

**Management Discussion Section**

**Abdulrahman Barghouth (Host, Riyadh Capital)**      Alsalam alaykom, good afternoon and good morning, ladies and gentlemen. My name is Abdulrahman Barghouth and on behalf of Riyadh Capital, it's my pleasure to welcome you all to Zain KSA 1Q 2026 earnings presentation and conference call. At this point, I would like to hand it over to Mr. Faisal Alkahtani, investor relations manager at Zain KSA to start the call and introduce the management team. Mr. Faisal, the floor is yours.

**Faisal Alkahtani (IR Manager)**      Thank you, Abdulrahman. Good afternoon, everyone, and thank you for joining us today for the Zain KSA Q1 2026 earnings call. I am Faisal Alkahtani, Manager of Investor Relations, joining me today are our CEO Engineer Saad Alsadhan, and our CFO, Mr. Mehdi Khalfaoui.

We announced our Q1 2026 results on Thursday, May 7th, 2026, and released our financial statements yesterday. All related materials are available on our website.

Before we begin, I would like to remind you that during this call, expectations and projections regarding the future performance of the company referenced in this presentation are forward-looking statements within the meaning of applicable securities and regulations.

These are statements which the management believes are true at the time of their preparation based on available data and information and are subject to future events and uncertainties to the successful and timely execution of the plans and strategies that could cause actual results to differ materially from those anticipated in these forward-looking statements.

I will now hand over the call to Engineer Saad who will provide an overview of our Q1 2026 performance. After that, Mr. Mehdi will discuss our financial results in more detail and then we will open the call for questions. Engineer Saad, please go ahead.

**Saad Alsadhan (CEO)**      Thank you Faisal. Alsalam Alaykom, good afternoon, ladies and gentlemen, and thank you for attending the call and showing interest in Zain KSA. I am happy to be with you all today on this earnings call.

We'll start with the financial highlights as announced in our latest financial results, Zain KSA reported revenues of 2.66 billion Saudi Riyals during Q1 2026. Net profit reached 201 million Saudi Riyals compared to 92.8 million Saudi Riyals in the corresponding period last year.

Excluding the non-recurring profit, net profit growth stood at 11% year-on-year while EBITDA reached 804 million Saudi Riyals. These results reflect the strength of our strategy, disciplined execution across the business and our continued focus on delivering sustainable growth and long-term value creation for our shareholders. For operational performance, our performance during the quarter reflects continued momentum across our core business segments and broader digital portfolio. Zain KSA continues to build on its growth momentum guided by a clear strategy, disciplined execution, and focused investment in expanding its 5G network.

The company is also advancing its integrated solution portfolio and digital services for individuals, businesses and government entities as well, further strengthening its role in delivering innovative, more seamless digital experience across Saudi Arabia. In Q1 2026, Zain KSA reported increased demand for consumer services and Yaqoot, alongside positive returns on the company's investment in adjacent markets through Tamam in FinTech and Green Shield for insurance in digital insurance (InsurTech).

For Tamam financial results, Tamam continued to strengthen its position as one of the Kingdom's leading digital lending platform. During Q1 2026, Tamam reported revenues of 109.7 million Saudi Riyals with EBITDA reaching 21.9 million Saudi Riyals and net profit amounting to 15.8 million Saudi Riyals. The platform now serves more than 89,000 active customers supported by stronger collection, enhanced underwriting discipline and continued platform optimization. Tamam remains an important pillar within our broader digital ecosystem strategy and continues to contribute positively to our long-term growth ambitions.

Zain KSA in numbers: today, Zain KSA serves 8.3 million customers across the kingdom with a blended ARPU, average revenue per user, reaching 65 Riyal. Our network infrastructure now includes more than 11,000 sites covering 112 cities with 5G services, while average daily traffic reached nearly 28,000 terabytes, which is 28 petabytes.

Network achievements in the 1Q: Zain KSA has secured the number one position among all operators in download speed as per global platform specializing in performance measurements with a remarkable positive 19% year-on-year improvement for user throughput.

Additionally, we have seen an increase of 7% year-on-year in overall attached data subscribers across the Zain network with more than 33% growth in 5G subscribers, positioning us for sustained growth and value creation. Moreover, more than 66% of the total traffic is being carried by 5G. This is in line with our investment and customer-centric strategy designed to scale our 5G footprint and meet its increasing capacity demands.

