in addition to the first quarter of 2025, and determine his fees amounting to ﷲ 5,045,000 excluding VAT.
5	Approved the discharge of Board of Directors members for the fiscal year ended on 31/12/2023.
6	Approved the disbursement of ﷲ (3,300,000) remuneration to the Board members for the fiscal year ended on 31/12/2023.
7	Approved the delegating the Ordinary General Assembly's authorization mentioned in Paragraph (1) from Article (27) of the Companies Law, for a period of one year from the date of approval of the Ordinary General Assembly or until the end of the term of the delegated Board, whichever is earlier, pursuant to the terms mentioned in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
8	Approved the recommendation of the Board of Directors to distribute cash dividends to the shareholders for the fiscal year ending 31 December 2023 amounting to ﷲ (449,364,588) at ﷲ (0.5) per share representing (5%) of the nominal value per share. The eligibility of cash dividends will be to shareholders who own the Company shares by the end of the trading day of the General Assembly of the Company and registered in the Company's shareholders record at Securities Depository Center Company (Edaa) at the end of the second trading day following the eligibility date. The distribution date will be announced later.
9	Approved the transferring Statutory Reserve balance amounted ﷲ (203,099,405) as stated in the financial statements for the year ended on 31/12/2023 to the Retained Earnings account.
10	Approved the amendment of Article No. (3) of Company's bylaws related to the (Objectives of the Company).
11	Approved the amendment of Article (12) of Company's bylaws related to the (Trading of Shares).
12	Approved the amendment of Article (17) of Company's bylaws related to the (Expiration of the Board of Directors' Membership).
13	Approved the amendment of Article (18) of Company's bylaws related to the (Board Vacancy).
14	Approved the amendment of Article No. (19) of Company's bylaws related to the (Powers of the Board of Directors).
15	Approved the amendment of Article No. (21) of Company's bylaws related to the (Powers of the Chairman, Deputy Chairman Managing Director and Secretary).
16	Approved the amendment of Article (23) of Company's bylaws related to the (Board of Directors Meetings Quorum).

17	Approved the addition of Article (24) of Company's bylaws related of the (Deliberations of the Board of Directors).
18	Approved the amendment of Article (31) of Company's bylaws related to the (Invitation for Assemblies).
19	Approved the amending Article No. (47) of Company's bylaws related to the (Profit Distribution).
20	Approved the amendment of Article (50) of the Company's bylaws related to the (Losses of Company).
21	Approved the amendment of Article (52) of the company's bylaws related to the (Termination of the Company).
22	Approved the on amending the Company's bylaws in accordance with the new companies law, and rearranging and numbering the bylaws' articles to comply with the proposed amendments.
23	Approved the amendment of Audit Committee Charter.
24	Approved the amendment of Remuneration and Nomination Committee Charter.
25	Approved the amendment of Remuneration Policy of Board Members, Committee Members and Senior Executives.
26	Approved the amendment of policy and standard for Board of Directors and executive management membership.
27	Approved the competition business policy.
28	Approved the business and contracts between the Company and Zain Group Company, in which the members of the Board of Directors have an indirect interest: Mr. Bader Nasser Al-Kharafi (Vice Chairman), Mr. Osama Matta (Board member), Mr. Martial Caratti (Former Board member), Mr. Firas Oggar (Former Board member), Mr. Kamil Hilali (Board member), and Mr. Talal Al Mamari (Board member), which is an Operational Contract, noting that the transactions amounted to ﷲ (5,817) thousand for the fiscal year 2023 and there is no Preferential terms for this contract.
29	Approved the business and contracts between the Company and Zain Group Company in which the members of the Board of Directors have an indirect interest: Mr. Bader Nasser Al-Kharafi (Vice Chairman), Mr. Osama Matta (Board member), Mr. Martial Caratti (Former Board member), Mr. Firas Oggar (Former Board member), Mr. Kamil Hilali (Board member), and Mr. Talal Al Mamari (Board member), which is Branding Fee, noting that the transactions amounted to ﷲ (170,000) thousand for the fiscal year 2023. There is no Preferential terms for this contract.
30	Approved the business and contracts between the Company and Subsidiaries of Zain Group, in which the members of the Board of Directors have an indirect interest: Mr. Bader Nasser Al-Kharafi (Vice Chairman), Mr. Osama Matta (Board member), Mr. Martial Caratti (Former Board member), Mr. Firas Oggar (Former Board member), Mr. Kamil Hilali (Board member), and Mr. Talal Al Mamari (Board member), which is Telecom Services (interconnect/roaming). The transactions provided amounted to ﷲ (5,113) thousand for the fiscal year 2023, and the transactions received amounted to ﷲ (58,204) thousand for the fiscal year 2023. Other telecommunications services rendered of ﷲ (723) thousand for the fiscal year 2023. There is no Preferential terms for this contract.
31	Approved the business and contracts between the Company and Al Marai company and to the Chairman of the Board of Directors has an indirect interest: H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer, which is Telecom Services rendered, noting that the transactions amounted to ﷲ (37,907) thousand for the fiscal year 2023. There is no Preferential terms for this contract.
32	Approved the business and contracts between the Company and Yamama Cement company and to the Chairman of the Board of Directors has an indirect interest: H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer, which is Telecom Services rendered, noting that the transactions amounted to ﷲ (7,418) thousand for the fiscal year 2023. There is no Preferential terms for this contract.

### Shareholders' book

The Company requested a total of 12 shareholder registers during the year 2024 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	03 October 2024	30 September 2024	Engage in investor analysis, interact with investors, and address their inquiries.
2	02 September 2024	31 August 2024	
3	02 September 2024	31 July 2024	
4	30 June 2024	30 June 2024	
5	30 June 2024	30 June 2024	
6	26 June 2024	30 June 2024	
7	26 June 2024	27 June 2024	
8	10 June 2024	06 June 2024	
9	09 June 2024	09 June 2024	
10	06 June 2024	06 June 2024	
11	12 February 2024	12 February 2024	
12	03 January 2024	31 December 2023	

### Interest in shares and debt instruments

#### Board of Directors

The following table includes all available details about interest, contractual securities, or rights issued to the Board members and their relatives in the Company's shares during 2024:

Board member	Shares owned		Net change	% change
	01 January 2024	31 December 2024		
H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer	768	768	-	0
Mr. Bader bin Nasser Al-Kharafi	1,183	1,183	-	0
Mr. Saud bin Abdullah Al-Bawardi	1,538	1,538	-	0
Mr. Saad bin Ibrahim Al Moussa	100	100	-	0

None of the Board members mentioned above or their relatives have any interest in the Company's debt instruments during 2024.

#### Executive management

The following table includes all available details about interest, contractual securities, or rights issued to executive management members and their relatives in the Company's shares during 2024:

Executive manager	Shares owned		Net change	% change
	01 January 2024	31 December 2024		
Eng. Saad bin Abdulrahman Al-Sadhan	22	22	-	0
Ms. Loluwah Saad AlNowaiser	11	11	-	0

None of the executive management members mentioned above or their relatives have any interest in the Company's debt instruments during 2024.



## Regulatory Affairs and Compliance

Zain KSA, represented by Regulatory Affairs and Compliance, seeks to enhance the culture of legislative and regulatory commitment. Incorporating compliance processes in the Company's business, the division seeks to provide a supportive environment to apply the regulations and legislation, ensuring that the risks of non-regulatory compliance are avoided, and that full regulatory compliance is achieved. Regulatory Affairs and Compliance 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 Regulatory Affairs and Compliance division oversees the issuance and renewal of licensing and submission of the Net Telecommunications Revenue (NTR) form, and obtain the required approvals to exclude some revenue from the 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.

Regulatory Affairs and Compliance 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 2024. The Company initiated the SIM authentication project (Nafath v2) for business customers (B2B) across all channels, in line with the regulatory requirements. We also integrate with unified platform (330330) to receive and process the fraud reports. Govern the process of registering sales agents, partners and SIMs in unified platform (Manafith2) to reduce the irregular distribution of SIM cards.

In addition, Zain KSA obtained a license to use 30 MHz of the 600 MHz frequency band at the opening price in the spectrum auction held by the authority in November 2024. Also, the Company supported government projects, such as the initiative to promote wireless broadband deployment in villages and remote areas, where it received unprecedented government support by winning three projects across various regions of the Kingdom valued at over ₪ 1.3 billion, representing the highest amount of government support compared to other companies. Furthermore, Regulatory Affairs and Compliance played an active role in reducing regulatory risks related to mobile phone coverage and speed regulations (529) by implementing internal procedures that limit those risks and reduce the chances of issuing violations for the decision that all companies

have appealed against. The team continued its efforts to mitigate the impact of the amendment to the financial counterpart for frequency usage licenses for the second consecutive year, as the approved increase of ₪ 30 million per year for the 900 MHz band was not applied after discussions with the authority to ensure it would not affect existing licenses.

Zain KSA has implemented the necessary solutions and obtained the required approvals from the relevant authorities to launch VoLTE services for roamers under the Zain KSA Saudi network, becoming the first operator in Saudi Arabia to offer this service. Additionally, Zain KSA has obtained approval from the concerned entities to achieve one of the Company's strategic goals, which is to phase out 3G technology. The final phase of the Company's BSS Transformation project has been completed, along with the successful fulfillment of security and regulatory requirements. The first phase of the Salam Mobile BSS Transformation (B2B) project has also been completed, meeting the necessary security requirements.

Zain KSA has activated and developed integration with the National Information Center to serve the security sector. Furthermore, it has enhanced the AML service with the 911 emergency center to ensure quick response times for emergencies. The necessary security requirements and approvals have been completed to launch the new network core project for Salam Mobile, reflecting Zain KSA's unwavering support for virtual operators to achieve their strategic objectives. The interconnection and security requirements with other operators have been finalized to implement effective service sharing. Local roaming services (2G, 3G, 4G) have been launched and activated at several strategic and important locations. Zain KSA has also implemented global best practices to protect users from suspicious applications and websites on the internet.

In 2024, the efforts of the Regulatory Affairs and Compliance division were successful in collaborating with CST to update several regulatory decisions aimed at enhancing and protecting competition, as well as achieving the Company's goals and plans. The division also seeks to obtain the necessary approvals from the regulator to launch the Company's packages and offers, reflecting the Company's commitment to full compliance with all regulatory decisions.

In line with the goal of accelerating approval processes and aligning with regulatory requirements, the Regulatory Affairs and Compliance division updated its internal policies and procedures and developed a digital platform that facilitates the easy and quick processing of tariff approval requests. This enhancement enables all stakeholders to easily refer to the updated procedures, ensuring full compliance with regulatory requirements and preventing any future violations.

Additionally, the division has been following up with CST regarding any anti-competitive practices that may negatively impact the competitive environment in the sector and the Company's strategy, with the aim of protecting the Company's interests and ensuring fair opportunities in the telecommunications market. The division has also contributed to providing insights and studying the impact of new regulatory decisions on competition, ensuring that market fairness is not compromised and enabling the Company to adapt smoothly and effectively to any legal or regulatory changes.

Through these integrated and ongoing measures, the Regulatory Affairs and Compliance division strengthens Zain KSA's competitive position and supports its strategic growth and success in 2024 and beyond, within an evolving and fair regulatory environment.

### Relevant lawsuits

The Company has several lawsuits in various courts according to their jurisdiction, including decisions issued by CST Committee for the Consideration of violations of the Communications Law. The committee has issued several decisions against the Company, with the value of those under judicial review amounting to ₪ 10,362,000 as of 31 December 2024. The Company has filed objections with the Administrative Court regarding these decisions, and some of those decisions are still under review by the Administrative Court and the Administrative Appeals Court as of the date of this report.

The Company is keen to resort to the competent judicial authorities to ensure that the decisions issued against the Company are fair, reasonable, and in line with the laws and regulations applied in the Kingdom of Saudi Arabia. The Company also works to exhaust all legitimate legal means to protect its rights and strives to take necessary care and precautions to avoid the recurrence of such decisions in the future.

# 06

## Operational Results and Declarations

Zain KSA achieved the highest revenue of **ﷲ 10.4 billion** in 2024 compared to **ﷲ 9.9 billion** in the previous year.



## Operational Results

The operating profit was ₪ 1,199 million in FY 2024, compared to operating profit of ₪ 871 million in the previous year. Zain KSA achieved the highest revenue of ₪ 10.4 billion in 2024 compared to ₪ 9.9 billion in the previous year. This increase was witnessed due to the growth in the 5G, Wholesale, Tamam, and B2B segments. Whereas Zain KSA's cost of revenue decreased by 3%, mainly due to the reversal of withholding tax amounting to ₪ 156 million. ECL expenses increased by ₪ 203 million.

In addition, Zain KSA has booked all the sales of towers, consequently realizing a profit of ₪ 21 million from the transaction.

### 1. Balance sheet highlights

₪ million	2024	2023	2022	2021	2020	Change	Change (%)
	Audited	Audited	(restated) Audited	(restated) Audited	Audited	2024/2023	2024/2023
Current assets	7,313	6,753	7,481	3,781	3,383	560	8%
Non-current assets	20,823	20,625	20,980	24,302	24,775	198	1%
<b>Total assets</b>	<b>28,136</b>	<b>27,378</b>	<b>28,461</b>	<b>28,083</b>	<b>28,158</b>	<b>758</b>	<b>3%</b>
Current liabilities	12,782	8,006	9,250	10,448	9,099	4,776	60%
Non-current liabilities	4,647	8,781	9,408	8,593	10,330	(4,134)	(47)%
<b>Total liabilities</b>	<b>17,429</b>	<b>16,787</b>	<b>18,658</b>	<b>19,041</b>	<b>19,429</b>	<b>642</b>	<b>4%</b>
Shareholders' equity	10,707	10,591	9,803	9,042	8,729	116	1%
<b>Total liabilities and shareholders' equity</b>	<b>28,136</b>	<b>27,378</b>	<b>28,461</b>	<b>28,083</b>	<b>28,158</b>	<b>758</b>	<b>3%</b>

Source: Audited financial statements for the years ended 2020, 2021, 2022, 2023, and 2024

Note: Numbers may not sum up due to the rounding

The total assets of the Company as at 31 December 2024, amounted to ₪ 28,136 million, of which ₪ 11,402 million (constituting 41% of the total assets) relate to the book value of the license obtained by the Company from the Communication, Space and Technology Commission in 2007. In addition, property and equipment were valued at ₪ 4,977 million, which is 18% of the total assets.

At the same date, the Company's total liabilities amounted to ₪ 17,429 million, of which 47%, amounting to ₪ 8,259\* million (loan and shareholders dues amount only) are related to the following:

1. Murabaha facility
2. Shareholders' dues
3. Governmental loan
4. ARB CAPEX loan
5. ARB Factoring loan

\* This amount is netted off with unamortized debt arrangement fee and gain on modification of loan (in 2020) amounting to ₪ 42 million and transaction cost of ₪ 11 million pertaining to the Murabaha facility and ARB CAPEX loan.

### 2. Overview of the Company's borrowings

As at 31 December 2024, the outstanding balances owed to the bank under borrowing arrangements amounted to ₪ 6,318 million. Other borrowing arrangements amount to ₪ 1,994 million.

