Board of Directors Statement

Dear Shareholders,

The Board of Directors is pleased to present Zain Group's Annual Report for the financial year ended 31 December 2025, highlighting the Group's solid financial results and key achievements over the year.

Markets worldwide are witnessing an unprecedented acceleration in technological innovation. Artificial intelligence (AI), cloud computing, advanced networks, the Internet of Things (IoT), and cybersecurity have emerged as essential enablers of economic and social transformation, and as foundational pillars of development.

As the rollout of 5G-Advanced technologies becomes a critical catalyst for innovation, and demand for AI applications surges across industries, telecom operators today are called upon to do far more than provide connectivity. They are expected to design and deliver integrated, value-driven solutions that address the evolving needs of individuals, enterprises, and nations alike.

Amid this rapidly changing environment, Zain Group's '4WARD – Progress with Purpose' strategy has remained steadfast in its ambition to build one of the region's largest TechCo conglomerates, ready to power this new digital era. Across our markets, we have continued to align our strategic direction with global and regional trends, investing in advanced digital infrastructure, the latest technologies, and innovative services that support national development visions.

Operational resilience in the face of challenges

Throughout 2025, Zain strengthened its extensive network of partnerships and enhanced its technological capabilities to keep pace with the fast-evolving ICT sector. This approach has enabled the Group to protect its core business while unlocking new growth avenues in high-potential digital domains, ultimately generating sustainable value for shareholders.

Despite global uncertainties, economic disruptions, and the need for resilient supply chains amid rising geopolitical tensions, the Group navigated these headwinds with agility and confidence, continuing to expand profitably across key regional markets.

Exceptional performance

These efforts delivered outstanding financial results. Annual revenues grew by 14% to KWD 2.3 billion (USD 7.44 billion), the Group's highest level in 16 years. EBITDA increased by 11% to KWD 780 million (USD 2.54 billion), with a healthy margin of 34%, while net income more than doubled, rising 103% to KWD 239 million (USD 777 million).

Data revenues were a key driver of this growth, rising 13% to USD 2.8 billion and contributing 37% of Group revenues, underscoring the accelerating momentum of digital transformation and customer appetite for higher-value services.

Our disciplined investment approach continued to balance expansion with financial prudence. CAPEX rose 40% to USD 1.5 billion, representing 20% of revenues, focused on strengthening networks, modernizing core systems, and accelerating digital transformation across operations.

The Group's customer base grew by 4% to 50.9 million, propped up by the restoration of Zain's network in Sudan, expansion in Iraq, and the growing appeal of 5G services in Kuwait, Saudi Arabia, Jordan and Bahrain.

These achievements were underpinned by network efficiency initiatives, robust cost management, commercial momentum, deeper customer in-sights, the successful implementation of Zain Sudan's recovery plan, and significant progress in new growth verticals such as carrier, wholesale and subsea cable services, enterprise and business solutions, and various fintech services.

Implementation of IAS 29

In 2025, the Group's Extraordinary General Assembly authorized the Board to utilize reserves and share premium to offset any accumulated losses arising from the adoption of International Accounting Standard IAS 29, Financial Reporting in Hyperinflationary Economies, for Zain Sudan. Consequently, the Board approved the transfer of a portion of the share premium balance to eliminate the retained earnings deficit.

This strategic step addressed the long-standing audit qualification related to the prior non-application of IAS 29 and positively impacted the 2025 financial results, raising revenues by USD 119 million, EBITDA by USD 67 million, and net profit by USD 50 million, while restating 2024 full year results accordingly.

Stable cash dividend policy

Reflecting our commitment to shareholder value, 2025 marked a milestone as Zain distributed cash dividends in two installments all paid out during 2025 for the first time in its history: 10 fils for the first half and 25 fils for the nine-month period, totaling 35 fils for the year. These timely distributions underscore the Group's confidence in its long-term financial trajectory.

The Board also recommended total remuneration of KWD 652,775 for the fiscal year ending 31 December 2025, subject to approval by the General Assembly and relevant authorities.

Strong rise of new growth engines

Zain's new growth verticals delivered exceptional progress, generating combined revenues of USD 743 million, an impressive 67% YoY increase and now representing 10% of total Group revenues.

Zain Omantel International (ZOI) led this dynamic growth, with revenues doubling to USD 401 million, while ZainTECH achieved 55% growth, supported by sustained demand for cloud, cybersecurity, and managed services. The fintech business also expanded strongly, with revenues up 28% and transaction volumes reaching USD 11.5 billion, driven by the performance of Tamam in Saudi Arabia, Zain Cash in Jordan, and Bede, Zain's newly launched fintech brand in Bahrain, Sudan, and Kuwait.

Zain also entered the digital insurance sector through the Zain Insure app, marking a strategic expansion within fintech, with further market rollouts planned.

Governance and sustainability

Zain achieved major advancements across multiple Environmental, Social, and Governance (ESG) indices during 2025. The Group's MSCI ESG rating was upgraded from 'BBB' to 'A', while scores in the S&P Global and FTSE4 Good indices surpassed global telecom averages. Additionally, Zain's Carbon Disclosure Project (CDP) rating advanced to 'A', making it the only regional telecom operator at this leadership level. The Science Based Targets initiative (SBTi) also validated the Group's climate action roadmap and emissions-reduction targets.

In Inclusion, Diversity, and Equity (IDE), Zain continued to lead through initiatives that empower women, youth, and people with disabilities, while promoting mental well-being in the workplace. These efforts further affirm Zain's proactive, responsible approach to navigating complex social and environmental challenges across the Middle East and Africa.

Best Employer

Zain was recognized as the number-one telecommunications company in the MENA region on Forbes' World's Best Employers 2025 list, also ranking first in Kuwait and among the region's top three overall. This recognition reflects our continuous investment in talent attraction, professional development, and an inclusive corporate culture.

A digital force

The year 2025 reaffirmed Zain's position as a regional digital powerhouse, diversified, resilient, and purpose-driven. By leading innovation and enabling communities across our markets to embrace digital transformation, Zain continues to play a pivotal role in shaping the region's digital future.

We sincerely value the continued trust of our shareholders, which remains a cornerstone of our success. We are also very grateful to government bodies in Kuwait and across our markets for supporting the ICT sector and empowering Zain to provide meaningful connectivity to the communities, businesses, and governments we proudly serve.

As we move forward, we extend our deep gratitude and prayers for continued prosperity for the State of Kuwait and its people under the wise leadership of His Highness the Amir, Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah.

Board of Directors