For digital infrastructure and innovation, we also continued enabling advanced digital experience during the key national and seasonal momentum. During the Holy Month of Ramadan, we delivered AI-driven connectivity experiences for pilgrims at the two Holy Mosques, further demonstrating our commitment to innovation and service excellence.

Continuing our community engagement efforts during the Holy Month of Ramadan, Zain KSA organized a range of engagement driven initiatives with employees and strategic partners.

For people empowerment during the quarter one, we signed strategic memorandum of understanding MOUs with Ministry of Human Resources and Social Development as well as Princess Nourah bint Abdulrahman University to support employment, training and digital capability development initiatives.

Sustainability and social responsibility (CSR) remain at the core of our long-term strategy and operational priorities. In line with our commitment to social impact and community engagement during the Holy Month of Ramadan, we contributed to several national initiatives including Furijat, Ehsan, and Jood Housing.

Awards and recognition: during Q1 2026, we were honored to receive the Labor Award 2025 for the occupational safety and health, leaders and partners category, recognizing our commitment to creating a safe and healthy workplace environment for our employees. During the first quarter, our sustainability efforts were recognized globally through an upgrade of our climate disclosure rating to an “A” score by the carbon disclosure project, reflecting our continued progress toward carbon neutrality and responsible business practices.

As we move forward, we remain committed to strengthening our leadership position in the digital ecosystem through innovation, operational excellence, and strategic investments aligned with Saudi Vision 2030. We will continue enhancing our infrastructure, expanding our digital capabilities, and delivering advanced solutions that elevate customer experience and create long-term sustainable value for all stakeholders.

With that, I would like to hand over to Mehdi Khalifaoui, our Chief Financial Officer.

Mehdi Khalifaoui (CFO)

Thank you, Saad. Good afternoon, everyone. For the first quarter, we recorded revenue of 2.7 billion Saudi Riyals, marginally below Q1 last year by 1%, mainly due to slowdown in device revenue owing mainly from seasonality, compensated partially by resilient growth in our core service driven by 5G alongside continuous growth in prepaid.

Finally, incremental revenue from recently acquired business across adjacent and vertical segments. Further, the microlending segment showed 2% increase in revenue during the current quarter in line with the higher sales and gross loan portfolio. Gross margin for the quarter was recorded at 1.66 billion reflecting a healthy increase of 74 million compared to last year with improvement in gross margin percentage from 58.9% to 62.5%. Gross margin uplift was mainly attributable to consumer growth of revenue, digital and business segment reflecting strong performance of our core service portfolio. To conclude on the gross margin, despite modest top line contraction and enterprise margin reduction, our overall gross margin reflected an expansion of 74 million Riyal driven by resilient performance along core service portfolio.

OpEx for the quarter reported at 856 million reflects an increase of 84 million or 11%, mainly originated from the additional network maintenance costs, in line with the additional built-to-suit sites, yet an optimization plan to mitigate further increase is under execution. Also, we had additional provision for bad debt mainly from seasonal slowdown in collection rate during the first quarter, including delayed B2B customer collection and aggressive NPL reduction for Tamam.

In terms of EBITDA, we reached 804 million during the first quarter, marginally lower than previous quarter, yet in terms of margin we reported 30.3% during the quarter. Moving to the financing cost, we reported a reduction of 26 million, from 175 million in Q1 last year to 149 million in Q1 2026, as a result of several financing initiatives implemented by the company, including a repayment of 170 million related to Tamam along with the positive impact of lower interest rate and the renegotiation of the MFA and the MOF CITC loan at a lower margin last year.

To conclude on profitability, the company reported 201 million profit higher than Q1 2025 by 108 million or 116%, inclusive of the one-off impact of recognition of income on USF sites of 98 million and the saving on the financing cost of 26 million. CapEx for Q1 remained at 79 million, equivalent to 3% of revenue compared to 504 million last year, 19% of revenue, which included a capitalization of 411 million spectrum, yet our total commitment amounted to 1.8 billion as compared to 2.1 billion in Q1 last year as a reflection of the ongoing projects under implementation.