The following table summarizes those borrowing arrangements:

₪ million	Term	Principal amount	Net repaid/addition during 2024	Lender	Outstanding balance (gross)	Maturity
Murabaha facility	5 years	5,968	(633)	Consortium of 8 banks	4,701	30 September 2025
Working capital facility	1 year	370	370	Consortium of 8 banks	370	N/A
Advances from shareholders	Open	5,020	(8)	Founding shareholders	60	Open
Government loan	14 years	Up to 800 per year	(553)	Ministry of Finance	1,934	01 June 2027
ARB CAPEX loan	10 years	747	747	Al Rajhi Bank	747	
ARB Factoring loan	1 year	500	500	Al Rajhi Bank	500	
<b>Total</b>			<b>423</b>		<b>8,312</b>	

Source: Audited financial statements for the year ended 2024 (excluding debt arrangement fee amounting to ₪ 42 million for Murabaha facility and transaction cost of ₪ 11 million pertaining to ARB CAPEX loan)

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 available amount up to ₪ 6 billion with a two-year grace period at three or six months SIBOR plus margin, and three or six months SOFR plus margin (2023: three or six months SIBOR plus margin, three or six months LIBOR plus margin and three or six months SOFR plus margin). Moreover, the agreement includes a working capital facility of ₪ 1 billion bringing the total facility amounting to ₪ 7 billion until 2025, providing additional liquidity for the Group to fund its business growth plans.

As at 31 December 2024, the total unused facility against MFA amounted to ₪ 0.63 billion (2023: ₪ 1 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 at 31 December 2024 amounted to ₪ 60 million, and ₪ 8 million was repaid, during the year, to

one of the exiting shareholders. Financing costs 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 Group 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 on 31 October 2021. Based on the revised scheduling, the first repayment was settled in November 2021.

On 20 February 2023, the Group 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. Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha facility agent. The facility matures in June 2027 with a scheduled annual 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 does not have any security assigned to it.

#### CAPEX vendor financing facility agreement and account receivable factoring

On 13 May 2024, the Group signed with al rajhi bank for a 1.125 billion facility, including transaction costs amounting to 11.25 million to fund the CAPEX expenditure payment against several projects and a receivables discounting banking facility up to 500 million. The Group has availed 736 million out of the CAPEX facility and 500 million out of an account receivable factoring facility as at the reporting period. The interest amounting to 21.27 million has been capitalized by the Group during the year based on effective interest rate of the loan. The Group has realised ( 0.403 million) from transaction costs (2023: nil) as at the year end. The facility has no security assigned to it.

### 3. Statements of operation highlights

The following table summarizes the statements of operation for the years ended 31 December 2020, 2021, 2022, 2023 and 2024:

S million	2024	2023	2022	2021	2020	Change	Change (%)
	Audited	Audited	Audited	Audited	Audited	2024/2023	2024/2023
Revenue	10,365	9,883	9,075	7,901	7,917	482	5%
Cost of revenue	(3,894)	(4,025)	(3,760)	(3,016)	(2,472)	131	(3)%
Gross profit	6,471	5,857	5,315	4,885	5,445	614	10%
Operating and administrative	(3,148)	(2,879)	(2,160)	(1,756)	(2,003)	(269)	9%
EBITDA	3,323	2,978	3,155	3,129	3,442	345	12%
Depreciation and amortization	(2,124)	(2,106)	(2,089)	(2,430)	(2,439)	(18)	1%
Net profit before finance fees and other	1,199	871	1,066	699	1,003	328	38%
Income from loan modification	-	-	-	1	136	-	-
Finance and other Income	18	70	74	20	39	(52)	(74)%
Gain on tower sale transaction	21	1,015	-	-	-	(994)	(98)%
Gain on sale of equity shares	-	121	-	-	-	(121)	(100)%
Government grant	52	-	-	-	-	52	100%
Share of loss investment in associate and joint ventures	(0.8)	(1.4)	-	-	-	1	(45)%
Impairment in investment in associate and joint ventures	-	(0.5)	-	-	-	1	(100)%
Financial charges	(735)	(719)	(566)	(489)	(898)	(16)	2%
Net profit for the year before Zakat	554	1,356	574	231	280	(802)	(59)%
Zakat	42	(89)	(24)	(17)	(20)	131	(147)%
<b>Net profit for the year</b>	<b>596</b>	<b>1,267</b>	<b>550</b>	<b>214</b>	<b>260</b>	<b>(671)</b>	<b>(53)%</b>

Source: Audited financial statements for the years ended 2020, 2021, 2022, 2023 and 2024

Note: Numbers may not sum up due to the rounding

- Revenue reached 10,365 million for 2024 compared to 9,883 million the previous year, where data revenue represents 47% (excluding value added services and SMS).
- Gross profit reached 6,471 million in 2024 compared to 5,857 million in 2023, posting an increase of 10%, with gross profit margin of 62% in current year compared to 59% in the previous year.
- Operating and administrative expenses reached 3,148 million in 2024; an increase of 9% compared to 2,879 million in 2023.
- EBITDA reached 3,323 million in 2024 compared to 2,978 million in 2023, posting an increase of 12%, with EBITDA margin reaching 32% compared to 30% in the previous year.
- Depreciation and amortization expenses reached 2,124 million in 2024 compared to 2,106 million the year before.
- Operational profit reached 1,199 million in 2024 compared to operational profit of 871 million in 2023, with an increase of 38%.
- Gain on sale of towers amounts to 21 million.

- Government grant for USF project realized 52 million.
- Net profit after zakat and tax reached 596 million in 2024 compared to net profit after zakat and tax of 1,267 million in 2023.
- Total comprehensive income reached 565 million in 2024 compared to total comprehensive income of 1,239 million the previous year.
- Profit per share reached 0.66 in 2024 compared to profit per share of 1.41 in 2023.
- Total shareholders' equity (there is no minority interest) reached 10,707 million in 2024 compared to 10,591 million the previous year, an increase of 1%.
- The retained earnings reached 1,677 million for 2024, compared to 1,327 million in 2023, representing 19% of the Company's share capital of 8,987 million.
- Zain KSA's subscriber base comprised 9.3 million subscribers in 2024 compared to 8.9 million the prior year.

### 4. The following table presents revenue breakdown for 2023 and 2024

S million	2024	2023	Change	Change (%)
			2024/2023	2024/2023
Mobile Telecommunications Company (MTC)	9,907	9,488	419	4%
Zain Sales Company	971	1,271	(300)	(24)%
Zain Payment - Tamam	368	284	84	30%
Zain Drones	0.3	(0.12)	0.5	(377)%
Eliminations	(881)	(1,160)	279	(24)%
<b>Total revenue</b>	<b>10,365</b>	<b>9,883</b>	<b>482</b>	<b>5%</b>

Source: Audited financial statements for the years ended 2023 and 2024

Note: Numbers may not sum up due to the rounding

It is 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 could not 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 constitutes 15.54% of total revenue (2023: 14.28%).

#### 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 pronouncements 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

The Group had finalized its zakat status up to 2008 and obtained the related certificate.

The Group had submitted its consolidated financial statements along with Group zakat returns for the years 2009 to 2023 and paid zakat according to the filed returns. From 2021 onwards, Tamam Finance Company is submitting, paying and obtaining zakat certificate form ZATCA separately; consequently the Group had submitted zakat return from 2021 till 2023 excluding Tamam Finance Company.

Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. The Group received additional assessment of ₪ 20.3 million for zakat for the years from 2014 to 2018 and the Group has appealed against these additional claims to the relevant committees. The Group believes this will not result in any material additional provisions. Zakat was assessed by ZATCA and agreed there is no additional claim for the years ended 2012 and 2013. The Group has not received zakat assessment for years 2019 to 2023.

On 12 Ramadan 1445H (corresponding to 22 March 2024), the Zakat, Tax and Customs Authority (ZATCA) announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No. 1007 dated 19 Shaban 1445H (corresponding to 29 February 2024), which was electronically published in the Official Gazette on 11 Ramadan 1445H (corresponding to 21 March 2024).

The following table includes the statutory payments paid in 2024 or outstanding as at 31 December 2024 as well as a brief description and reasons thereof:

₪ million	2024		Brief description/reasons
	Paid ₪	Outstanding ₪	
Communications, Space and Technology Commission	707	251	Spectrum licensing
Ministry of Finance	805	1,934	These amounts are related to the Ministry of Finance loan. The amount paid was principal interest fees whereas the outstanding amount will be payable in equal instalments starting June 2021.
General Organization for Social Insurance	90	-	These amounts are related to GOSI payment for Zain KSA Employees.
General Authority for Zakat and Tax	649	14	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:

	2024 (₪'000)	2023 (₪'000)	Note
Mobile Telecommunications Company K.S.C.	405,968	773,419	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.	7,095	-	The amount was payable to shareholders on demand and was settled during the year against amount to be received from shareholders.
Founding shareholders	60,409	68,464	This amount relates to accrued finance charges and is payable to the Company's founding shareholders. The amount is unsecured and does not have any fixed terms of repayment but is not repayable until certain conditions are met in the Syndicated Murabaha facility.
Other related parties	9,982	5,907	Telecom services
<b>Total</b>	<b>483,454</b>	<b>847,790</b>	

The new Zakat regulation is replacing the current regulation issued through MR No. 2216 dated 14 Rajab 1440H (corresponding to 14 March 2019).

In light of new regulations, the Group has reassessed its zakat provision and consequently has reversed additional provision charged in prior periods amounting to ₪ 75.77 million during the year ended 31 December 2024.

Additionally, the Group has calculated zakat expense during the year ended 31 December 2024, which is in line with the new regulation which amounts to ₪ 33.89 million.

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

The following tables include details relating to the transactions between Zain KSA and related parties during 2024:

Description	2024 (₪'000)
Revenue from entities related to Zain Group <sup>1</sup>	42,507
Purchases from entities related to Zain Group <sup>1</sup>	(90,342)
Revenue from other related party	7,232
Management and branding fees charged by MTC KSCP	(170,000)

<sup>1</sup> Details of such transactions are outlined in item No. 2 of the following table.

#	Related party	Conditions and nature of transaction, business or contract	Duration	Net value/ amount during 2024	Related party/relationship with Zain KSA	Interested Board Members/ senior executives (directly or indirectly)
				(₪'000)		
1	MTC KSCP	Branding fee	Open	(170,000)	Founding shareholder of Zain KSA	Mr. Bader bin Nasser Al-Kharafi (Vice President)
2	Oman Tel, Zain Bahrain, Zain Jordan, MTC Lebanon, S.A.R.L., Zain Kuwait, Zain Sudan, Zain Iraq "IRQAT" and Zain Global Communications Co.)	Telecom services (interconnect/roaming)	Open	(47,835)	Oman Tel is a Shareholder in MTC KSCP whereas Zain Bahrain, Zain Jordan, 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. Ossama Michel Matta (Board Member) Mr. Martial Antoine Caratti (Former Board Member) Mr. Nawaf Hisham Al Gharabally (Board Member) Mr. Kamil Hilali (Board Member) Mr. Talal Said Al Mamari (Board Member)
3	Almarai Company	Telecom services	Open	5,150	H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer serves as Chairman of the Board of Directors of Almarai Company	H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer
4	Yamama Cement Company	Telecom services	Open	2,081	H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer serves as a Board member of Yamama Cement Company	H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer (Chairman)

Note: Numbers may not sum up due to the rounding

Following are the details of direct and indirect interests of Board Members:

#	Related party	Condition and nature of transaction, business or contract	Duration	Net value/ amount during 2024 (₪'000)	Interested Board Members/senior executives (directly or indirectly)
1	Golden Lattice Investment Company	Operating expense -2023	Open	(815,867)	H.H. Prince Naif bin Sultan bin Mohammed bin Saud Al-Kabeer (Chairman)
2	Golden Lattice Investment Company	Operating expense -2024	Open	(52,790)	
3	Golden Lattice Investment Company	Sale of towers	During 2023	3,026,000	
4	Hulool Zain Tech for Information Technology	License fees	Open	(2,225)	Mr. Bader bin Nasser Al-Kharafi (Vice President) Mr. Ossama Michel Matta (Board Member) Mr. Martial Antoine Caratti (Former Board Member) Mr. Nawaf Hisham Al Gharabally (Board Member) Mr. Kamil Hilali (Board Member) Mr. Talal Said Al Mamari (Board Member)



### 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 ﷲ 1,948,000	Failure to implement the directive within the specified time limit	Committee for the	Establishing procedures to ensure compliance with CST's resolutions and ensure all required information is submitted
Imposing fines worth ﷲ 5,942,000	Failure to implement CST's directives	consideration of violations of the Communications Law	Establishing procedures to ensure compliance with CST's directives
Imposing fines worth ﷲ 3,100,000	Launching a promotional offer without obtaining CST's approval in violation of the Telecommunications Law		Establishing procedures to ensure CST's approval is obtained 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 canceled 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.



# 07

## Financial Statements

In 2024, Zain KSA achieved remarkable milestones, advancing its strategic initiatives while fostering innovation and delivering record-breaking performance.

Independent Auditor's Report	111	Consolidated Statement of Changes in Equity	122
Consolidated Statement of Financial Position	120	Consolidated Statement of Cash Flows	123
Consolidated Statement of Profit or Loss and Other Comprehensive Income	121	Notes to the Consolidated Financial Statements	124





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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mobile Telecommunications Company Saudi Arabia  
(A Saudi Joint Stock Company)

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Mobile Telecommunications Company Saudi Arabia (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mobile Telecommunications Company Saudi Arabia  
(A Saudi Joint Stock Company) (continued)

### Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group's revenue consists primarily of subscription fees for telecommunication, data packages and use of the network totaling SR 10,365 million for the year ended 31 December 2024.</p> <p>We considered this a key audit matter as the application of accounting standard for revenue recognition in the telecommunication sector includes number of key judgments and estimates.</p> <p>Additionally, there are inherent risks about the accuracy of revenues recorded due to the complexity associated with the network environment, dependency on IT applications, large volumes of data, changes caused by price updates and promotional offers affecting the various products and services offered, as well as the materiality of the amounts involved.</p> <p><i>Refer to note 4 and note 5 for the accounting and critical judgements and policy related to revenue recognition and note 27 for the related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>Involved our IT specialists to test the design, implementation and operating effectiveness of system of internal controls related to revenue recognition.</li> <li>Assessed the Group's revenue recognition policies, for compliance with IFRS Accounting Standards as endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).</li> <li>Inspected a sample of revenue reconciliations prepared by management between the primary billing system and the general ledger.</li> <li>Tested, on sample basis, the accuracy of customer invoice generation and tested a sample of the credits and discounts applied to customers invoices.</li> <li>Tested, on a sample basis, customers cash receipts back to the invoice.</li> <li>Tested transactions which took place before and after year-end to check that revenue is recognized in the appropriate period</li> <li>Performed analytical procedures by comparing expectations of revenues with actual results and analysed variances.</li> <li>Assessed the adequacy of the relevant disclosures in the consolidated financial statement.</li> </ul>



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**INDEPENDENT AUDITOR’S REPORT**  
**To the Shareholders of Mobile Telecommunications Company Saudi Arabia**  
**(A Saudi Joint Stock Company)**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Mobile Telecommunications Company Saudi Arabia (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



