

CHAPTER

15

Products & Services



This section explores the company’s implementation of its 4Sight and Sustainability strategies through the diversification of its products and services. It demonstrates how Zain’s services create economic impacts across its different operating markets and how the company adapts its services to address the unique challenges in each of its operations. Throughout the year, Zain further embedded its environment, social, and governance (ESG) indicators to increase the company’s resilience through its various business activities.

The following are the topics covered:



FINANCIAL PERFORMANCE

In 2023, Zain achieved a solid financial performance, representing an 10% year-on-year (Y-o-Y) net profit growth with consolidated revenues growing 10% recording USD 6.2 billion.

Financial Performance: Direct Economic Value Generated and Distributed

+10%
YOY NET PROFIT IN 2023

USD BILLION 6.2
REVENUE

The Annual General Meeting for the year ended 31 December, 2023 to be held in Q2 2024 approved distribution of cash dividends amounting to 35 fils per share for the year 2023.

	2023		2022	
	KD m	US\$ m	KD m	US\$ m
Revenues	1,909	6,212	1,728	5,644
Cost of Sales	(617)	(2,009)	(566)	(1,847)
Operating Costs	(587)	(1,909)	(490)	(1,599)
Net Profit	215	701	196	640
Retained Earnings	457	1,488	393	1,285
Dividends Paid	(151)	(492)	(142)	(463)
Dividends paid to non-controlling interests	(25)	(80)	(2)	(7)
Staff Costs	(166)	(541)	(147)	(479)
Finance Costs Paid	(104)	(339)	(53)	(174)
(Repayment of)/ proceeds from bank borrowings (net)	(65)	(210)	38	125
Income Tax Payments	(7)	(24)	(11)	(37)
Kuwait Foundation for the Advancement of Sciences Paid	(2)	(7)	(7)	(22)
National Labor Support Tax and Zakat Paid	(6)	(18)	(3)	(10)

ZAIN’S ECONOMIC IMPACT THROUGH THE VALUE CHAIN

The company’s value chain spans across different streams with each playing a significant role in supporting Zain’s key activities and meeting customer needs. The company assesses the impact of its value chain from a social, economic, environmental, and human rights standpoint. Zain’s value chain primarily comprises network and equipment providers, product research and development, hardware and software manufacturers, cloud solution providers, system integrators and distribution channels.

CORE PRODUCTS AND SERVICES

The section below explores the channels used to provide Zain’s products and services to its customers and employment opportunities created through such channels. It also provides examples of different core related services that were created specifically for a targeted community.

ZAIN’S DISTRIBUTION CHANNELS

This year, through its distribution channels, Zain generated 92,252 jobs that helped boost economic activity across its markets.