In terms of cash flow, we started the quarter with 951 million and closed at 795 million following major payments during the quarter of CapEx for an amount of 454 million, including the payment for frequency spectrum. During the quarter, we also paid off the Tamam facility for an amount of 170 million along with the payment of 115 million financing costs. Further, we generated 537 million cash from operations during the first quarter. In terms of free cash flow, we reached positive 203 million compared to 215 million in Q1 last year.

In terms of debt profile, our net debt as of Q1 2026 reached 7.6 billion with no additional drawdown or utilization of CapEx facility while repaying the Tamam loan. Our net debt to EBITDA, including lease liability related to non-banks, reached 2.68 times compared to 2.71 times at the end of 2025. Our net debt as at Q1 2026 represents 48% of our capital structure. With this, I would like to end the financial part, hand over to Faisal.

Faisal Alkahtani (IR  
Manager)

Thank you, Mr. Mehdi. We can start the questions now.

### Question and Answer Section

Abdulrahman Barghouth  
(Host, Riyadh Capital)

Thank you management for the presentation. We will now begin the Q&A session. If you would like to ask a question, please use the raise hand button. Our first question comes from the line of Thando. Thando, you can unmute yourself. Please go ahead.

Thando Skosana (UBS)

Thank you for taking my questions. I've got three, but I'll ask them one by one. The first one's just on the consumer segment. I wonder if you could just size up the impact from device sales on both revenues as well as margins. And also what you're seeing in April and May in terms of that device sales, is there a significant pickup? Just trying to figure out how we should think about gross profit margins for the remaining quarters as well as the beginning of next year. Thank you.

Mehdi Khalifaoui (CFO)

Thank you Thando for your question. In terms of consumer, you can see that there is a slight drop even compared to Q4. This is basically related to the device component where we sold majority of the devices to our customers during Q4.

As we speak, the situation is not yet back to Q4 level, it's still within the same level of the first quarter. However, in terms of gross margin, I think we need to take now the new baseline, which is the first quarter gross margin of 62%. As we mentioned in our previous calls, the more contribution we have from higher margin segments, the more or the higher the margin would convert toward that level. Thank you.

Thando Skosana (UBS)

Okay. Thank you so much. And then my second question is just on B2B. I mean, last year I seem to remember, I mean, we had a good quarter in Q4. We started speaking about you won some contracts that you've lost previously, but then when you look at Q1, it seems like we're going backwards again. Just wanted to get your thoughts on what you're seeing. I mean, your peers seem to have gained in the

government segment, just what you're seeing in terms of that B2B segment and what plans you have in place to start driving that growth for the next coming quarters. Thank you.

Saad Alsadhan (CEO) Thank you Thando. On the B2B segment, yes, you are right. What we are seeing is some of non-renewal from governmental contracts, as you exactly mentioned about the governmental contract. It has moved; instead of direct awarding to be on the platform, so all of those deals are moved and not anymore renewal is allowed. So, this is why we got couple of disconnections. However, it will be floated on the public portal of Ministry of Finance. The good news is that we started capturing in Q1 and most of them are under delivery, especially the new deals that were not even with us and we captured them that they ended by last year and they are floated in Q1 and they closed the RFPs end of the Q1 and they are on the delivery stage right now.

Thando Skosana (UBS) Okay. So, can we expect some growth at least Q2 going forward?

Saad Alsadhan (CEO) We hope so. It is in our plan. We can see on the pipeline on the delivery. The most important thing from our side is to bridge the gap from the non-renewal with having the new deals floated on the RFP from the governmental sector. So, we are pushing hard to have positive net adds.

Thando Skosana (UBS) Okay. Thank you so much. And then just my last one, again, it's on margins, Mehdi, EBITDA margins, that is. It seems like the network maintenance costs increased because of the expansion I think you guys are doing in rural areas. And I was just wondering, is this going to be a one-off cost that took place in this quarter or are we expecting this to increase over the next couple of quarters? Because it was up 40% if I'm looking at your G&A expenses and I'm just wondering what level G&A should be in the next coming quarters, if you could help with that. And whether how you see margins developing for 2026, because you delivered 31.6% in 2025 and I'm just curious to see if we should expect a contraction or expansion as a result. Thank you.

Saad Alsadhan (CEO) Let me take the first part of your question. Yes, it is coming from the network expansion, but this is not only from the remote area. This is what we call built-to-suit when we explained that before where all of our expansion is coming on OpEx and this is part of after we sold the towers, we call it built-to-suit. The second part of that question I will ask Mehdi to take care of.