**INDEPENDENT AUDITOR’S REPORT**  
**To the Shareholders of Mobile Telecommunications Company Saudi Arabia**  
**(A Saudi Joint Stock Company) (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group’s revenue consists primarily of subscription fees for telecommunication, data packages and use of the network totaling SR 10,365 million for the year ended 31 December 2024.</p> <p>We considered this a key audit matter as the application of accounting standard for revenue recognition in the telecommunication sector includes number of key judgments and estimates.</p> <p>Additionally, there are inherent risks about the accuracy of revenues recorded due to the complexity associated with the network environment, dependency on IT applications, large volumes of data, changes caused by price updates and promotional offers affecting the various products and services offered, as well as the materiality of the amounts involved.</p> <p><i>Refer to note 4 and note 5 for the accounting and critical judgements and policy related to revenue recognition and note 27 for the related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>Involved our IT specialists to test the design, implementation and operating effectiveness of system of internal controls related to revenue recognition.</li> <li>Assessed the Group’s revenue recognition policies, for compliance with IFRS Accounting Standards as endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).</li> <li>Inspected a sample of revenue reconciliations prepared by management between the primary billing system and the general ledger.</li> <li>Tested, on sample basis, the accuracy of customer invoice generation and tested a sample of the credits and discounts applied to customers invoices.</li> <li>Tested, on a sample basis, customers cash receipts back to the invoice.</li> <li>Tested transactions which took place before and after year-end to check that revenue is recognized in the appropriate period</li> <li>Performed analytical procedures by comparing expectations of revenues with actual results and analysed variances.</li> <li>Assessed the adequacy of the relevant disclosures in the consolidated financial statement.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Mobile Telecommunications Company Saudi Arabia**  
**(A Saudi Joint Stock Company) (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of property and equipment and intangible assets</b>	
<p>As at 31 December 2024, the Group's consolidated financial position included property and equipment amounting to SR 4,977 million and intangible assets amounting to SR 13,557 million.</p> <p>At each reporting date, the Group's management assesses whether there is any indication that property and equipment and intangible assets may be impaired.</p> <p>This involves significant judgments in respect of factors such as technological changes, challenging economic conditions, changing regulatory environment and restrictions, operating or capital costs and other economic assumptions used by the Group.</p> <p>We considered this as a key audit matter as it involves management's assumptions and estimates as well as the materiality of the amounts involved.</p> <p><i>Refer to note 4 and note 5 for the accounting and critical judgements and policies related to valuation of property and equipment and intangible assets.</i></p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> <li>Assessed the Group's impairment policies for property and equipment and intangible assets, for compliance with IFRS as endorsed with SOCPA.</li> <li>Assessed the appropriateness of management's determination of Cash Generating Units (CGUs), based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.</li> <li>Evaluated management's procedures in identifying impairment indicators in respect of the related CGUs.</li> <li>Evaluated the reasonableness of management's assumptions and estimates in determining the recoverable amount of the Group's CGUs, including those relating to forecasts.</li> <li>Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Mobile Telecommunications Company Saudi Arabia**  
**(A Saudi Joint Stock Company) (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Capitalization of property and equipment</b>	
<p>The Group has a material capital expenditure plan and therefore incurs significant annual expenditure in relation to the development and maintenance of both infrastructure assets and assets in relation to network and related equipment.</p> <p>Costs related to upgrading or enhancing networks are treated as capital expenditures while expenses spent to maintain the network's operating capacity are recognized as expenses in the same year in which they are incurred. Accordingly, the assessment and timing of whether assets meet the capitalization criteria set out in IAS 16 'Property, Plant and Equipment' requires judgement.</p> <p>We consider this as key audit matter since it involves management's assumptions as well as materiality of the amounts involved.</p> <p><i>Refer to note 4 for the accounting policy related to property and equipment and note 13 for the related disclosures.</i></p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> <li>Tested the design, implementation and operating effectiveness of key controls in place over the capitalization of property and equipment.</li> <li>Assessed the Group's capitalization policy, for compliance with IFRS Accounting Standards as endorsed by SOCPA.</li> <li>Tested, on sample basis, costs capitalized are in accordance with the approved budgeted for capital expenditure for the year and the related supporting documents.</li> <li>Tested, on sample basis, capitalization of expenditure in compliance with the Group's capitalization policy.</li> <li>Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mobile Telecommunications Company Saudi Arabia  
(A Saudi Joint Stock Company) (continued)

### Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. The management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of Regulations of Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e. the Audit Committee, is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mobile Telecommunications Company Saudi Arabia  
(A Saudi Joint Stock Company) (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2024  
 (ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Mobile Telecommunications Company Saudi Arabia**  
**(A Saudi Joint Stock Company) (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services



Ahmed Ibrahim Reda  
 Certified Public Accountant  
 License No. (356)

Riyadh: 21 Sha'ban 1446 H  
 (20 February 2025)

	Note	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	13	4,977,368	4,736,355
Intangible assets	15	13,556,680	14,244,926
Right of use assets	12	1,098,144	842,725
Capital advances	14	901,595	393,268
Long term prepaid expenses		8,477	-
Investment in an associate and joint ventures	11	8,973	9,739
Contract assets	8	271,341	322,261
Derivative financial instruments	23	-	75,634
<b>Total non-current assets</b>		<b>20,822,578</b>	<b>20,624,908</b>
<b>Current assets</b>			
Inventories	9	263,180	157,793
Contract assets	8	122,600	117,669
Derivative financial instruments	23	28,504	-
Trade receivables and other assets	7	6,058,398	5,531,820
Cash and cash equivalents	6	840,201	946,042
<b>Total current assets</b>		<b>7,312,883</b>	<b>6,753,324</b>
<b>TOTAL ASSETS</b>		<b>28,135,461</b>	<b>27,378,232</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Borrowings	17	2,233,558	6,532,973
Lease liabilities	19	1,302,316	1,016,666
Spectrum payable	22	931,407	1,054,623
Employees' end of service benefits obligation	24	179,267	176,724
<b>Total non-current liabilities</b>		<b>4,646,548</b>	<b>8,780,986</b>
<b>Current liabilities</b>			
Trade and other payables	16	5,632,908	5,018,836
Dividend payable	21	2,500	1,250
Provisions	18	133,575	235,311
Zakat payable	34	71,513	144,232
Deferred income and contract liabilities	8	306,244	355,346
Current portion of borrowings	17	5,965,202	1,186,697
Current portion of lease liabilities	19	186,680	216,364
Amounts due to related parties	20	483,454	847,790
<b>Total current liabilities</b>		<b>12,782,076</b>	<b>8,005,826</b>
<b>TOTAL LIABILITIES</b>		<b>17,428,624</b>	<b>16,786,812</b>
<b>EQUITY</b>			
Share capital	26	8,987,292	8,987,292
Hedging reserve	23	28,504	75,634
Other reserve	24	14,072	(1,471)
Statutory reserve	44	-	203,099
Retained earnings		1,676,969	1,326,866
<b>TOTAL EQUITY</b>		<b>10,706,837</b>	<b>10,591,420</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>28,135,461</b>	<b>27,378,232</b>

The accompany notes (1) to (45) form an integral part of these consolidated financial statements



Mehdi Khalifaoui  
 CFO



Eng. Saad Abdulrahman Alsadhan  
 Acting CEO



Naif bin Sultan bin Mohammed bin Saud Al Kabeer  
 Chairman

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	2024	2023
Revenue	27	10,365,461	9,882,645
Cost of revenue	28	(3,894,395)	(4,025,394)
<b>Gross profit</b>		<b>6,471,066</b>	<b>5,857,251</b>
Distribution and marketing expenses	29	(2,221,398)	(2,109,775)
General and administrative expenses	30	(498,248)	(544,044)
Depreciation and amortization	12,13,15	(2,123,721)	(2,106,493)
Expected credit loss (ECL)	7,8	(428,593)	(225,608)
<b>Operating profit</b>		<b>1,199,106</b>	<b>871,331</b>
Finance income		32,292	69,560
Finance cost	33	(734,929)	(718,852)
Gain on tower sale transaction	31	21,238	1,014,795
Government grant income	39	52,257	-
Other (expense) / income	32	(14,716)	69
Gain on sale of equity shares designated at fair value through profit and loss	10	-	120,960
Share of loss investment in associate and joint ventures	11	(766)	(1,442)
Impairment in investment in associate and joint ventures	11	-	(527)
<b>Profit before zakat</b>		<b>554,482</b>	<b>1,355,894</b>
Zakat	34	41,887	(88,888)
<b>Profit for the year</b>		<b>596,369</b>	<b>1,267,006</b>
<b>Other comprehensive loss</b>			
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of employees' end of service benefits obligation	24	15,543	6,776
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Fair value change in hedging instruments entered into for cash flow hedges	23	(47,130)	(35,238)
<b>Total other comprehensive loss</b>		<b>(31,587)</b>	<b>(28,462)</b>
<b>Total comprehensive income for the year</b>		<b>564,782</b>	<b>1,238,544</b>
<b>Earnings per share (ﷲ)</b>			
Basic and diluted	35	0.66	1.41

The accompany notes (1) to (45) form an integral part of these consolidated financial statements


Mehdi Khalifaoui  
CFO

Eng. Saad Abdulrahman Alsadhan  
Acting CEO

Naif bin Sultan bin Mohammed bin Saud Al Kabeer  
Chairman

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Share capital	Hedging reserve	Other reserve	Statutory reserve	Retained earnings	Total
<b>Balance at 1 January 2024</b>	8,987,292	75,634	(1,471)	203,099	1,326,866	10,591,420
Profit for the year	-	-	-	-	596,369	596,369
Other comprehensive loss	-	(47,130)	15,543	-	-	(31,587)
Total comprehensive income for the year	-	(47,130)	15,543	-	596,369	564,782
Transfer from statutory reserve – note 44	-	-	-	(203,099)	203,099	-
Dividends – note 21	-	-	-	-	(449,365)	(449,365)
<b>Balance as at 31 December 2024</b>	<b>8,987,292</b>	<b>28,504</b>	<b>14,072</b>	<b>-</b>	<b>1,676,969</b>	<b>10,706,837</b>
Balance at 1 January 2023	8,987,292	110,872	(8,247)	76,397	635,927	9,802,241
Profit for the year	-	-	-	-	1,267,006	1,267,006
Other comprehensive loss	-	(35,238)	6,776	-	-	(28,462)
Total comprehensive income for the year	-	(35,238)	6,776	-	1,267,006	1,238,544
Transfer to statutory reserve	-	-	-	126,702	(126,702)	-
Dividends – note 21	-	-	-	-	(449,365)	(449,365)
<b>Balance as at 31 December 2023</b>	<b>8,987,292</b>	<b>75,634</b>	<b>(1,471)</b>	<b>203,099</b>	<b>1,326,866</b>	<b>10,591,420</b>

The accompany notes (1) to (45) form an integral part of these consolidated financial statements


Mehdi Khalifaoui  
CFO

Eng. Saad Abdulrahman Alsadhan  
Acting CEO

Naif bin Sultan bin Mohammed bin Saud Al Kabeer  
Chairman



MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		554,482	1,355,894
Expected credit loss	7,8	428,593	225,608
Depreciation and amortization	12,13,15	2,123,721	2,106,493
Withholding tax provision reversal	40	(156,546)	-
Other (income) / expense		(69,834)	69,628
(Reversal) / charge of inventory obsolescence provision	9	(3,219)	10,454
Finance costs	33	734,929	718,852
Gain on tower sale transaction	31	(21,238)	(1,014,795)
Foreign currency (gain) / loss	32	(60)	1,339
Gain on sale of fair value through profit and loss investment	10	-	(120,960)
Share of loss in associate for the period	11	766	1,442
Impairment in investment in associate	11	-	527
Employees' end-of-service benefits obligation	24	33,544	32,283
		<b>3,625,138</b>	<b>3,386,765</b>
<b>Changes in working capital</b>			
Trade receivables and other assets		(606,255)	(1,422,225)
Inventories		(102,169)	(21,567)
Contract assets		45,989	55,938
Trade and other payables		(519,768)	(113,660)
Contract liabilities		(49,102)	4,095
Non-current portion of spectrum payable		(188,698)	(153,027)
<b>Cash flows generated from operations</b>		<b>2,205,135</b>	<b>1,736,319</b>
Zakat paid	34	(30,832)	(10,197)
Employees' end of service benefits obligation paid	24	(15,458)	(10,069)
<b>Net cash generated from operating activities</b>		<b>2,158,845</b>	<b>1,716,053</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(509,464)	(977,130)
Proceed from disposal of property and equipment		74,625	2,420,700
Proceed from sale of equity shares designated at fair value through profit and loss		-	726,210
Investment in associate and joint ventures		-	(11,957)
Purchase of intangible assets		(193,089)	(539,984)
<b>Net cash (used in) / generated from investing activities</b>		<b>(627,928)</b>	<b>1,617,839</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,186,697)	(1,434,323)
Proceeds from borrowings		870,000	25,000
Dividend paid	21	(448,115)	(448,115)
Payment of principal portion of lease liabilities	19	(224,003)	(307,503)
Finance cost paid		(648,003)	(597,000)
<b>Net cash used in financing activities</b>		<b>(1,636,818)</b>	<b>(2,761,941)</b>
<b>Net change in cash and cash equivalents</b>		<b>(105,901)</b>	<b>571,951</b>
Effect of movements in exchange rates on cash and cash equivalents		60	(1,339)
Cash and cash equivalents at beginning of the year		944,974	374,362
<b>Cash and cash equivalents at end of the year</b>	6	<b>839,133</b>	<b>944,974</b>
<b>Non-Cash Transactions:</b>			
Adjustment to property and equipment with corresponding to trade payables and capital advances		298,823	331,196
Adjustment to property and equipment with corresponding to investment		-	605,000
Adjustment to intangible assets with corresponding to trade payables		(296,065)	(470,553)
Changes in fair value of derivative financial instruments		(47,130)	(35,238)
Adjustment to property and equipment with corresponding to loan		747,454	-
Termination adjustment in right of use held for sale		-	(1,000,366)
Termination adjustment in lease liability held for sale		-	801,950
Transfer of ministry of finance non-current liability to long term borrowing		-	2,487,167
Transfer of ministry of finance current payable to short term borrowing		-	572,523
Addition to right of use assets with corresponding impact in lease liability		385,503	(650,057)
Termination adjustment in right of use asset (ROU)		(60,641)	-
Termination adjustment in lease liability (LL)		(68,679)	-
Net impact of modification in ROU with corresponding impact in LL		1,197	-

The accompany notes (1) to (45) form an integral part of these consolidated financial statements


Mehdi Khalifaoui  
CEO

Eng. Saad Abdulrahman Alsadhan  
Acting CEO

Naif bin Sultan bin Mohammed bin Saud Al Kabeer  
Chairman

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**1 ORGANIZATION AND ACTIVITIES****1.1 General Information**

The Company is a "Saudi Joint Stock Company" established pursuant to the Ministerial Resolutions No. 176 dated 25 Jumada I' 1428H (corresponding to 11 June 2007) and No. 357 dated 28 Dhu Al-Hijjah 1428H (corresponding to 7 January 2008), Royal Decree No. 48/M dated 26 Jumada I' 1428H (corresponding to 12 June 2007), the Commercial Registration No. 1010246192 issued in Riyadh, Kingdom of Saudi Arabia (KSA) on 4 Rabi I' 1429H (corresponding to 12 March 2008) to operate as the 3rd GSM public mobile cellular and the Company obtained technology neutral license in the Kingdom of Saudi Arabia for twenty five (25) years.

Mobile Telecommunications Company Saudi Arabia (the "Company") along with its subsidiaries (together the "Group"), provides mobile telecommunication services in the Kingdom of Saudi Arabia in which it operates, purchases, sells, distributes, delivers, installs, manages and maintains mobile telephone services and equipment. As well, the Group provides consulting services; constructs and repair telecom towers; provides fintech services and provide technical drones services along with selling and repairing as mentioned in note 1.2.

The registered address of the Company is P.O. Box 295814, Riyadh 11351, Kingdom of Saudi Arabia.

The Company is a subsidiary of Mobile Telecommunications Company K.S.C.P. Kuwait ("Zain Group"). Zain Group ultimate parent company is Oman Telecommunications Company SAOG, Oman.