Jobs provided in 2023

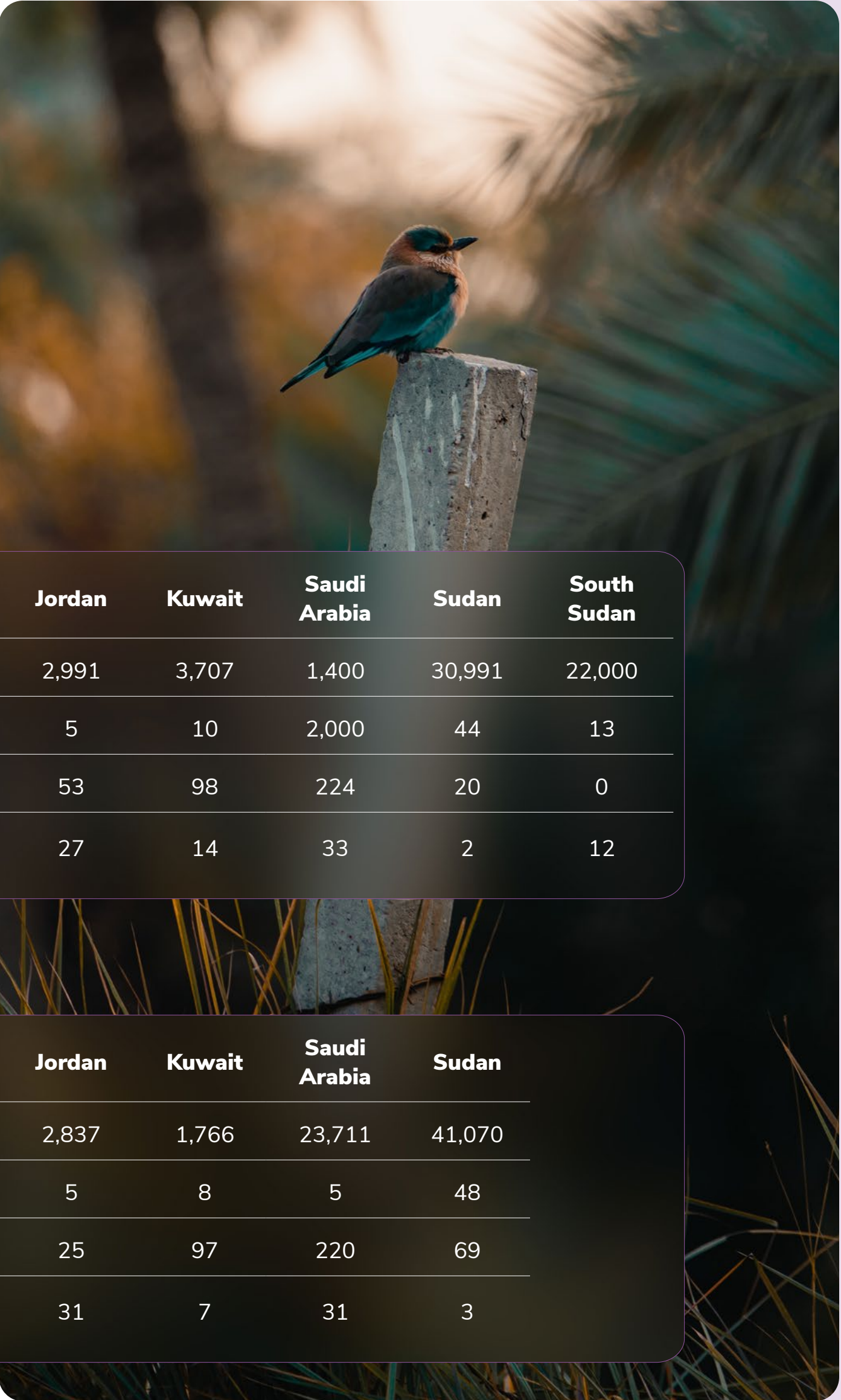
Bahrain	300
Iraq	1,308
Jordan	6,402
Kuwait	7,998
Saudi Arabia	3,100
Sudan	31,958
South Sudan	41,186

Zain’s Economic Impact through its Value Chain - Our Supply Chain 2023

	Bahrain	Iraq
Outlets	3,000	14,100
Distributors	6	3
Franchise shops	0	80
Flagship and Zain-owned stores	17	27

Zain’s Economic Impact through its Value Chain - Our Supply Chain 2022

	Bahrain	Iraq
Outlets	2,500	73,000
Distributors	2	3
Franchise shops	0	77
Flagship and Zain-owned stores	16	28



ADDRESSING VULNERABLE SEGMENTS

SUPPORTING COMMUNITIES IN SUDAN DURING THE CONFLICT

Due to the civil conflict that erupted in Sudan, Zain helped support citizens. To ensure secure communication and information dissemination, Zain launched different bundles to help support the community, which included:

100 minutes and 100 MBs free of charge in April 2023

WhatsApp texting free of charge from April, which is ongoing

Facebook Messenger provided free of charge from May and is ongoing

Provided specific Hajj offer during Eid, starting June 2023

Eid roaming offer was extended for United Arab Emirates and Egypt as many Sudanese migrated to those countries during the conflict

BASMA LINE+

Zain Jordan's Basma Line is now revamped to Basma Line+, which is a mobile bundle package tailored for deaf and mute customers. The revamped line was developed based on focus group sessions conducted with the target audience. Based on the feedback, Zain Jordan doubled the cellular data available within the bundle to 25GBs, 3,000 minutes of video calls, 20,000 minutes on Zain lines, 3,000 minutes local calling minutes on other networks and 3,000 local SMS and zero rating on calling the 114 emergency line.