Mehdi Khalifaoui (CFO) So, in terms of increase, yes, the increase is there as explained by Saad, majority is from the built-to-suit and also from the usage fee that is subject to inflation. However, we are working hand in hand with the TowerCo company to optimize further the cost when it comes to network Opex.

When it comes to company, we have a cost optimization plan that is under execution similar to what we are doing every year. Margin, there was a contraction during the first quarter, but we don't expect this to continue over the upcoming quarters once we have the new baseline of the gross margin and we have the cost contained. Thank you.

Abdulrahman Barghouth (Host, Riyad Capital) Thank you Thando. We have a question from the line of Madhvendra Singh, please unmute yourself and go ahead.

Madhvendra Singh (HSBC) I have a couple of questions. I was wondering why did the EBITDA decline year-on-year and is there any one-off reason or have you seen any impact from the ongoing regional conflicts on the numbers? So that's the first question. And I think the trend is visible on the net income line as well, so if you could discuss that.

And then second question is on dividends. If you could share your views on the dividend outlook, given the regional conflicts, is there any risk to dividends? Thank you.

Saad Alsadhan (CEO) Thank you very much, Madhvendra. On the EBITDA side, it's mostly coming from the built-to-suit and the network expansion. We have already talked about the slowdown in collection in Q1 because of the seasonality and this is normal usually at the beginning of the year, budgeting, and allocating the budget of most of the clients. We are expecting a better situation, especially on collection and network expansion is moving as per the plan that we put at the beginning of the year.

Mehdi Khalfaoui (CFO) On the dividend, we have a policy at this stage we are getting ready to pay this year dividend once the AGM is concluded, but we don't see any change as we speak now.

Abdulrahman Barghouth (Host, Riyad Capital) Thank you Madhvendra for your question. We have a couple of questions in the Q&A box. The first question comes from the line of Hamed. He's asking, "What's the reason behind the decline in growth in Tamam? How should we look at its growth going forward?"

Saad Alsadhan (CEO) Thank you very much for the question. In Tamam, it's growing. In Tamam, we achieved 110 million compared to 108 million Q1 last year, which is a growth of 2%. We are monitoring all the items in Tamam, especially EBITDA and the net profit. It is dropping the net profit, but it's planned and it is by design to reduce the NPL. We don't want to have a risk high NPL. We used to have a very high NPL last year, now we dropped the NPL this quarter and this is behind the drop in net profit compared to Q1. However, it is within the plan that we put for this year.

- Abdulrahman Barghouth (Host, Riyad Capital) Okay, thank you. Second question in the Q&A box comes from the line of Mohammed Asim. He's asking, "Can you please provide some details on Universal Service Fund? And going forward, what kind of profits can we expect from it?"
- Saad Alsadhan (CEO) The Universal Service Fund is a subsidy by the government. They float an RFP and all the operators participate. We participated in this last year, and we develop and deploy all the network needed in those remote areas. Now we are capturing the benefit out of that. This is what we call it gain and this is the 98 million that we announced as a gain out of the USF projects. I hope that I have answered the question about the Universal Service Fund.
- Abdulrahman Barghouth (Host, Riyad Capital) And going forward, what kind of profits can we expect from it?
- Mehdi Khalfaoui (CFO) Well, the situation as we speak, is detailed on note 17 of the financials, where we have still 214 million. So today the gain is based on the best estimation as per IAS 20, where we estimate based on the progress of the project. But at this stage we don't disclose, I mean, we cannot disclose until we finalize the remaining of the project and definitely, we achieve the required milestones. Thank you.
- Abdulrahman Barghouth (Host, Riyad Capital) Great. Our next question comes from the line of Aqib. He's asking, "my understanding is that there were supply issues with devices during April, particularly Apple and Samsung for Zain. Are these persisting or have been resolved?"
- Saad Alsadhan (CEO) Thank you very much for the question. We are not facing devices issue on April. The thing that we push hard, the sales activities in Q4 last year and we are maintaining within the plan that we have for this year, Q1 and Q2.
- Abdulrahman Barghouth (Host, Riyad Capital) Okay, great. The next question in the Q&A box is asking, could you please provide more color on the 98 million one of this quarter and how should we think about this going forward?
- Mehdi Khalfaoui (CFO) Definitely the accounting treatment is based on the progress of the project, the milestones that have been achieved so far. The difference between the subsidy and the CapEx allocated, the leftover is basically the gain as per IAS20. Going forward, if there is any gain of such, we will include it as usual within our financials. Thank you.
- Abdulrahman Barghouth (Host, Riyad Capital) Okay, great. The next question in the Q&A box comes from the line of Habib. He's asking "congrats for the solid set of numbers in Q1. Can the management share the gross profit generated by Tamam segment in the first quarter of 2026?"