The Group realized net profit for the year ended 31 December 2024, 596 million (2023: 1.27 billion) and had retained earnings of 1.68 billion as at 31 December 2024 (2023: 1.33 billion) and the current liabilities of the Group exceed the current assets of the Group by 5.47 billion (2023: 1.25 billion) which includes 483 million (2023: 848 million) due to related parties (refer note 20). Based on the latest approved business plan, the Group's management believes that the Group will be successful in meeting its obligations in the normal course of operations considering the unutilized portion of the Syndicated Murabaha Facility amounting 0.63 billion (refer note 17-1). The Management of the Group have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

**1.2 Subsidiaries**

The Company established the following fully owned subsidiaries in KSA:

- Zain Sales Company is engaged in distributing, selling telecom equipment and handsets; and providing consulting services. Share capital 10,000. The company was incorporated on 22 Safar 1440H (corresponding to 31 October 2018) and started its operation in the first quarter of 2019.
- Tamam Finance Company is engaged in providing fintech services. The company was incorporated on 10 Shaban 1440H (corresponding to 15 April 2019) and started its operation during the fourth quarter of 2019. The company has increased the share capital from 148 million to 248 million on 17 October 2024.
- Zain Drones Company - limited liability company engaged in providing professional, scientific and technical drones services along with selling and repairing drones. Share capital 10,000. The company was incorporated on 22 Shawwal 1440H (corresponding to 25 June 2019) and started its operation during the fourth quarter of 2019.
- Data Reach - a limited liability company has been formed with a share capital of 5,000 to engage in activities of data sciences and analysis, data processing, establishing web hosting infrastructure and cloud computing. The company was incorporated on 3 Ramadan 1444H (corresponding to 25 March 2023) but has not commenced operation as at reporting date.
- Saira Group Company - SMC has been formed on 12 Rajab 1445H (corresponding to 24 January 2024) with a share capital of 50,000 to engage in activities of investment and management of subsidiaries, which has not commenced operations as at reporting date.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 1 ORGANIZATION AND ACTIVITIES (continued)

#### 1.3 Agreement for sale of Tower

Pursuant to the letter received from the Communications Space and Technology Commission (CST) No.4319/1443/AH dated 27 Shawwal 1443H (corresponding to 28 May 2022) approving Golden Lattice Investment Company (GLI) (formerly Zain Business Company Limited, a former subsidiary of Zain KSA) to acquire at least 8,069 of the telecom tower sites owned by Zain KSA, an Asset Purchase Agreement "APA" was signed with GLI whereby at least aforementioned sites will be transferred within a period not exceeding 18 months from the Financial Completion date. The aggregate value for such transfer to the Group was agreed to be the cash proceeds of ﷲ 2,421 million along with a 20% equity stake in GLI subject to call option right, which has been exercised during the year by GLI (refer note 10).

During the first quarter ended 31 March 2023 Financial Completion date was triggered and all respective conditions were completed, consequently the passive infrastructure of all the sites were derecognized from the books of the Group. Additionally, and in accordance with the terms and conditions of the Mobile Tower Space use Agreement ("MTSA") with GLI, the Group leased back the right to use specified spaces on each site recognizing the Right of Use Assets ("ROU") and Lease Liability ("LL") on the same. The total gain recorded from the above transaction was ﷲ 1,191 million (refer note 31).

The ground leases for all sites, whether transferred or yet to be transferred but landlord consent is available, have been accounted in such a manner that the related ROU and LL have been derecognized with any resulting gain or loss recognized in the income statement. For all other cases, the related carrying amounts of ROU and LL have been retained. The total loss on termination due to the above accounting for ground leases amounted to ﷲ 177 million recorded in the year 2023 (refer note 31).

During the year, the Group sold and leased back 199 sites in line with APA agreement, resulting in derecognition of net book value of assets amounting to ﷲ 49.6 million with a gain of ﷲ 19 million. This also resulted in derecognition of ROU and LL of ﷲ 37 million and ﷲ 39.3 million respectively with gain of ﷲ 2.2 million. ROU and LL created for leased back portion amount to ﷲ 11.8 million and ﷲ 17.8 million respectively.

Total gain realized for the transaction in the year 2024 amounts to ﷲ 21.2 million (refer note 31).

### 2 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia ("IFRS") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

#### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments.

The Group has used same accounting policies which were used for the year ended 31 December 2023, unless mentioned otherwise.

#### Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (ﷲ) which is the functional currency of the Group. All the amounts have been rounded off to the nearest thousand unless otherwise stated.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 2 BASIS OF PREPARATION (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the Group, including assets, liabilities and the results of the operations of the Group, as set out in (note 1.2). Subsidiaries are consolidated from the date on which ownership commences until the date its ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. The Group and its fully owned subsidiaries have the same reporting periods. All intergroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss and other comprehensive income. Any investment is recognised at fair value.

### 3 STANDARDS, INTERPRETATIONS AND AMENDMENTS

#### a) New standards, interpretations and amendments effective in current year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, interpretations, amendments	Description	Effective date
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments aim to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	These amendments specify the requirements for classifying liabilities as current or non-current and clarifies on few matters.	Annual periods beginning on or after 1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	These amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.	Annual periods beginning on or after 1 January 2024

The Group has assessed that these amendments have no significant impact on the consolidated financial statements.

#### b) New standards, interpretations and amendments not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 3 STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

Standards, interpretations, amendments	Effective date
Lack of exchangeability – Amendments to IAS <sup>21</sup>	1 January 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS <sup>7</sup>	1 January 2026
Annual Improvements to IFRS Accounting Standards—Volume <sup>11</sup>	1 January 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS <sup>7</sup>	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS <sup>28</sup>	Not yet disclosed

The Group is currently working to identify all impacts the new standards, interpretations, amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

### 4 MATERIAL ACCOUNTING POLICY INFORMATION

#### Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

#### Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Group applies the following annual rates of depreciation to its property and equipment:

Leasehold Improvements	20% or shorter of lease term
Telecom equipment	5% to 33.3%
IT systems and servers	20% to 33.3%
Furniture and office equipment	20% to 33.3%
Transportation equipment	20%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated statement of profit or loss and other comprehensive income.

Land and assets under construction are stated at cost, net of accumulated impairment losses, if any. Depreciation on assets under construction commences when the assets are ready for their intended use. When assets under construction are ready for their intended use, they are transferred to property and equipment or intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

#### Capital advances

Capital advances is paid to supplier of property and equipment. The amount continues to be disclosed as capital advances till such time the asset is delivered. Once the equipment is supplied, the Capital advances are either transferred to telecom equipment or assets under construction.

The Group reviews a supplier's credit history and background information before advancing a payment. If the financial condition of its suppliers were to deteriorate, resulting in an uncertainty of their ability to deliver goods or provide services, the Group would recognize expense in the period as and when the uncertainty arise. The recovery is then adjusted against the expenses when the advance is recovered or goods are delivered or services are provided.

#### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group applies the following annual rates of amortization to its intangible assets:

License fee	2.5%
Computer software licenses	20% to 50%
Indefeasible Rights of Use ("IRU")	6.67% to 10%
Spectrum	6.67%

Brands have an indefinite useful life and are assessed for impairment at annual reporting date.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Impairment of non-financial assets

Except for assets with indefinite lives, the Group reviews the carrying amounts of its property & equipment and intangible assets to determine when there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of profit or loss and other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss and other comprehensive income.

Assets with indefinite lives are annually tested for impairment.

#### Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. The Group provides for items which are slow-moving and obsolete determined based on the management estimate regarding future usability of the inventory which is provided in the cost of revenue in the consolidated statement of profit or loss and comprehensive income.

#### Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks whose original maturities do not exceed three months and are available for use by the Group unless otherwise stated. The deposits are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset or project. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Employee benefits

##### End of service benefits

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of changes in equity as a remeasurement reserve with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to consolidated statement of profit or loss and other comprehensive income in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in consolidated statement of profit or loss and other comprehensive income as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements

The Group presents the first two components of defined benefit costs in consolidated statement of profit or loss and other comprehensive income in the line item "General and administrative expenses".

##### Retirement benefits

The Group pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. The payments made are expensed as incurred.

##### Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, sick leave and air tickets in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

##### Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to the property and equipment are recorded as a deduction from the cost of the assets in arriving at the respective carrying amount. Any advance amount received is recorded as deferred grant and adjusted against recorded capital expenditure on assets. An excess realized is recorded as other income.

##### Foreign currencies

Transactions in currencies other than the Group's functional currency (foreign currencies), which is Saudi Riyals, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Zakat and taxes

Zakat is calculated and provided for by the Group in accordance with Saudi Arabian fiscal regulations and is charged to consolidated statement of profit or loss and other comprehensive income. The zakat is submitted on a group basis. It is calculated using zakat rates that have been enacted or substantively enacted by the end of the reporting period.

The Group is subject to VAT as per the regulations of ZATCA. The net VAT amount recoverable from and/ due to the ZATCA is included in the consolidated statement of financial position.

Adjustments resulting from final assessments, if any, are recorded during the period in which these assessments are approved.

#### Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

#### Dividends

The Company's dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized. A corresponding amount is recognized directly in equity.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Contingencies

Contingent assets are not recognized as an asset until realization becomes virtually certain. Contingent liabilities, other than those arising on acquisition of subsidiaries, are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination are recognized if their fair value can be measured reliably.

#### Leases

##### The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period. At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in consolidated statement of profit or loss and other comprehensive income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37 – "Provisions contingent liabilities and contingent assets". To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

#### Subsequent Measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of profit or loss and other comprehensive income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 – "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Revenue

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 – “Revenue from Contracts with Customers”. Revenue is recognized based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or services to a customer.

The timing of revenue recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of goods or services to the customer.

When there is a high degree of uncertainty about the possibility of collection from certain customers, the Group recognizes revenue only upon collection.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding value added taxes (VAT) charged as per the regulations of ZATCA.

Revenues from operations consist of recurring revenues, such as billings to customers for monthly subscription fees, roaming, leased line and airtime usage fees, and non-recurring revenues, such as one-time connection fees, and telephone equipment and accessory sales.

#### Telecommunication services

Revenue from mobile telecommunication services provided to postpaid and prepaid customers is recognized as services are transferred. When the customer performs first, for example, by prepaying its promised consideration, the Group has a contract liability. If the Group performs first by satisfying a performance obligation, the Group has a contract asset. Consideration received from the sale of prepaid credit is recognized as contract liability. It is recognized as revenue when the customer uses the services or when it is expired.

#### Bundled packages

The Group provides subsidized handsets to its customers along with mobile telecommunication services. IFRS 15 requires entities to allocate a contract’s transaction price to each performance obligation based on their relative stand-alone selling price. This resulted in reallocation of a portion of revenue from trading revenue to service revenue which was earlier recognized upfront on signing of the customer contract and correspondingly a creation of contract asset, which includes also some items previously presented as trade receivables and other assets. Contract asset represents receivable from customers that has not yet legally come into existence. The standalone selling prices are determined based on observable prices.

#### Handsets

Revenue from device sales is recognized when the device is delivered to the customer. This usually occurs when a customer signs the contract. For devices sold separately, customer pays in full at the point of sale. Revenue from voice, messaging, internet services etc. are included in the bundled package and are recognized as the services are rendered during the period of the contract.

#### Principal vs. agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on a gross basis, or acting as an agent, reporting revenue on a net basis. The Group evaluates if it controls the performance obligation of each service.

The Group assesses different categories of revenue, however, before concluding on whether it is acting as a principal or an agent, the Group exercises judgement considering the nature of the product and solution offering, complexity involved in delivering the product and solution, level of control available to the Group in the process of delivering the product and solution.

Sales of product and services in which the Group acts as a principal are presented on a gross basis.

Sales of product and services where there is no involvement of the Group for fulfilling the performance obligation is presented on a net basis. These generally includes the sale of certain third- party services, post contract support, software, third-party hosted Cloud arrangements and other related services.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Amounts collected by the group on behalf of a third party are accounted for as a payable in the statement of consolidated financial position until they are settled and do not gross up revenue and expenses. Similarly, amounts prepaid by the group to a third party on behalf of customers are recognized as a receivable until they are recovered and do not gross up revenues and expenses.

Revenue from value added services (VAS) sharing arrangements depend on the analysis of the facts and circumstances surrounding these transactions. Revenue from VAS is recognized when the Group performs the related service and, depending on the Group’s control or lack of control on the services transferred to the customer, is recognized either at the gross amount billed to the customer or the net amount receivable by the Group as commission for facilitating the service.

#### Variable consideration

In determining the transaction price, the Group considers the effects of variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the products and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### Significant financing component

If a customer can pay for purchased equipment or services over a period, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

#### Commissions and other contract costs

Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer is deferred on the consolidated statement of financial position and amortized as revenue is recognized under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party distributors and employees. Intermediaries are given incentives by the Group to acquire new customers and upgrade existing customers. Activation commission and renewal commission paid on post-paid connections are amortized over the period of the contract. In case of prepaid customers, commission costs are expensed when incurred.

#### Customer loyalty programs

The Group operates a customer loyalty program that provides a variety of benefits for customers. The Group allocates the consideration received between products and services in a bundle including loyalty points as separate performance obligation based on their stand-alone selling prices.

#### Installation and activation services

Revenue from sale of SIM is recognized at the point in time upon activation when end customer takes control of the SIM. The Group provides installation services that are bundled together with the sale of devices to a customer. Contracts for bundled sales of devices and installation services are comprised of one performance obligations because the promises to transfer devices and provide installation services are not capable of being distinct. Accordingly, the Group recognizes revenue from bundled sales of devices and installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

#### Contract balances

##### Contract assets

A contract asset is the Group’s right to consideration in exchange for goods and services transferred by the Group to the customer. If the Group transfers goods or services to a customer before the customer pays any consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

#### Financial instruments

##### Classification, recognition, and presentation

Financial instruments are recognized in the consolidated statement of financial position when and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets within the following categories:

- at fair value [either through other comprehensive income (OCI), or through profit or loss]; and
- at amortized cost.

The classification depends on the entity's business model for managing the financial assets (for debt instruments) and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognized in the consolidated statement of the consolidated statement of profit or loss and other comprehensive income.

#### Measurement

##### Initial measurement

Financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of financial assets and issue of financial liabilities or, where appropriate, deducted from them. (Except for financial assets and financial liabilities classified at fair value where transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognized directly in the consolidated statement of profit or loss and other comprehensive income). Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Subsequent measurement of financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

##### a. Financial assets measured at amortized cost:

Assets that are held to collect contractual cash flows are measured at amortized cost using the effective interest rate ('EIR') method where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income. The financial assets at amortized cost consist of trade receivables, term deposits, cash and cash equivalents, and other receivables.

##### b. Financial assets measured at fair value through profit or loss:

Financial assets measured at fair value through profit or loss ("FVTPL") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

##### c. Financial assets measured at fair value through other comprehensive income:

Financial assets measured at fair value through other comprehensive income ("FVOCI") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

When a financial asset is derecognized, the accumulated gain or loss recognized previously in the consolidated statement of comprehensive income is reclassified to the consolidated statement of profit and loss. However, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit and loss in the case of equity instruments.

The recognition and presentation of gains and losses for each measurement category are as follows:

##### a. Financial assets measured at amortized cost:

The following items are recognized in the consolidated statement of profit or loss and other comprehensive income:

- finance income using the effective interest method;
- expected credit losses (or reversals of such losses); and
- foreign exchange gains and losses.

When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

##### b. Financial assets measured at fair value through profit or loss:

Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss and other comprehensive income.

Gains and losses are recognized in the consolidated statement of comprehensive income, except for the following items, which are recognized in consolidated statement of profit or loss and other comprehensive income in the same manner as for financial assets measured at amortized cost:

- finance income using the average effective interest method;
- expected credit losses (or reversals of such losses); and
- foreign exchange gains and losses.

#### Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes an allowance base on lifetime ECLs at each reporting date.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Group established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable. For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment loss allowance related to trade receivables and other assets, including contract assets, are presented separately in consolidated statement of profit or loss and other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Any subsequent recovery of previously written-off amount is recorded as an income and is netted off against bad debt expenses of the year it is recovered.