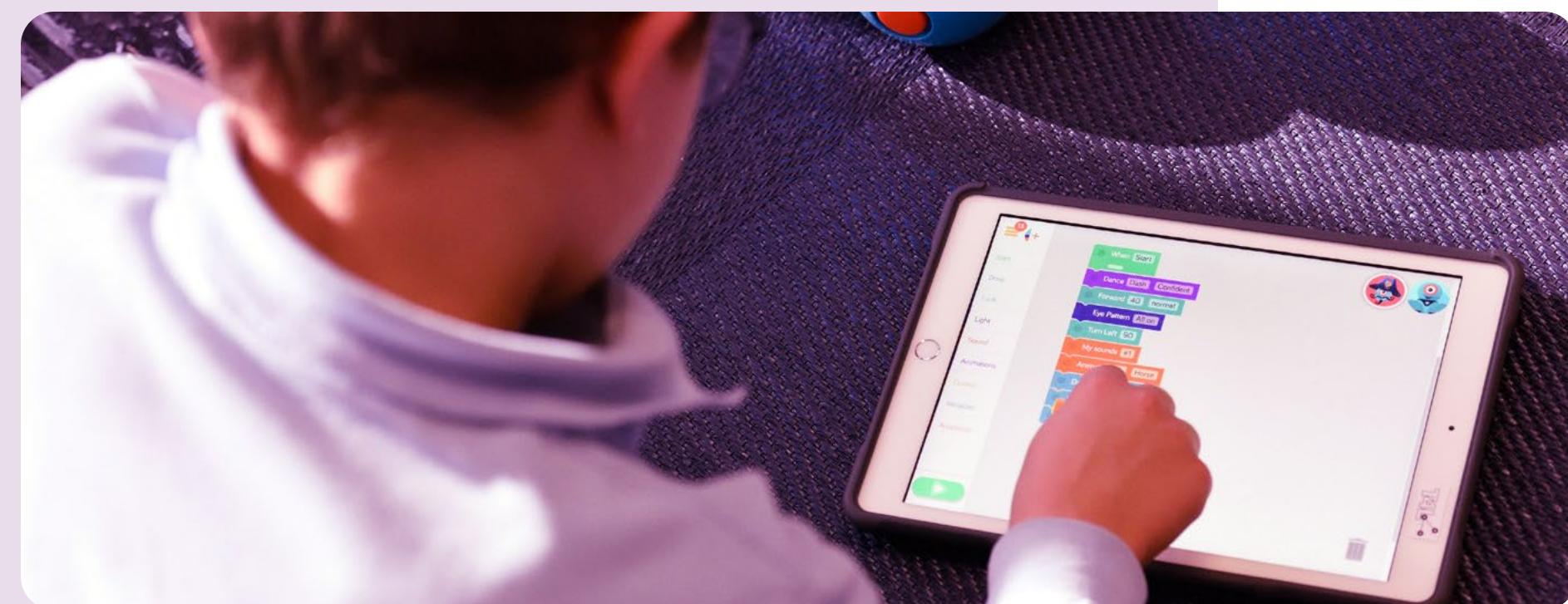
In addition, during the year, Zain Jordan launched the 114 emergency application that provides a video platform feature for the emergency number of the Kingdom to enable people from the deaf community to report emergencies across any mobile network. This application is a continuation of the development of the emergency line project for the deaf community (114), under a specialized work stream that focuses on developing tools to support persons with disabilities to access communications and information technology services. Current Basma Line subscribers number 290. Zain Jordan is working on migrating subscribers from the older version to use Basma Line+.