- Mehdi Khalifaoui (CFO) Gross profit for Tamam is 100 million out of the 109.7 million revenues.
- Abdulrahman Barghouth (Host, Riyadh Capital) The next question in the Q&A box comes from the line of Roman. He's asking, "you previously mentioned that Etimad platform has an opportunity for renewals and the new public sector projects. Has Etimad improved collection visibility and payment discipline or is this growth in government related B2B still coming with structurally longer cash conversion cycles?"
- Saad Alsadhan (CEO) Thank you for the question. Yes, it is exactly what's happening with the market. We start seeing a lot of RFPs. It is not allowed anymore to have a direct PO and if anyone is having a direct PO, then this will impact on the collection. So, this is why we are pushing a lot to make all the renewal to be on the platform because whatever you get in the platform, that means the budget is already allocated. It's a matter of delivery and raising all the paperwork on Etimad, then immediately it will go through the process for the payment. Then to answer exactly the question, yes, we start seeing all the paperwork raised on Etimad. We start seeing the collection on time.
- Abdulrahman Barghouth (Host, Riyadh Capital) Okay, great. We have a follow-up question from Hamed. He says, "So it's intentionally planned to improve NPL, but revenue will re-accelerate in the upcoming quarters?"
- Saad Alsadhan (CEO) Let's redefine the wording. It is part of the plan to meet the Central Bank regulation and the Central Bank restrictions, especially on increase on NPL. So, it is designed to meet the requirements and the minimum requirements of the Central Bank to avoid any surprises in the future. It is designed to make sure that we are in line with the Central Bank's NPL percentage.
- Abdulrahman Barghouth (Host, Riyadh Capital) Our next question in the Q&A box comes from the line of Mohammed Arsalan. He's asking, what is mainly contributing to the credit loss? Is it from B2B or Tamam?
- Mehdi Khalifaoui (CFO) It's from both. Exactly. On the B2B side, we believe it's seasonal delayed collection and Tamam to meet the NPL when it comes to our target.
- Abdulrahman Barghouth (Host, Riyadh Capital) And are you expecting the Universal Service Fund related revenues to recur?
- Mehdi Khalifaoui (CFO) We didn't get the question here. Related to existing USF or new USF to be floated? Because new USF to be floated is not under the Zain KSA control. This is more into MCIT and CST. But if you are referring to the existing ones, the existing one where we recognized the gain, there should be at the end of the project because the gain is now calculated based on the lifetime of the project.

- Abdulrahman Barghouth (Host, Riyad Capital) Okay, great. We have a question from the line of Khalid, asking "could you elaborate on your new investment in Green Shield? Is the company operating as a broker or as an aggregator? Also, is the business currently operational or is it still waiting for SAMA license?"
- Saad Alsadhan (CEO) It is a broker license. We acquired this license in order to enable our product, especially in the consumer as a digital insurance. We got the license. The license is there. It's working as a broker and we are applying now for the digital insurance from the Insurance Authority to get the license for the digital insurance, but it is a broker license.
- Abdulrahman Barghouth (Host, Riyad Capital) Thank you. Going back to Madhvendra, you are unmuted. Please go ahead.
- Madhvendra Singh (HSBC) Thank you. So, I'm just asking about the impact on revenue and profits from regional conflict. Did you have any impact at all? I think I missed that answer. Sorry. Thank you.
- Mehdi Khalifaoui (CFO) Thank you Madhvendra. So, for us, we make sure that stock is there for a longer period than what we used to have. So, when it comes, for example, stocks on the CPEs, smartphones, definitely depends on Apple shipment. On our network, we made sure that everything that is required will not have any impact. So, we haven't seen any impact yet or we didn't see any impact on the P&L when it comes to the financial results, except the Q1, which we see it as seasonal. Last year we had the same seasonality when it comes to collection similar to this year. But for us, we worked more on preventing having an impact rather than waiting for the impact to happen and to see it in our financials. Thank you.
- Abdulrahman Barghouth (Host, Riyad Capital) Thank you. We have a question in the Q&A box asking, "Tamam loan growth has slowed down. Should we expect credit losses from Tamam to reduce going forward? And what is your future target for Tamam loan growth in 2026 and 2027?"
- Saad Alsadhan (CEO) We are growing with balancing between, and this is one of the most important thing that we do in Tamam, is to make sure that we are growing with the quality clients. And this is why we reduced the NPL now. We are at almost 7% NPL, they were higher than 10%. So it is part of our plan to make sure that we have a quality of clients and quality of customers. So we are pushing the growth, but with quality. And we try as much as we can as well to have less cost on those acquired new clients.
- Abdulrahman Barghouth (Host, Riyad Capital) Okay, great. And what's your future target for Tamam loan growth in 2026, 2027?