#### Subsequent measurement of financial liabilities

##### a. Financial liabilities measured at amortized cost:

The Group should classify all financial liabilities at amortized cost and remeasure subsequently as such, except for:

- financial liabilities at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;
- commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss; and
- financial guarantee contracts.

Financial liabilities classified at amortized cost are measured using the effective interest rate method. When the financial liabilities are derecognized, the gain or loss is recognized in consolidated statement of profit or loss and other comprehensive income.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

##### b. Liabilities at fair value through profit or loss:

Financial liabilities falling under this category include:

- liabilities held for trading;
- derivative liabilities not designated as hedging instruments; and
- those designated as at FVTPL.

After initial recognition, the Group measures financial liabilities at fair value with changes recognized in the consolidated statement of profit or loss and other comprehensive income.

Gains or losses on a financial liability designated as at FVTPL are generally split and presented as follows:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liability is presented in the consolidated statement of comprehensive income
- the remaining amount of change in the fair value of the financial liability is presented in the consolidated statement of profit or loss and other comprehensive income

##### c. Financial guarantees

A financial guarantee is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are measured initially at their fair values and, if not designated as FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of ECL determined in accordance with IFRS 9 – "Financial instruments"; and
- the amount recognized initially less, where appropriate, cumulative amortisation recognized in accordance with the revenue recognition policy described in the accounting policies.

#### De-recognition

##### De-recognition of financial assets:

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

##### De-recognition of financial liabilities:

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Modifications of financial assets and financial liabilities

##### Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as financing income.

##### Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in consolidated statement of income.

#### Derivatives and hedging activities

For hedge accounting, the Group designates derivatives as either hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge) or hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to the consolidated statement of profit or loss and other comprehensive income when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to the consolidated statement of profit or loss and other comprehensive income on a rational basis – the Group applies straight-line amortization. Those reclassified amounts are recognised in the consolidated statement of profit or loss and other comprehensive income in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to the consolidated statement of profit or loss and other comprehensive income.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss and other comprehensive income and is included in the 'other income and expenses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the consolidated statement of profit or loss and other comprehensive income in the periods when the hedged item affects the consolidated statement of profit or loss and other comprehensive income, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the consolidated statement of profit or loss and other comprehensive income.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the consolidated statement of profit or loss and other comprehensive income when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to the consolidated statement of profit or loss and other comprehensive income.

#### Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. The statement of the consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss and other comprehensive income.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### Significant estimates in applying accounting policies

##### Gross versus net presentation

When the Group sells goods or services as a principal, revenue and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

##### Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### Impairment of Trade receivable and Contract assets

The Group uses a provision matrix to calculate expected credit loss on trade receivables and contract assets. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical loss experience with forward looking information. At the end of each reporting date, the Group updates its historical default rates and reflects that in future estimates.

For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable. For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due.

##### Arrangements with multiple performance obligation

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using relative fair value principles. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis. Revision to the estimates of these fair values may significantly affect the allocation of total arrangement consideration among the individual elements

##### Useful lives and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets, which comprise a significant portion of the Group's total assets, is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

##### Employees' end of service benefits obligation

The Group makes various estimates in determining the provision for employees' end of service benefits. These estimates are disclosed in note 24.

##### Zakat assessments

Provision for zakat and withholding taxes is determined by the Group in accordance with the requirements of the Zakat, Tax, and Customs Authority ("ZATCA") and is subject to change based on final assessments received from the ZATCA. The Group recognizes liabilities for any anticipated zakat and withholding tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the ZATCA is dependent on the eventual outcome of the appeal process which the Group is entitled to. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could impact the consolidated statement of profit or loss and other comprehensive income in the period in which such final determination is made.

##### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 36 for further disclosures.

##### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

##### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

##### Provisions

In respect of provisions, including provisions related to facilities usage, the Group provides for anticipated outflows of resources considered probable. Estimates are used in assessing the likely amount of the settlement. The ultimate liability may vary from the amounts provided and would be dependent on the eventual outcome. Provisions are recorded on the value of settlement as and when arise.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**6 CASH AND CASH EQUIVALENTS**

	2024	2023
Cash in hand	2,103	1,736
Cash at banks	538,098	369,306
Short term deposits	300,000	575,000
<b>Cash and cash equivalents</b>	<b>840,201</b>	<b>946,042</b>
Cash at bank under lien*	(1,068)	(1,068)
	<b>839,133</b>	<b>944,974</b>

The Group invests part of the surplus cash in time deposits with maturity period of three month or less with local commercial banks. The annual commission average rates on these deposits during 2024 were 4.9% (2023: 5.3%). The total commission earned by the Group during 2024 was 32.3 million (2023: 69.6 million).

\* Cash at bank under lien represents the guarantees provided by the Group against cash margin on the balance kept in bank.

**7 TRADE RECEIVABLES AND OTHER ASSETS**

	2024	2023
Trade receivables	5,018,062	4,669,874
Less: Expected credit losses	(1,095,283)	(1,217,201)
<b>Net trade receivables</b>	<b>3,922,779</b>	<b>3,452,673</b>
Other operators' receivable	724,247	753,378
Other current assets	758,938	658,831
Advances to suppliers and others	312,598	456,168
Prepayments	165,004	43,684
Advances for transmission lines and fiber links	6,916	5,357
Other receivables	167,916	161,729
	<b>6,058,398</b>	<b>5,531,820</b>

The breakdown of the trade receivables is in note 36. The carrying amounts of the Group's trade receivables and other assets are denominated in the following currencies:

	2024	2023
Saudi Riyals	5,890,103	5,377,144
US Dollars (presented in Saudi Riyal)	168,295	154,676
	<b>6,058,398</b>	<b>5,531,820</b>

The average credit period on sales of goods and services is 30 days. No interest is charged on trade receivables.

The Group performs credit-vetting procedures before granting credit to new customers. These procedures are reviewed and updated on an ongoing basis. There have been no changes to these procedures from the previous year.

Two of the Group's debtors comprise 17% of the total trade receivables balance (2023: 21%). There are no other customers who comprise more than 10% of the total trade receivables balance.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**7 TRADE RECEIVABLES AND OTHER ASSETS (continued)****Age of overdue trade receivables not provided for**

	2024			2023		
	Gross	Not credit impaired	Credit impaired	Gross	Not credit impaired	Credit impaired
Not due /< 30 days	1,303,634	1,302,095	1,539	1,058,207	1,057,119	1,088
31 - 60 days	347,628	340,172	7,456	221,157	218,878	2,279
61 - 90 days	281,064	271,287	9,777	283,280	273,602	9,678
91 - 180 days	417,441	398,487	18,954	439,963	368,667	71,296
181 - 360 days	970,308	912,183	58,125	902,322	783,497	118,825
> 361 days	1,697,987	698,555	999,432	1,764,945	750,910	1,014,035
	<b>5,018,062</b>	<b>3,922,779</b>	<b>1,095,283</b>	<b>4,669,874</b>	<b>3,452,673</b>	<b>1,217,201</b>

There were no amounts at the reporting date that were neither past due nor impaired for which the credit quality had reduced since the initial granting of credit.

**Movement in the allowance for expected credit losses**

	2024	2023
Opening balance	1,217,201	1,079,698
Charge for the year	470,618	236,636
Amount written off during the year	(592,536)	(99,133)
Closing balance	<b>1,095,283</b>	<b>1,217,201</b>

**Total amount charge to the consolidated statement of profit or loss and other comprehensive income**

	2024	2023
Expected credit loss charged during the year	470,618	236,636
Recovery during the year	(41,435)	(10,826)
Closing balance	<b>429,183</b>	<b>225,810</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The Group does not hold any collateral over the impaired trade receivables.

**8 CONTRACT BALANCES****Contract assets**

	2024	2023
Unbilled revenue	394,252	440,831
Less: Allowance for expected credit loss	(311)	(901)
	<b>393,941</b>	<b>439,930</b>
Current	122,600	117,669
Non-current	271,341	322,261
	<b>393,941</b>	<b>439,930</b>

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**8 CONTRACT BALANCES (continued)****Movement on the expected credit allowance on contract assets**

	2024	2023
Opening balance	901	1,103
Amounts reversed during the year	(590)	(202)
Closing balance	311	901

Deferred income and contract liabilities	2024	2023
Contract liabilities – prepaid customers	224,154	303,089
Deferred income – government grant (refer note 39)	82,090	52,257
	306,244	355,346

**9 INVENTORIES**

	2024	2023
Handsets and accessories	261,285	159,728
Sim cards	9,560	9,005
Prepaid recharge cards	91	144
Others	12,442	12,333
	283,378	181,210
Less: provision for obsolescence	(20,198)	(23,417)
	263,180	157,793
Cost of inventories recognized as an expense	1,060,209	1,088,327

**Movement on the provision for obsolescence**

	2024	2023
Opening balance	23,417	12,963
Amounts charged during the year	6,979	10,454
Amounts reversed during the year	(10,198)	-
Closing balance	20,198	23,417

Closing balance of inventories represents inventories costing ₪ 125.73 million (2023: ₪ 38.47 million) which has been written down to its net realizable value amounting to ₪ 105.53 million (2023: ₪ 15.06 million).

**10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS**

During the year 2023, the investment in unquoted equity shares were held at fair value and was sold to Public Investment Fund in connection to the call option exercised attached to issuance of the shares. The call option was exercised dated 20 November 2023. The gain realized on this sale amounts to ₪ 121 million recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 2023.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**11 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES**

	2024	2023
Digital Application Trading Company LLC (refer note 11-1)	2,152	2,918
Integrated Data Company for Information Technology LLC (refer note 11-2)	6,821	6,821
	8,973	9,739

**11-1 Digital Application Trading Company L.L.C**

On 9 July 2022, the Group and Zain Ventures Holding Company W.L.L signed a Shareholders' agreement with Digital Application Trading Company L.L.C "PHT" registered under the laws of KSA, by virtue of which all parties of the agreement agreed and recorded terms and conditions relating to the shareholding, funding, management and support requirements of Entertainment Content Trading Company (Single Owner) L.L.C "ECT" already formed and registered under the laws of KSA, currently owned by PHT.

The Group, Zain Ventures Holding Company W.L.L, PHT and ECT on 8 September 2022 entered into a Subscription Agreement, by virtue of which the Group and Zain Ventures Holding Company W.L.L agrees to subscribe to 30% shareholding in ECT with an amount of ₪ 9.38 million each, in two phases. The first phase of investment has been completed and the company subscribed with ₪ 2 million capital increase as at 31 March 2023, providing 15% of ownership in ECT. The remaining ₪ 2.687 million was paid in April 2023. The Group has significant influence over ECT with 15% shareholding and 33% representation on the Board of ECT, hence, classified as investment in an associate.

The movement in investment in associate during the period is as follows:

	2024	2023
At the beginning of the period	2,918	-
Investment in ECT	-	4,887
Share of loss of associate for the period	(766)	(1,442)
Impairment	-	(527)
Closing Balance	2,152	2,918

Below is the financial summary of the associate taken from the management-prepared financial statements.

	31 December 2024	31 December 2023
<b>Consolidated statement of financial position:</b>		
Current assets	1,793	2,119
Non-current assets	281	314
Current liabilities	9,129	11,105
Equity	(7,022)	(7,293)
<b>Consolidated statement of profit or loss and other comprehensive income:</b>		
Revenue	1,906	2,769
Total comprehensive loss during the year	(5,104)	(9,610)

**11-2 Integrated Data Company for Information Technology L.L.C**

On 9 July 2022, the Group and other Mobile Network Operators (MNOs) signed a Term sheet to establish a Integrated Data Company for Information Technology L.L.C "IDC" to process insight provided by MNOs for enabling KSA governmental agencies to plan and achieve 2030 vision efficiently. Subsequently all parties signed Subscription and Shareholders' agreement, pursuant to which the Group acquired 31% shareholding with a representation of two directors on the Board of IDC. The Board of IDC will have eight directors, out of which each MNO can appoint two directors and two independent directors (to be appointed unanimously by all three MNOs) and six other directors, hence, classified as investment in a joint venture. The amount invested in IDC amounts to ₪ 6.82 million and is payable as at the date of these consolidated financial statements. IDC has yet to commence its' operations, however has been incorporated on 21 Ramadan 1444H in KSA (corresponding to 12 April 2023).

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**12 RIGHT OF USE ASSETS**

The recognized right-of-use assets relate to the following types of assets:

	Land and building	Cellular and other equipment	Total
<b>2024</b>			
Opening balance	341,820	500,905	842,725
Additions	333,668	143,306	476,974
Amortizations	(149,742)	(140,129)	(289,871)
Modification and termination	2,404	65,912	68,316
Closing balance	528,150	569,994	1,098,144
<b>2023</b>			
Opening balance	190,920	248,709	439,629
Additions	265,659	384,398	650,057
Amortizations	(108,040)	(131,920)	(239,960)
Modification and termination	(6,719)	(282)	(7,001)
Closing balance	341,820	500,905	842,725

The total amount recorded in consolidated statement of profit or loss and other comprehensive income for right of use assets includes reversal of 30 million (2023: charge of 4 million) with respect to site rent. Land and building comprise mainly of telecommunication sites on lease. The Group does not have any lease contracts with variable lease payments which are not included in the measurement of the lease liabilities.

**The Group's leasing activities and how these are accounted for;**

The Group mostly leases indoor and outdoor spaces for installation of its telecommunications sites. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**13 PROPERTY AND EQUIPMENT**

	Land	Leasehold improvements	Telecom equipment	IT systems and servers	Furniture and office equipment	Transportation equipment	Assets under construction	Total
<b>Cost</b>								
At 1 January 2024	6,549	331,511	14,766,045	1,053,343	154,998	3,851	550,121	16,866,418
Additions	-	8,882	421,894	82,733	4,598	-	861,065	1,379,172
Transfers to property and equipment	-	-	470,172	62,158	-	-	(532,330)	-
Transfer to intangible assets	-	-	-	-	-	-	(5,166)	(5,166)
Disposals	-	-	(129,167)	(94)	-	-	(795)	(130,056)
At 31 December 2024	6,549	340,393	15,528,944	1,198,140	159,596	3,851	872,895	18,110,368
<b>Depreciation</b>								
At 1 January 2024	-	319,923	10,912,445	745,449	148,395	3,851	-	12,130,063
Charge for the year	-	4,932	957,378	109,506	2,914	-	-	1,074,730
Disposals	-	-	(71,699)	(94)	-	-	-	(71,793)
At 31 December 2024	-	324,855	11,798,124	854,861	151,309	3,851	-	13,133,000
<b>Net book value</b>	6,549	15,538	3,730,820	343,279	8,287	-	872,895	4,977,368

	Land	Leasehold improvements	Telecom equipment	IT systems and servers	Furniture and office equipment	Transportation equipment	Assets under construction	Total
<b>Cost</b>								
At 1 January 2023	6,549	322,636	14,379,172	911,734	150,792	3,851	209,963	15,984,697
Additions	-	8,875	160,328	103,029	4,206	-	620,047	896,485
Transfers to property and equipment	-	-	226,545	38,654	-	-	(265,199)	-
Transfer to intangible assets	-	-	-	-	-	-	(14,690)	(14,690)
Disposals	-	-	-	(74)	-	-	-	(74)
At 31 December 2023	6,549	331,511	14,766,045	1,053,343	154,998	3,851	550,121	16,866,418
<b>Depreciation</b>								
At 1 January 2023	-	315,356	9,933,323	660,877	145,699	3,851	-	11,059,106
Charge for the year	-	4,567	979,122	84,646	2,696	-	-	1,071,031
Disposals	-	-	-	(74)	-	-	-	(74)
At 31 December 2023	-	319,923	10,912,445	745,449	148,395	3,851	-	12,130,063
<b>Net book value</b>	6,549	11,588	3,853,600	307,894	6,603	-	550,121	4,736,355

The Group has capitalized, internal technical salaries, during the year ended 31 December 2024 amounting to 51 million (2023: 47 million).