KASPERSKY SAFE KIDS

In 2023, Zain Kuwait launched Kaspersky Safe Kids, an all-in-one parental control app to protect children online. Features of this application include:

- GPS tracking and alerts:** Ability to find a child on a map, geofence a safe area for them to remain in, and receive an alert should the child leaves it
- YouTube safe search:** Ability to view a child's YouTube search history and restrict inappropriate content
- Website filters:** The ability to block adult content and customize a list of sites and applications that a child can only visit with the adult's permission.
- Screen time and application usage:** Manage the child's screen time per day, per device in alignment to the schedule and rules.

Launched in June 2023, there are a total of 1,052 active subscriptions.

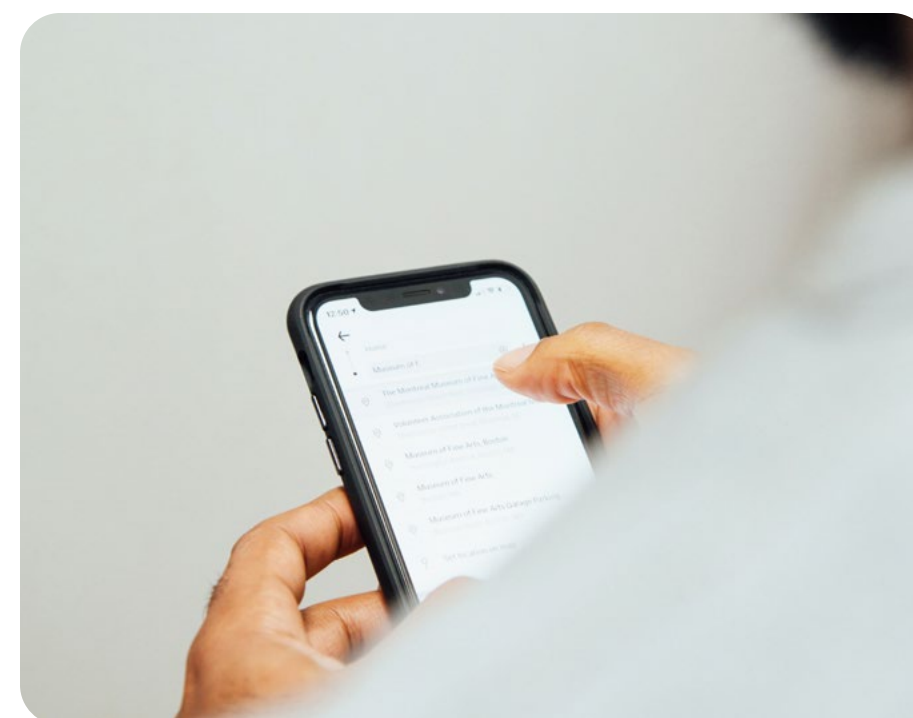


NON-CORE PRODUCTS AND SERVICES

To further diversify the company's products and services, Zain continued to establish different lines of business that are scalable and applicable across markets.

FINANCIAL INCLUSION

Zain FinTech, the financial services arm of Zain Group, is operating services across its Middle East and Africa footprint. Zain FinTech offers a rich and much needed range of innovative products and services related to payments, remittances, credit cards, and micro-finance within Zain's ecosystem and beyond. Zain FinTech's B2B software as a service (SaaS) solution provider FOO specializes in empowering businesses with fintech offerings built entirely in-house, which optimize digital capabilities for clients across diverse industries and enables them to deliver an unparalleled user experience.



ZAIN CASH IRAQ

Mobile wallet licensed by Central Bank of Iraq

Secured license to offer credit cards in 2023

Launching new and improved banking core system to cater for the increase in transaction volumes

ZAIN CASH JORDAN

Largest mobile financial services provider in the country

Launched credit card services

Launched remittance services in collaboration with Western Union

TAMAM SAUDI ARABIA

First micro-financing license in the region

Licensed by Saudi Central Bank (SAMA)

Launched Murabaha Financing - digital instalments service

BAHRAIN FINTECH

Awarded financing license by the Central Bank of Bahrain, and planning to launch services by early 2024

SUDAN

Prior to the conflict, Zain Sudan received the initial approval from the Central Bank of Sudan to launch digital financial services offering.