- Saad Alsadhan (CEO) One of the most important thing that we keep monitoring in Tamam other than the NPL is not only the growth, but also the return on sales where we have a return on sales of 14%. We have a plan to go back to the normal percentage that we have, which is around 27%.
- Abdulrahman Barghouth (Host, Riyad Capital) Okay, great. We have follow up question from the line of Thando, Thando please go ahead.
- Thando Skosana (UBS) Great. Thank you. I just had two follow-ups, please. Just in terms of net income, I mean, I know that the group, Zain Group, guides on net income growth. I was wondering if you could share some color on what you expect from net income. I mean, if I look at what you did in Q1, it's 11% growth on a year-over-year basis, underlying basis, which I think is pretty good.
- I wonder if that's the sort of underlying net income growth we should be expecting for the full year, just given the fact that you also refer to the fact that margins should improve now because you have a much more favorable business mix. So just any thoughts on growth for the year on an underlying basis. And then just on CapEx, just if you could guide also for 2026, what you're expecting in terms of CapEx as a percentage of sales. Thank you.
- Mehdi Khalifaoui (CFO) Thando, due to the non-recurring that we had during the first quarter and due also to the saving that we got from the financing cost that we believe it would continue on an organic basis. I mean, if the interest rates go back to a higher level, then this saving might or will definitely reduce. I would guide you towards the EBITDA if this suits you.
- So, EBITDA, we were at minus 1% during the first quarter. We are expecting to stabilize this and to go back to the growth from, I would say, based on the margins that we are seeing now, if this is helping you. Thank you. And on the CapEx side, we are not expecting any drop. I mean, we'll continue deploying on the spectrum that we recently acquired. We are moving as per our plans and similar to what we had in the previous year. Thank you.
- Abdulrahman Barghouth (Host, Riyad Capital) Okay, great. One last question in the Q&A box. I think we asked about this one-off, but there is another question about it. So, could you please provide more color on the 98 million one-off and how we should think about this going forward? Management, if you have any additional information?
- Mehdi Khalifaoui (CFO) What we should think of the 98 million today, definitely we explained it very clearly and it will be on the script once it is published. But again, this is based on IAS 20 related to government grant accounting where any subsidy that we receive is first of all allocated to the CapEx. Once the CapEx are basically at zero net book value, then the difference is allocated over the time of the project. Going forward,

unfortunately, at this stage we are not able to define it and anything that is disclosed or anything that will be recognized during the remaining period of the project will be disclosed. Thank you.

Abdulrahman Barghouth (Host, Riyad Capital) Thank you, management. This concludes our Q&A session. I will now hand it over to Mr. Faisal Alkahtani for his closing remarks.

Faisal Alkahtani (IR Manager) Thank you all for joining us today and for your continued interest in Zain KSA. Should you have any additional questions or require further information, please do not hesitate to contact our investor relations team. We look forward to updating you on our progress next quarter. Thank you again for your time and continued support. Have a great day.

Abdulrahman Barghouth (Host, Riyad Capital) Thank you everyone for participating in Zain KSA earnings call today, hosted by Riyad Capital. With this, I would like to conclude today's call. Have a great day and you may disconnect. Thank you.