During the year, the net additions in property and equipment amounted to 1,244 million (2023: 882 million). Assets under construction mainly pertains to telecom equipment and IT systems and servers.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**14 CAPITAL ADVANCES**

	2024	2023
Capital advances	901,595	393,268

The capital advances relate to the payment to supplier in advance and before completion of the project for telecom equipment. Upon completion, the amounts recognized as capital advances are reclassified to property and equipment. Provision of 3.06 million (2023: 2.75 million) has been accrued on such advances.

**15 INTANGIBLE ASSETS**

Cost	License fee*	Computer software licenses	IRU**	Brand****	Spectrum***	Total
<b>At 1 January 2024</b>	23,364,250	572,993	1,676,095	7,500	1,885,489	27,506,327
Additions	-	12,229	90,923	-	-	103,152
Transfers from property and equipment	-	5,166	-	-	-	5,166
Impairment	-	-	-	(7,500)	-	(7,500)
<b>At 31 December 2024</b>	23,364,250	590,388	1,767,018	-	1,885,489	27,607,145
<b>Amortization</b>						
At 1 January 2024	11,444,663	471,367	710,327	-	635,044	13,261,401
Charge for year	517,138	31,498	114,729	-	125,699	789,064
At 31 December 2024	11,961,801	502,865	825,056	-	760,743	14,050,465
<b>Net book value</b>	11,402,449	87,523	941,962	-	1,124,746	13,556,680

Cost	License fee*	Computer software licenses	IRU**	Brand****	Spectrum***	Total
<b>At 1 January 2023</b>	23,364,250	539,269	1,640,388	7,500	1,885,489	27,436,896
Additions	-	19,034	35,707	-	-	54,741
Transfers from property and equipment	-	14,690	-	-	-	14,690
<b>At 31 December 2023</b>	23,364,250	572,993	1,676,095	7,500	1,885,489	27,506,327
<b>Amortization</b>						
At 1 January 2023	10,927,526	435,831	597,272	-	509,345	12,469,974
Charge for the year	517,137	35,536	113,055	-	125,699	791,427
At 31 December 2023	11,444,663	471,367	710,327	-	635,044	13,261,401
<b>Net book value</b>	11,919,587	101,626	965,768	7,500	1,250,445	14,244,926

The net book value and expiry dates of the most significant intangible assets are as follows:

	End of amortization period	2024	2023
License fee	Jan 2047	11,402,449	11,919,587
Right of Use (multiple items)	Between Nov 2025 & Dec 2037	941,962	965,768
Spectrum 2x10MHz of 1800MHz	Dec 2032	376,682	423,763
Spectrum 2x10 of 800 MHz	Dec 2033	343,066	381,184
Spectrum 2600 & 3500 MHz	Dec 2034	404,998	445,498
		13,469,157	14,135,800

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**15 INTANGIBLE ASSETS (continued)****\*License fee**

Pursuant to the Ministerial Resolutions No. 176 dated 25 Jumada I 1428H (corresponding to 11 June 2007) and No. 357 dated 28 Dhu Al-Hijjah 1428H (corresponding to 7 January 2008) and Royal Decree No. 48/M dated 26 Jumada I 1428H (corresponding to 12 June 2007), the 3rd license to provide mobile telecommunication services within the Kingdom of Saudi Arabia over 25 years was granted to the Group for an amount of 22.915 billion. The license fee also comprises an amount equal to 449.18 million relating to financing costs which were capitalized as part of the license cost.

Based on the High Order dated 30 Dhu Al-Hijjah 1437H (corresponding to 1 October 2016), which was announced by the Capital Market Authority on 1 Muharram 1438H (corresponding to 2 October 2016), directed the Communications, Space & Technology Commission (CST) to coordinate with Mobile Telecommunication Company Saudi Arabia to extend its license for an additional 15 years' period. This extended the remaining period to 32 years ending on 21 Rabi Al Awwal 1469H (corresponding to 18 January 2047).

**\*\*Indefeasible Rights of Use ("IRU")**

IRUs corresponds to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight-line basis over the shorter of the expected period of use or the life of the contract which ranges between 10 to 20 years.

**\*\*\*Spectrum**

Spectrum corresponds to the radio frequency allocated to the mobile acquired through a bid from CST. Spectrum is recognized at discount using the interest effective method and amortized on a straight-line basis over contractual payment term. The liability amount related to the Spectrum capitalized under intangible assets is recorded under long term portion of spectrum.

**\*\*\*\*Brand**

Brand corresponds to the brand "Alo" that the Group acquired, in 2015 for an indefinite useful life, with all its benefits. The brand is not subject to amortization as its life is indefinite. The Group, as a part of annual impairment testing of the brand evaluated that the actual cash inflows from the brand was immaterial, significantly lower than the budgeted cash flows, indicating a potential impairment of brand. Accordingly, the Group has impaired the entire carrying amount.

**16 TRADE AND OTHER PAYABLES**

	2024	2023
Accruals	2,400,079	2,158,679
Trade payables	2,203,427	1,661,838
Accrued government charges	401,900	148,042
Notes payable	376,877	294,627
Employee related accruals	55,901	79,259
Accrued financial charges	38,429	38,982
M.O.F accrued finance cost (refer note 17-2)	11,384	104,231
Other payables	144,911	533,178
	5,632,908	5,018,836

Accrued government charges and other payables contain certain regulatory and other legal charges with an amount of 528 million (2023: 571 million). This movement in the provision is a non-cash transaction.

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 17 BORROWINGS

	2024	2023
Syndicate murabaha facility (refer to note 17.1)	4,658,888	5,232,502
Working capital murabaha facility (refer to note 17.1)	370,000	-
Murabaha facility agreement (refer to note 17.2)	1,934,071	2,487,168
CAPEX vendor financing facility agreement (refer to note 17.3)	735,801	-
Account receivable factoring (refer to note 17.3)	500,000	-
<b>Total borrowings</b>	<b>8,198,760</b>	<b>7,719,670</b>

The current and non-current amounts are as follows:

	2024	2023
Current borrowings	5,965,202	1,186,697
Non-current borrowings	2,233,558	6,532,973
<b>Total borrowings</b>	<b>8,198,760</b>	<b>7,719,670</b>

The carrying amounts of the Group borrowings are denominated in the following currencies:

	2024	2023
Saudi Riyals	7,260,334	6,743,248
US Dollar (presented in Saudi Riyal)	938,426	976,422
	<b>8,198,760</b>	<b>7,719,670</b>

#### 17-1 Syndicated Murabaha facility

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 6 billion with two years grace period, at three or six months SIBOR plus margin and three or six months SOFR plus margin (2023: three or six months SIBOR plus margin, three or six months LIBOR plus margin and three or six months SOFR plus margin). Moreover, the agreement includes a working capital facility of 1 billion bringing the total facility amounting to 7 billion until 2025, providing additional liquidity for the Group to fund its business growth plans.

As at 31 December 2024, the Group has drawn 6.13 billion, including 5.76 billion (2023: 5.76 billion) from long term and 0.37 billion (2023: nil) from working capital facility, out of total facility of 7 billion. As at 31 December 2024, total unused facility against MFA amounting to 0.63 billion (2023: 1 billion) from the working capital facility.

Financing charges, as specified under the "Murabaha financing agreement" are payable in quarterly or half yearly installments over five years. MFA is secured partially by a guarantee from Mobile Telecommunications Company K.S.C.P and a pledge of shares of the Group owned by some of the founding shareholders and assignment of certain contracts and receivables and fixed assets up to the outstanding balance at the date of reporting as mentioned above.

The Group is complying with the existing loan covenants.

#### 17-2 Murabaha facility agreement with MOF

During 2013, the Group 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.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 17 BORROWINGS (continued)

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.

#### 17-3 CAPEX vendor financing facility agreement and account receivable factoring

On 13 May 2024 the Group signed with Al Rajhi bank for 1.125 billion facility including transaction cost amounting to 11.25 million to fund for the CAPEX expenditure payment against several projects and receivables discounting banking facility up to 500 million. The Group have availed 736 million out of CAPEX facility and 500 million out of account receivable factoring facility as at the reporting period. The interest amounting to 21.27 million has been capitalized by the Group during year based on effective interest rate of the loan. The Group has realised (0.403 million) from transaction cost (2023: nil) as at the year end. The facility doesn't have any security assigned to it.

### 18 PROVISIONS

	2024	2023
Provisions for usage of facilities (refer note 18-1)	116,749	194,143
Provisions against legal cases (refer note 18-2)	5,325	29,667
Other provisions (refer note 18-3)	11,501	11,501
	<b>133,575</b>	<b>235,311</b>

#### 18-1 Provisions for usage of facilities

	2024	2023
Balance as at 1 January	194,143	209,859
Charged during the year	-	4,075
Reversal during the year	(31,172)	(12,542)
Payments / settlement during the year	(46,222)	(7,249)
Balance as at 31 December	<b>116,749</b>	<b>194,143</b>

#### 18-2 Provisions against legal cases

	2024	2023
Balance as at 1 January	29,667	2,859
Charged during the year	15,778	59,092
Reversal during the year	(27,048)	(1,160)
Payments/settlement during the year	(13,072)	(31,124)
Balance as at 31 December	<b>5,325</b>	<b>29,667</b>

The Group is considered a party to a number of legal and regulatory claims. The Group, after taking legal advice, has established provisions after considering the facts for each case.

#### 18-3 Other provisions

	2024	2023
Balance as at 1 January	11,501	13,186
Reversal during the year	-	(1,685)
Balance as at 31 December	<b>11,501</b>	<b>11,501</b>

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**19 LEASE LIABILITIES**

	2024	2023
Opening balance	1,233,030	419,332
Additions	485,431	1,079,583
Finance cost	89,077	66,381
Modification and termination	74,827	(6,120)
Payments	(393,369)	(326,146)
Closing balance	1,488,996	1,233,030
Current	186,680	216,364
Non-current	1,302,316	1,016,666
	1,488,996	1,233,030

**20 AMOUNTS DUE TO RELATED PARTIES**

	2024	2023
Mobile Telecommunications Company K.S.C.P (refer to note 20-1)	405,968	773,419
Mobile Telecommunications Company K.S.C.P (refer to note 20-2)	7,095	-
Founding shareholders (refer to note 20-3)	60,409	68,464
Other related parties	9,982	5,907
	483,454	847,790

\* During the year, the Group paid and settled an advance amounting to 12.375 million with Zain Omantel International with its payable balance.

**20-1 Mobile Telecommunications Company K.S.C.P**

This amount relates to accrued management fees and is payable to the Group's largest shareholder. The amount is unsecured, interest free and does not have any fixed terms of repayment.

**20-2 Mobile Telecommunications Company K.S.C.P**

These amounts represent the other inter-Company balance and doesn't bear any interest.

**20-3 Founding shareholders**

This amount relates to accrued finance charges and is payable to the Group's founding shareholders. The amount is unsecured and does not have any fixed terms of repayment but is not repayable until certain conditions are met in the Syndicated Murabaha facility referred to in note 17-1.

**21 DIVIDEND AND DIVIDEND PAYABLE**

On 12 Shaban 1445H corresponding to 28 February 2024, the Board of Directors' recommended the distribution of cash dividends of 0.5 per share amounting to 449.36 million to shareholders for the fiscal year ended 31 December 2023, which was approved by the shareholder in the Extraordinary General Assembly Meeting held on 24 Dhul Hijjah 1445H corresponding to 30 June 2024. Distribution date of the dividend is 11 Muharram 1446H corresponding to 18 July 2024.

Out of dividend declared for 2023 and 2022, 2.5 million (2023: out of dividend declared amounting to 449.36 million for 2022, 1.25 million), was returned to the Group due to dormant accounts or missing information of beneficiaries, which is represented as dividend payable as at reporting date.

**22 SPECTRUM PAYABLE**

	2024	2023
Non-current portion of spectrum payable (refer note 15)	931,407	1,054,623

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**23 DERIVATIVE FINANCIAL INSTRUMENTS**

The Group entered into profit rate swaps, which matures in September 2025. The maturity of the profit rate swap has been extended till the extended maturity of the refinanced loan (refer note 17-1). The outstanding notional amount of the contract as at 31 December 2024 was 1.92 billion (2023: 2.56 billion) and the fair value was a positive amount of 29 million as at 31 December 2024 (2023: 76 million).

The average contracted fixed interest rate ranges from 2% to 3.5%. A loss of 47 million was recognized in other comprehensive income for the year ended 31 December 2024 (2023: gain of 35 million) as a result of fair value movements relating to this hedge. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

**24 EMPLOYEES' END OF SERVICE BENEFITS OBLIGATION**

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service year, calculated under the provisions of the labor Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the year of employment.

The Group's plan is exposed to actuarial risks such as: discount rate and salary risk.

- **Discount risk:** A decrease in the discount rate will increase plan liability.
- **Salary risk:** The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

	2024	2023
Opening balance	176,724	161,286
Past service cost	-	249
Current service cost	24,451	23,651
Interest cost	9,093	8,383
Payments	(15,458)	(10,069)
Total actuarial gain	(15,543)	(6,776)
Closing balance	179,267	176,724

The most recent actuarial valuation was performed by Lux Actuaries & Consultants and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024	2023
Salary increases	4.00%	4.00%
Discount rate	5.60%	4.95%

All movements in the end of service benefits liability are recognized in consolidated statement of profit or loss and other comprehensive income except for the actuarial gain which is recognized in other comprehensive income.

	2024	2023
Base Scenario	179,267	176,724
Discount Rate: Increase by 1%	162,562	161,158
Discount Rate: Decrease by 1%	198,979	194,788
Salary Escalation Rate: Increase by 1%	199,102	194,788
Salary Escalation Rate: Decrease by 1%	162,174	160,884



MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**24 EMPLOYEES' END OF SERVICE BENEFITS OBLIGATION (continued)**

Particulars	2024	2023
<b>Change in Financial Assumption</b>	<b>11,295</b>	5,252
Change in the Salary Escalation Rate Assumption	-	-
Change in the Discount Rate	11,295	5,252
<b>Change in Demographic Assumption</b>	<b>-</b>	-
Change in the Mortality Rate Assumption	-	-
Change in the Attrition Rate Assumption	-	-
<b>Experience Adjustment</b>	<b>4,248</b>	1,524
<b>Total Actuarial gain</b>	<b>15,543</b>	6,776
Average life of the plan	11.4 years	10.8 years
<b>Other reserve</b>		
Opening balance	(1,471)	(8,247)
Remeasurement	15,543	6,776
Closing balance	14,072	(1,471)

**25 RETIREMENT BENEFIT CONTRIBUTIONS**

The Group paid retirement contributions for its Saudi Arabian employees for the year ended 31 December 2024 to the General Organization for Social Insurance: ٢٥ million (2023: ٢٩ million).

**26 SHARE CAPITAL**

Authorized share capital of the Group comprises of 1.4 billion shares as at 31 December 2024 (2023: 1.4 billion) out of which 898,729,175 are subscribed shares (2023: 898,729,175) stated at ٢٥ per share owned.

**27 REVENUE****27-1 Disaggregated revenue information**

The total revenue disaggregated by major service lines is:

	2024	2023
Usage charges	6,226,194	5,897,629
Subscription	1,977,486	1,871,493
Sale of goods	1,804,532	1,830,098
Other revenue	357,249	283,425
	<b>10,365,461</b>	<b>9,882,645</b>

Revenue recognised during the year from the contract liabilities as at the beginning of the year amounts to ٢٥ 1,403 million (2023: ٢٥ 1,566 million).