Due to the political unrest, the telecom services infrastructure was impacted including the planned launch of the fintech platform.

SOUTH SUDAN

Partnership with M-Gurush to offer financial services to Zain customers

KUWAIT

Acquired electronic payment company licensed by Central Bank of Kuwait

Revamping the platform and product offering to provide innovative products and services for SMEs and unbanked



Launched in response to the uptake in gaming during the pandemic, Zain Esports was established in 2020 with the objective of creating a gaming ecosystem to develop gaming talent in the region. Zain Esports hosted online tournaments in 2023, through PLAYHERA reaching 65,000 participants with 50 million+ social media impressions across its channels.

Zain Esports took significant steps in 2023 to advance the local scene in Bahrain. In partnership with Tamkeen and through Zain Bahrain, the Zain Esports Lab was established at Zain's premises with the aim of creating the next generation of world-class esports teams by training and supporting young people. The goal of the lab is to create opportunities for young people in Bahrain to become professional esports players, ultimately providing them with the tools to compete in international competitions such as the esports World Cup in 2024.

The management of the lab is conducted by a team of young Bahrainis, with women making up most of the team. In 2024, Zain Esports will look to replicate this concept across multiple locations in Zain's countries of operation.

Zain Iraq and Jordan continued its activations throughout the year, promoting young Jordanian talents in the field of gaming and streaming through their studios in the ZINC premises in Amman and the Zain Iraq premises in Baghdad, respectively. A notable new achievement from Zain Jordan was the start of a series of workshops on esports, healthy gaming practices and the role of esports and gaming in the economy.



ZAIN SUBSIDIARIES



ZainTECH is a regional integrated digital solutions provider, unifying Zain Group's ICT assets to offer a unique value proposition of comprehensive digital solutions and services and an accelerated time to value from technology investments. The company is positioned to drive transformation of enterprise and government customers in the MENA region by providing a center of excellence and managed solutions, across cloud, cybersecurity, data & AI, drones and robotics, modern infrastructure, and digital solutions.

ZainTECH leverages Zain's global reach, unique regional footprint, and infrastructure across its operations in Kuwait, Saudi Arabia, Bahrain, Jordan, Iraq, Oman, as well as other key markets in the Middle East and Africa.

Contributing significantly to the digital transformation of businesses and governments, ZainTECH offers digital solutions that enhance productivity, efficiency, and competitiveness. These solutions not only create opportunities for job growth

but also facilitate the establishment of a more digitally enabled population, while improving safety and security.

Key achievements since ZainTECH's establishment include:

MARCH 2022

Announcing the launch of world-class managed cloud services and cybersecurity solutions to enterprises and government entities with Zain Kuwait (Zain Business).

OCTOBER 2022

Acquisition of BIOS Middle East, a leading managed cloud service provider.

NOVEMBER 2022

Launch of services with Zain Bahrain.

MAY 2023

The acquisition of Adfolks, a UAE-based cloud-native engineering firm that provides a comprehensive range of cloud transformation services. Adfolks was founded in 2016 and is recognized for its expertise in modern infrastructure, application modernization, security, data, and machine learning, and automation.

OCTOBER 2023

Agreement to acquire Specialized Technical Services Company (STS), Jordan's largest digital transformation solutions company, which has a further presence in Saudi Arabia, the United Arab Emirates and Bahrain.

DECEMBER 2023

Completion of a substantial investment initiative marking the establishment of its state-of-the-art Information and Communication Technology (ICT) Hub and the expansion of its operations at Dubai Internet City, the region's leading community for technology and digital transformation that is part of TECOM Group PJSC.