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**27 REVENUE (continued)****27-2 Disaggregated revenue information**

The total revenue disaggregated by major service lines is:

Timing of revenue recognition	2024	2023
PO satisfied over period of time – airtime and data	8,560,929	8,052,547
PO satisfied a point in time – trading income	1,804,532	1,830,098
	<b>10,365,461</b>	<b>9,882,645</b>

The group's revenue has been recognized from their operation within KSA except for the international roaming and interconnect which account 15.54% (2023: 14.28%).

**28 COST OF REVENUE**

	2024	2023
Access charges	1,973,956	1,842,362
Cost of devices	1,060,209	1,088,327
Government charges	582,919	670,837
Other	277,311	423,868
	<b>3,894,395</b>	<b>4,025,394</b>

**29 DISTRIBUTION AND MARKETING EXPENSES**

	2024	2023
Repairs and maintenance	983,123	849,782
Employees' salaries and related charges	430,863	473,294
Advertising	168,175	172,621
Service rendered and branding fees (note 20-1)	170,000	170,000
Microwave frequency	121,685	117,229
Utilities	82,226	75,903
Leased lines	61,971	63,878
Rent expenses	6,752	27,583
Biometric expense	24,945	15,809
Consulting	6,652	14,665
Other	165,006	129,011
	<b>2,221,398</b>	<b>2,109,775</b>

**30 GENERAL AND ADMINISTRATIVE EXPENSES**

	2024	2023
Employees' salaries and related charges	288,985	290,802
Repairs and maintenance	137,243	126,857
Legal and professional	(6,019)	60,452
License and subscription	24,808	13,692
Consulting (refer note 30.1)	16,196	13,167
Utilities	88	107
Other	36,947	38,967
	<b>498,248</b>	<b>544,044</b>

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**30 GENERAL AND ADMINISTRATIVE EXPENSES (continued)****30.1 Auditor's remuneration**

This includes remuneration to the auditors for following:

	2024	2023
Fees for annual audit of the Company	4,575	4,475
Fees for annual audit of subsidiaries	820	720
Other *	894	861
	6,289	6,056

\* Other includes fees for NTR certification, special purpose financial statements, report on Article 71 and Article 134.

**31 GAIN ON TOWER SALE TRANSACTION**

	2024	2023
Gain on sale of assets to GLI	19,043	1,191,421
Loss on termination on leased sites sold to GLI	2,195	(176,626)
	21,238	1,014,795

**32 OTHER (EXPENSE) / INCOME**

	2024	2023
Withholding tax refund	-	2,319
Foreign exchange gain / (loss)	60	(1,339)
Impairment of brand (refer note 15)	(7,500)	-
Loss on leases	(8,155)	(3,625)
Other gain	879	2,714
	(14,716)	69

**33 FINANCE COST**

	2024	2023
Finance cost on bank loans	393,199	386,082
Finance cost on Ministry of Finance loan	158,913	162,193
Finance cost on leases liability	89,077	87,154
Finance cost on CST's deferred payment	11,665	-
Finance cost on spectrum	65,482	71,843
Others	16,593	11,580
	734,929	718,852

**34 PROVISION FOR ZAKAT****Components of zakat base**

The significant components of the Group's approximate zakat base, for the year ended 31 December 2024, which are subject to certain adjustments under zakat and income tax regulations, principally comprise the following:

The principal elements of the Group's Zakat base for the year ending 31 December are as follows:	2024	2023
Share capital	8,987,292	8,987,292
Retained earnings	1,676,969	1,326,866
Statutory reserve	-	203,099
Adjusted net profit for the year	631,728	1,639,885
Book value of non-current assets	20,822,578	20,624,908

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**34 PROVISION FOR ZAKAT (continued)****Components of adjusted net profit**

For the year ended 31 December 2024	
Profit for the year	596,369
Certain disallowed expenses	35,359
Adjusted net profit for the year	631,728

For the year ended 31 December 2023	
Profit for the year	1,267,006
Employees' end of service benefits obligation	32,283
Allowance for expected credit loss and slow-moving inventory	225,608
Other provisions	235,311
Other adjustments	(120,323)
Adjusted net profit for the year	1,639,885

Zakat provision	2024	2023
Balance at beginning of the year	144,232	65,541
Charge for the year	33,890	88,888
Reversed during the year	(75,777)	-
Payment	(30,832)	(10,197)
Balance at end of the year	71,513	144,232

Total zakat expense charge in consolidated statement of profit or loss and other comprehensive income.

	2024	2023
Zakat for the year	(41,887)	88,888

**Status of assessments**

The Group had finalized its zakat status up to 2008 and obtained the related certificate.

The Group had submitted its consolidated financial statements along with group zakat returns for the years from 2009 to 2023 and paid zakat according to the filed returns. From 2021 onwards, Tamam Finance Company is submitting, paying and obtaining zakat certificate form ZATCA separately, consequently the Group had submitted zakat return from 2021 till 2023 excluding Tamam Finance Company.

Zakat was assessed by ZATCA and agreed with no additional claim for the years ended 2012 and 2013. The Group received additional assessment of 20.3 million for zakat for the years from 2014 to 2018 which the Group has appealed against these additional claims to the relevant committees. The Group 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. The Group has not received zakat assessment for years 2019 to 2023.

There is no financial impact as the Group has sufficient provisions to cover these amounts.

On 12 Ramadan 1445H (corresponding to 22 March 2024), the Zakat, Tax and Customs Authority (ZATCA) announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No.1007 dated 19 Shaban 1445H (corresponding to 29 February 2024), which was electronically published in the Official Gazette on 11 Ramadan 1445H (corresponding to 21 March 2024). The new Zakat regulation is replacing the current regulation issued through MR No. 2216 dated 14 Rajab 1440H (corresponding to 14 March 2019).

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 34 PROVISION FOR ZAKAT (continued)

In the lights of new regulations, the Group has reassessed its zakat provision and consequently has reversed additional provision charged in prior periods amounting to ﷲ 75.77 million during the year ended 31 December 2024.

Additionally, the Group has calculated zakat expense during the year ended 31 December 2024 which is in line with the new regulation which amounts to ﷲ 33.89 million.

### 35 EARNINGS PER SHARE

#### Profit attributable to ordinary shareholders

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Group as the numerator, i.e. no adjustments to profit were necessary in 2024 or 2023. Profit attributable to the shareholders use in calculating EPS is ﷲ 596 million for the year 2024 (2023: ﷲ 1,267 million).

#### Weighted average number of ordinary shares

The weighted average number of shares in the calculation of basic earnings per share is as follows:

	2024	2023
Outstanding during the year	898,729	898,729
Basic earnings per share (ﷲ)	0.66	1.41

Basic earnings per share is calculated by dividing the profit after zakat attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. There is no dilutive effect on the earnings per share of the Group.

### 36 FINANCIAL INSTRUMENTS

The Group's use of financial instruments exposes it to a variety of financial risks. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework and developing and monitoring the risk management policies in close co-operation with the Group's operating units. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group's Board Committee oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group. The Board Committee is assisted in its oversight role by the internal audit and the Group risk management department.

The Group is exposed through its operations to the following financial risks:

- Market risk
- Foreign exchange risk
- Credit risk
- Interest rate risk, and;
- Liquidity risk.

These risks are discussed below:

#### Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to foreign currency risk and interest rate risk only. The Group uses derivatives to manage market risk.

#### Foreign currency risk management

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 36 FINANCIAL INSTRUMENTS (continued)

The Group deals with certain vendors in foreign currency transactions, including United States Dollars, Euro, Pound Sterling etc. and the risk pertains to fluctuation of exchange rate which may expose the Group to pay more in functional currency in comparison to the time of recording transaction.

Saudi Riyal currency is considered as the functional currency of the Group which is pegged against the United States Dollar. Therefore, the Group is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States Dollar.

The Group undertakes transactions denominated in foreign currencies which float against the Saudi Riyal and consequently, exposures to exchange rate fluctuations arise. These amounts are not hedged as the exposures are not considered to be material to the Group.

The carrying amounts of the Group's foreign currency denominated monetary liabilities at the end of the reporting year were as follows:

#### Foreign currency risk management

Details	Year	Foreign currency	Foreign currency amount	Exchange rate	Amount in ﷲ
Trade and other payables	2024	Euro	3,197	4.13	13,211
Trade and other payables	2023	Euro	2,873	4.15	11,923

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting year were as follows:

2024 Details	Foreign currency	Foreign currency amount	Exchange rate	Amount in ﷲ
Cash and cash equivalents	Euro	58	4.02	235
Cash and cash equivalents	GBP	64	4.82	308
				543

2023 Details	Foreign currency	Foreign currency amount	Exchange rate	Amount in ﷲ
Cash and cash equivalents	Euro	325	4.14	1,346
Cash and cash equivalents	GBP	190	4.77	906
				2,252

#### Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of Europe (Euro) and the Pound Sterling (GBP).

The following table details the sensitivity to a 5% increase and decrease in the Saudi Riyal against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 5% change in foreign currency rates. A positive number below indicates a decrease in profit where the Saudi Riyal strengthens 5% against the relevant currency. For a 5% weakening of the Saudi Riyal against the relevant currency, there would be a comparable impact on profit and the balances below would be negative.

2024 Currency	Impact on profit
Euro	12
GBP	15

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 36 FINANCIAL INSTRUMENTS (continued)

2023 Currency	Impact on profit
Euro	67
GBP	45

#### Interest and liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There has been no change to this strategy from the previous year.

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for all unhedged instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease or increase by  $\text{SAR}$  2.1 million (2023:  $\text{SAR}$  3.5 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings;

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential concentrations of credit risk consist principally of trade receivables, amounts due from a related party and short-term cash investments. Details of how credit risk relating to trade receivables is managed is disclosed in note 7. The amounts due from a related party are monitored and provision is made, where necessary, for any irrecoverable amounts. Short-term cash investments are only placed with banks with a high credit rating.

#### Significant increase in credit risk

Trade receivables generally exposed to significant credit risk, therefore, the Company has established a number of procedures to manage credit risk exposure including limiting transactions with specific counter-parties, evaluation of the customers' credit worthiness, formal credit approvals. The Company follows a credit classification mechanism, primarily driven by the day's delinquency as a tool to manage the quality of credit risk of trade receivables. When determining whether the risk of default has increased significantly since initial recognition, the Group is using simplified approach which requires use of lifetime expected loss provision.

For amounts due from banks, the Group uses the low credit risk exemption as permitted by IFRS 9 based on the external rating agency credit grades. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Group considers it as significant increase in credit risk.

#### Financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 36 FINANCIAL INSTRUMENTS (continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

#### Credit impaired assets

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, there is sufficient doubt about the ultimate collectability.

#### Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified Gross Domestic Product (GDP) of each geography in which they operate as the key economic variables impacting credit risk and ECL for each portfolio. Relevant macro-economic adjustments are applied to capture variations from economic scenarios. These reflect reasonable and supportable forecasts of future macro-economic conditions that are not captured within the base ECL calculations. Incorporating forward-looking information increases the degree of judgement required as to how changes in GDP will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

#### Expected credit loss (ECL) measurement

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is recognized:

	2024 Simplified approach lifetime	2023 Simplified approach lifetime
	Total	Total
Customers	4,186,616	3,861,198
Distributors	178,217	148,447
Contract assets	394,252	440,831
Less: ECL	(1,090,586)	(1,216,051)
	3,668,499	3,234,425
Roaming partners	140,860	116,691
Other operators (interconnect)	507,881	533,761
Less: ECL	(5,008)	(2,051)
	643,733	648,401
Other receivables	4,488	9,777
Less: ECL	-	-
	4,488	9,777
Total net trade receivable and contract assets	4,316,720	3,892,603

ECL allowance of trade receivables and other assets are assessed as follows:

	2024	2023
Collectively assessed	1,090,586	1,216,051
Individually assessed	5,008	2,051
	1,095,594	1,218,102

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 36 FINANCIAL INSTRUMENTS (continued)

The following table shows the movement in the loss allowance that has been recognized for trade receivables and other assets:

	Collectively assessed	Individually assessed	Total
1 January 2024	1,216,051	2,051	1,218,102
Net increase in loss allowance	467,661	2,957	470,618
Amount written off during the year	(592,536)	-	(592,536)
Amounts reversed during the year	(590)	-	(590)
31 December 2024	1,090,586	5,008	1,095,594

For trade receivables, the Group uses a provision matrix based on the historic default rates observed and adjusted for forward looking factors to measure ECL as given below.

Aging brackets of postpaid trade receivables	2024			2023		
	Estimated total gross carrying amount at default	Expected credit loss rate %	Lifetime ECL	Estimated total gross carrying amount at default	Expected credit loss rate %	Lifetime ECL
Not due / < 30 days	1,303,634	0.12%	1,539	1,058,207	0.10%	1,088
31 – 60 days	347,628	2.14%	7,456	221,157	1.03%	2,279
61 – 90 days	281,064	3.48%	9,777	283,280	3.42%	9,678
91 – 180 days	417,441	4.54%	18,954	439,963	16.20%	71,296
> 181 days	970,308	5.99%	58,125	902,322	13.17%	118,825
> 361 days	1,697,987	58.86%	999,432	1,764,945	57.45%	1,014,035
	5,018,062		1,095,283	4,669,874		1,217,201

Credit quality of roaming, interconnect and other balances:

	2024	2023
Credit quality – performing	648,521	658,178
Impaired	4,708	2,051
ECL	(5,008)	(2,051)
	648,221	658,178

#### Offsetting of financial assets and financial liabilities

The Group has various netting agreements in place with counterparties. These netting agreements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it. However, the offsetting criteria under IAS 32 are not met in all cases.