DIZLEE – ZAIN GROUP’S API PLATFORM

Dizlee, Zain’s API platform provider, is a digital monetization ecosystem operator offering an appealing array of content and gaming services, direct billing, messaging, and digital authentication, among other services, on one platform. To standardize the digital services offerings in Zain’s markets, Dizlee is a one-stop-shop with one of the largest premium customer bases in the region, enabling growth opportunities for digital content providers. Dizlee, a sub -brand that acts as an independent entity, is also committed to streamlining partners’ needs regarding contractual relationships and financial reconciliations.

In 2023, Dizlee expanded its service offering to create a safer ecosystem for Zain’s subscribers, launching its own advertising services in partnership with Mobibox. Dizlee established an AI-powered advertising platform that provides owners of digital services as well as telecom operators, access to all the leading channels of customer acquisition including Facebook, Instagram, TikTok and Google. It also provides additional optimization features by providing service providers the opportunity to acquire customers in a manner that is compliant with all local and international rules and regulations.

Dizlee also partnered with Evina, one of the leading names in cybersecurity within the digital services space, to add a layer of protection for all its connected digital service providers. With over 15 years of research and development experience, in-depth knowledge of the mobile payment and advertising market, and top tier engineers, researchers, and entrepreneurs, Evina turns cybersecurity into a major growth lever for its partners.

In 2024 and beyond, Dizlee aims to provide a 360-degree ecosystem for digital service providers to maximize their return on investment while maintaining the highest level of compliance and security.



50.4
MILLION CONNECTED CUSTOMERS

7
COUNTRIES

275
MILLION SUCCESSFUL TRANSACTIONS

\$271
MILLION END USER SPEND

PRODUCTS & SERVICES



ZAIN OMANTEL INTERNATIONAL

Zain Omantel International FZ LLC (ZOI) was established in partnership with Omantel in May 2023. ZOI aims to revolutionize the international telecommunications wholesale landscape as the premier wholesale powerhouse serving regional operators, international carriers, and global hyperscalers. Throughout the year, four main projects have emerged under this partnership, which span Zain and Omantel’s operating markets.

Facts and Figures

Service	Number of Subscribers in 2022	Number of Subscribers in 2023	Y-O-Y Change	Markets Available	Targeted Community
Basma Line+	341	273	-20%	Jordan	People with Disabilities
Free Basics v2	2 million	2 million	0%	Iraq	Youth
Zain Kids	870,512	12.8 million	-47%	Iraq, Jordan, Kuwait, Saudi Arabia, Oman	Children
Salamtak Insurance Program	30,437	24,400	-19.8%	Iraq	Low-income community
Busuu	431,249	447,689	4%	Iraq	Low-income community
XR Academy (launched in 2022)	24,508	41, 239	68%	Saudi Arabia, Iraq and Oman	Children and Youth

JEDDAH TO MARSEILLE:

Jeddah to Marseille (J2M) is initially a 7,000 km submarine cable from Kingdom of Saudi Arabia to France, which also extends on east towards Singapore for an additional 6,500 km. The cable lands in Singapore, Pakistan, Kingdom of Saudi Arabia, Kenya, Egypt, France, Maldives, Malta, and Cyprus.

BLUE RAMAN:

The Blue Cable System connects France, Italy, Greece, and the Raman Cable System connects Jordan, Saudi Arabia, Djibouti, Oman, and India. We are building this cable system in a small consortium comprising Google and Telecom Italia Sparkle.

AFRICA 1:

The Africa-1 submarine cable system spans 10,000km, initially landing in Kenya, Djibouti, Pakistan, United Arab Emirates, Saudi Arabia, Egypt, and France. The cable system will land in in Zain Sudan with us, cross Egypt on the way to France, and further connect other countries in the Mediterranean such as Algeria, Tunisia, and Italy.

THE SAUDI TERRES-TRIAL NETWORK

Undertaken in collaboration with Zain Saudi Arabia in order to extend Zain KSA fiber network across the Kingdom and connecting all the neighboring countries.