The following table summarize the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements:

Financial assets and Financial liabilities subject to offsetting, netting arrangements

31 December 2024	Gross amounts	Amounts set off	Net amounts
Trade receivables and other assets	859,347	(358,410)	500,937
Trade and other payable	(373,956)	358,410	(15,546)
31 December 2023	Gross amounts	Amounts set off	Net amounts
Trade receivables and other assets	1,241,568	(712,716)	528,852
Trade and other payable	(741,112)	712,716	(28,396)

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 36 FINANCIAL INSTRUMENTS (continued)

#### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group has accumulated deficit as of that date. These conditions indicate that the Group's ability to meet its obligations as they become due and to continue as a going concern are dependent upon the Group's ability to arrange adequate funds in a timely manner. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are made available to meet any future commitments. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations. As 31 December 2024 the Group have the undrawn working capital facility of 0.63 billion. The directors have a reasonable expectation that the Group has adequate resources along with the undrawn credit facilities to continue in operational existence for the foreseeable future. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
<b>At 31 December 2024</b>						
Borrowings	6,359,353	859,646	1,428,059	254,582	8,901,640	8,198,760
Trade and notes payable	2,725,215	-	-	-	2,725,215	2,725,215
Due to related parties	483,455	-	-	-	483,455	483,455
Lease liabilities	289,222	241,339	556,134	891,780	1,978,475	1,488,996
Spectrum payable	188,698	188,698	707,098	268,800	1,353,294	1,120,105
	10,045,943	1,289,683	2,691,291	1,415,162	15,442,079	14,016,531
<b>At 31 December 2023</b>						
Borrowings	1,616,935	6,310,894	841,888	-	8,769,717	7,719,670
Trade and notes payable	2,489,643	-	-	-	2,489,643	2,489,643
Due to related parties	847,790	-	-	-	847,790	847,790
Lease liabilities	357,016	252,752	501,531	581,216	1,692,515	1,233,030
Spectrum payable	188,698	377,396	447,898	528,000	1,541,992	1,243,321
	5,500,082	6,941,042	1,791,317	1,109,216	15,341,657	13,533,454

#### 36.1 Fair value of financial instruments

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. This Grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets and liabilities of the Group are carried at amortized cost except for derivative financial instruments. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 36 FINANCIAL INSTRUMENTS (continued)

#### 36.2 Carrying amount vs fair value

The group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Cash and cash equivalents
- Trade receivables and other assets
- Trade and other payables
- Borrowings
- Non-current portion of spectrum payabl

	Fair value measurement hierarchy	31 December 2024		31 December 2023	
		Carrying value	Fair value	Carrying value	Fair value
Derivative financial instruments (asset)	Level 2	28,504	28,504	75,634	75,634

#### 36.3 Valuation techniques

These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of forward pricing standard models using present value calculations and mid-market valuations. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

	2024	2023
<b>Financial Assets</b>		
<b>Financial assets at amortized cost:</b>		
Cash and cash equivalents	840,201	946,042
Contract assets	393,941	439,930
Trade receivables and other assets	3,922,779	3,476,498
<b>Total financial assets at amortized cost</b>	<b>5,156,921</b>	<b>4,862,470</b>
<b>Financial assets at fair value:</b>		
Derivative financial instruments	28,504	75,634
<b>Total financial assets at fair value</b>	<b>28,504</b>	<b>75,634</b>
<b>Total financial assets</b>	<b>5,185,425</b>	<b>4,938,104</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities at amortized cost:</b>		
Trade payables and notes payable	2,725,215	2,418,465
Amount due to related parties	483,455	847,790
Non-current portion of spectrum payable	1,120,105	1,243,321
Lease liabilities	1,488,996	1,233,030
Borrowings	8,198,760	7,719,670
<b>Total Financial liabilities at amortized cost:</b>	<b>14,016,531</b>	<b>13,462,276</b>
<b>Total financial liabilities</b>	<b>14,016,531</b>	<b>13,462,276</b>

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 37 RELATED PARTY INFORMATION

During the year, the Group transacted with following related parties

Party	Relationship
Oman Telecommunications Company SAOG	Parent Company of Mobile Telecommunications Company K.S.C.P (ultimate parent)
Mobile Telecommunications Company K.S.C.P (Zain Group)	Founding shareholder / Parent Group
Zain Bahrain B.S.C ("MTCB")	Subsidiary to Founding Shareholder
Sudanese Mobile Telephone (Zain) Company Limited ("Zain Sudan")	Subsidiary to Founding Shareholder
Mobile Telecommunications Company Lebanon ("MTCL")	Subsidiary to Founding Shareholder
Zain Iraq/Atheer Telecom Iraq Limited 'Atheer'	Subsidiary to Founding Shareholder
Zain Global Communications Co. SPC	Subsidiary to Founding Shareholder
Zain Omantel International - ZOI	Subsidiary to Founding Shareholder
Zain Tech Solutions FZ- LLC	Subsidiary to Founding Shareholder
FOO (Holding) SAL	Subsidiary to Founding Shareholder
Infra Capital Investments Company	Founding Shareholder
Integrated Data Company for Information Technology LLC	Investee

During the year, the Group entered into the following trading transactions having normal business terms, with related parties:

	2024	2023
Revenue from entities owned by a shareholder	42,507	99,690
Purchases from entities owned by a shareholder	(90,342)	(152,783)
Operational expense charged by related party*	-	(510,589)
Revenue from other related party	7,232	-
Fees charged by a founding shareholder (note 29)	(170,000)	(170,000)

\* the related party relationship has been extinguished during the year ended 31 December 2023, due to sale of shares held by the Group in GLI.

The following balances were outstanding at the reporting date:

	2024	2023
Amounts due to a founding shareholder	457,363	825,774
Amounts due to a subsidiary of Groups' shareholders	248	237
Amounts due from a Founding shareholder	18,964	13,608

Other amounts due to related parties are disclosed in note 20.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received by related parties other than those disclosed in note 20. No amounts have been expensed in the current year for expected credit loss in respect of amounts owed by related parties.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 37 RELATED PARTY INFORMATION (continued)

Compensations and benefits to key management personal comprising remunerations to Board of Directors and other senior management members

	2024	2023
Short-term benefits	47,605	43,078
Long-term benefits	3,426	3,217
	51,031	46,295

Short term benefits include remuneration for the Board amounting to 3.3 million (2023: 4.5 million).

### 38 CAPITAL COMMITMENTS

The Group had capital commitments totaling 2.46 billion (2023: 662 million) which includes an amount of 624 million for the spectrum the Group has obtained during the year ended 31 December 2024 for a period of 15 years. The spectrum will be available for use from 1 January 2025.

#### Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year. The capital structure of the Group consists of debt and equity comprising share capital, the hedging reserve, the accumulated deficit, long-term borrowings and amounts due to related parties.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The Group's Net debt to equity ratio at the end of the year is as follows:

	2024	2023
Net debt	8,847,555	8,006,658
Total equity and debt	19,554,392	18,598,078
Net debt to equity ratio	45%	43%

### 39 GOVERNMENT GRANTS

	2024	2023
Opening balance	52,257	52,257
Amount received during the year	82,090	-
Charged to statement of profit or loss and other comprehensive income	(52,257)	-
Closing balance	82,090	52,257

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

### 40 CONTINGENT LIABILITIES

The Group had the below contingent liabilities in the form of letters of guarantee and letters of credit

	2024	2023
Letter of Guarantee	55,358	41,982
Letter of Credit	218,750	211,250
	274,108	253,232

The Group in the normal course of business is subject to and also pursuing lawsuits, proceedings, penalties and fines imposed by the regulator, municipalities and other claims from suppliers and telecommunication providers. The Group, after having consulted with its internal and external legal counsel and technical advisors, believes that these matters are not expected to have a significant impact on the financial position or the results of operations of the Group.

The CST's violation committee has issued several penalty resolutions against the Group, which the Group has objected to. The reasons of issuing these resolutions vary between linking ID for the issued prepaid SIM Cards and providing promotions that have not been approved by CST and/or other reasons. As of 31 December 2024, the amount of lawsuits and violations amounts to 5.3 million which has been provided for in full (2023: 26.9 million).

#### WITH HOLDING TAX (WHT)

On 7 July 2015 (18 Ramadan 1436H), The Group received withholding tax assessments from Zakat, Tax and Customs Authority (ZATCA) for the years from 2009 to 2011 whereby ZATCA asked to pay an additional amount of 267 million as withholding tax subject to delays penalty payable from the due date up to the settlement date equals to 1% for every 30 days. The Group appealed this claim on 27 August 2015 which resulted in the reduction of withholding tax claim by 219 million to 48 million, subject to delays penalty.

To appeal before the High Appeal Committee (HAC), the Group completed the required conditions in the Articles of the Saudi Tax Law, by paying the invoices issued by ZATCA amounting 48 million on 16 November 2017 related to Withholding Tax (WHT) and issued a bank guarantee for the amount of 43 million related to the penalty generated from the delay in paying the WHT.

On 3 June 2021, the HAC issued its decision on the final claim which was reduced to 8.4 million. The Group has appealed against this decision to the Appeal Committee for Tax Violations and Disputes and the case is pending as at 30 June 2024.

The Group received additional assessment with an amount of 100 million for certain withholding tax items for the years from 2015 to 2021. The Group has appealed those assessments against the relevant committees. The Group believes that the outcome of those appeals will be in the Group's favor with no material financial impact on the Group's consolidated financial statements.

The Group was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators. For any assessments received from ZATCA, the Group has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, the Group had paid an amount of 8.37 million and created a provision of 148.18 million.

During 2022, the government decree number 484 on November 2022 clarified that there will be no WHT on International traffic prospectively. Considering the decree aligned the position of tax prospectively from 2022, the previous years were continued to be assessed by ZATCA and the Group continued to dispute and appeal against these assessments.

During the year, the Group received communication from ZATCA that the dues for WHT on International traffic will be borne by the Government. Accordingly, the Group has reversed a provision of 148.18 million. The amount paid of 8.37 million will be settled by the Group with dues payable to ZATCA for other ongoing assessments.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**41 SEGMENT REPORTING**

Information regarding the Group's operating segments is set out below in accordance with IFRS (8) "Operating Segments". IFRS (8) requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The Group is engaged mainly in providing telecommunication services and related products. Majority of the Group's revenues, income and assets relate to its operations within the Kingdom. Revenue is distributed to an operating segment based on the entity of the Group reporting the revenue. Sales between segments are calculated at normal business transaction prices.

Below are examples of revenues included in each sector:

**Consumer Revenue:** The consumer revenue segment includes products and services such as voice calls, mobile internet, fixed internet, VAS, sale of devices & SIM and related roaming revenues. Financial services from Tamam Finance Company are also included in this stream.

**Business Revenue:** The business revenue segment include services such as voice calls, mobile internet, fixed internet fixed connectivity and customized solutions including cloud and data center services, related roaming revenues.

**Wholesale revenue:** The wholesale segment includes products sold in bulk quantity and services such as FTTH revenue, site sharing revenue, transition, MVNO and roaming services between operators.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**41 SEGMENT REPORTING (continued)**

The following is an analysis of the Group's revenues and results based on a segmental basis:

**For the year 31 December 2024**

Revenues	Zain KSA	Sales Co.	Tamam	Others	Total
Consumer revenue	5,178,841	971,319	367,671	-	6,517,831
Business revenue	1,762,238	-	-	332	1,762,570
Wholesale revenue	2,965,644	-	-	-	2,965,644
Eliminations / adjustments	151,299	(1,031,883)	-	-	(880,584)
<b>Total revenues</b>	<b>10,058,022</b>	<b>(60,564)</b>	<b>367,671</b>	<b>332</b>	<b>10,365,461</b>
Cost of operations	(6,356,496)	(984,643)	(148,224)	(1,779)	(7,491,142)
Depreciation and amortization	(2,117,018)	-	(6,392)	(311)	(2,123,721)
Expected credit loss (ECL)	(335,669)	-	(92,924)	-	(428,593)
Finance income	32,292	-	-	-	32,292
Gain on tower sale transaction	21,238	-	-	-	21,238
Government grant income	52,257	-	-	-	52,257
Other expense	(14,369)	-	(347)	-	(14,716)
Share of loss of associate	(766)	-	-	-	(766)
Finance cost	(731,245)	-	(3,684)	-	(734,929)
Zakat	52,785	-	(10,898)	-	41,887
Elimination	-	877,101	-	-	877,101
<b>Profit for the year</b>	<b>661,031</b>	<b>(168,106)</b>	<b>105,202</b>	<b>(1,758)</b>	<b>596,369</b>

**For the year 31 December 2023**

Revenues	Zain KSA	Sales Co.	Tamam	Others	Total
Consumer revenue	5,398,680	1,271,207	283,573	-	6,953,460
Business revenue	1,685,631	-	-	(124)	1,685,507
Wholesale revenue	2,403,690	-	-	-	2,403,690
Eliminations / adjustments	202,421	(1,362,409)	-	(24)	(1,160,012)
<b>Total revenues</b>	<b>9,690,422</b>	<b>(91,202)</b>	<b>283,573</b>	<b>(148)</b>	<b>9,882,645</b>
Cost of operations	(6,405,987)	(1,302,180)	(127,039)	(2,047)	(7,837,253)
Depreciation and amortization	(2,101,113)	(833)	(4,277)	(270)	(2,106,493)
Expected credit loss (ECL)	(131,371)	57	(94,294)	-	(225,608)
Finance income	69,560	-	-	-	69,560
Gain on tower sale transaction	1,014,795	-	-	-	1,014,795
Other income	69	-	-	-	69
Gain on sale of FVTPL investment	120,960	-	-	-	120,960
Share of loss of associate	(1,442)	-	-	-	(1,442)
Impairment in investment in associate and joint ventures	(527)	-	-	-	(527)
Finance cost	(717,617)	(41)	(1,194)	-	(718,852)
Zakat	(81,697)	-	(7,191)	-	(88,888)
Elimination	25	1,158,015	-	-	1,158,040
<b>Profit for the year</b>	<b>1,456,077</b>	<b>(236,184)</b>	<b>49,578</b>	<b>(2,465)</b>	<b>1,267,006</b>



MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**41 SEGMENT REPORTING (continued)**

Following is the gross profit analysis on a segment basis:

	2024	2023
Mobile Telecommunications Company	6,171,827	5,651,217
Zain Sales Company	(8,831)	(23,102)
Tamam Finance Company	311,222	231,232
Others	332	(123)
Eliminations / adjustments	(3,484)	(1,973)
<b>Gross profit</b>	<b>6,471,066</b>	<b>5,857,251</b>

The following is an analysis of the Group's assets and liabilities based on a segmental basis:

Assets	2024	2023
Mobile Telecommunications Company	41,049,325	39,274,380
Zain Sales Company	13,576,583	12,358,228
Tamam Finance Company	904,255	635,863
Others	4,462	4,027
Eliminations / adjustments	(27,399,164)	(24,894,266)
<b>Total assets</b>	<b>28,135,461</b>	<b>27,378,232</b>
Liabilities		
Mobile Telecommunications Company	30,611,105	28,864,249
Zain Sales Company	13,474,204	12,242,864
Tamam Finance Company	396,487	433,602
Others	10,974	8,878
Eliminations / adjustments	(27,064,146)	(24,762,781)
<b>Total liabilities</b>	<b>17,428,624</b>	<b>16,786,812</b>

The major addition and disposals in Property and equipment and intangibles along with associated depreciation and amortization relate to Mobile Telecommunications Group.

**42 SUBSEQUENT EVENTS**

On 18 Shaban 1446H corresponding to 17 February 2025, the Board of Directors' recommendation to distribute cash dividends of ﷲ 0.5 per share to shareholders for the fiscal year 2024, the distribution date is yet to be determined after approval of General Assembly approval.

The Group has signed an Islamic sharia compliant banking facility with a local commercial bank on 13 Shaban 1446H corresponding to 12 February 2025. This new facility is obtained to repay the existing Murabaha facility with the Ministry of Finance as disclosed in note 17-2 of these consolidated financial statements. The new loan will be settled as a single bullet payment upon its maturity on 14 Shawwal 1451H corresponding to 17 February 2030.

In the opinion of the management, there have been no other significant subsequent events since the year-end that require disclosure or adjustment in these consolidated financial statements.

MOBILE TELECOMMUNICATIONS COMPANY SAUDI ARABIA (A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2024

(ALL AMOUNTS IN SAUDI RIYALS THOUSANDS UNLESS OTHERWISE STATED)

**43 RECLASSIFICATION OF PRIOR YEAR PRESENTATION**

During the year ended 31 December 2024, the Group reclassified certain balances, which are considered by management a more accurate presentation and reflects the related nature. These reclassifications have no impact on previously reported net income, retained earnings or cash positions:

Consolidated statement of financial position as at 31 December 2023	Previously reported	Amount of Reclassification	Reclassified amount
Trade and other payables	4,953,958	64,878	5,018,836
Non-current portion of spectrum payable	1,126,421	(71,798)	1,054,623
Due to related parties	842,120	5,670	847,790
Dividend payables	-	1,250	1,250
<b>Total reclassification</b>	<b>6,922,499</b>	<b>-</b>	<b>6,922,499</b>

**44 STATUTORY RESERVE**

On 24 Dhul Hijjah 1445H corresponding to 30 June 2024, the Group's General Assembly approved amending the Group's by-laws to comply with the New Companies' Law issued on 29 Jumada Al-Akhirah 1444H (corresponding to 19 January 2023), based on the recommendation of the Board of Directors. The Company's General Assembly, in its meeting held on 24 Dhul Hijjah 1445H corresponding to 30 June 2024, agreed to transfer the balance of the statutory reserve amounting to ﷲ 203 million as in the consolidated financial statements for the year ended 31 December 2023 to the retained earnings balance.

**45 APPROVED CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Board of Directors on 18 Shaban 1446H (corresponding to 17 February 2025).



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