

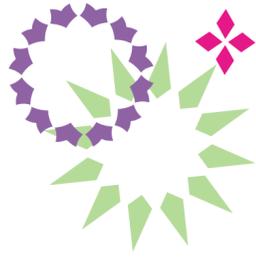


Connecting All Communities

2023

ANNUAL REPORT





**His Majesty King
Hamad Bin Isa Al Khalifa**

The King of the
Kingdom of Bahrain



**His Royal Highness Prince
Salman Bin Hamad Al Khalifa**

Crown Prince and Prime Minister
of the Kingdom of Bahrain



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Connecting with Purpose to Serve all Communities and Generations for a Better Shared Future



As we reflect on our digital journey, we are proud to highlight our commitment to innovation, customer-centricity, and sustainable growth. ”



This year, Zain Bahrain proudly celebrated its 20th anniversary. Over the past two decades, Zain Bahrain has helped shape technological transformations that have revolutionized daily lives and work. We believe in the value of connections – in our personal lives, at work, and increasingly between devices. We help individuals and organizations harness the power of these connections and use technology to improve their lives, solve challenges, and deliver for their stakeholders.

Throughout its 20-year journey, Zain Bahrain has achieved numerous milestones, including deploying state-of-the-art infrastructure, introducing groundbreaking technologies, and expanding its network coverage across the Kingdom. These achievements have positioned Zain Bahrain as a trusted partner for individuals and businesses, enabling them to thrive in an increasingly connected world.

As we reflect on our digital journey, we are proud to highlight our commitment to innovation, customer-centricity, and sustainable growth. In the face of unprecedented challenges, Zain Bahrain has continued to thrive, leveraging technology and expertise to drive positive impact in the telecommunications industry and beyond.

Today, Zain Bahrain is at another inflection point, as stunning new applications and capabilities change the world at an astonishing pace. We continue to invest in the Kingdom's digital infrastructure, build on our superior network and differentiated services, and leverage new technologies such as generative AI and IoT to provide exceptional customer experiences.

Zain Bahrain continues to invest in its 5G mobile network, which now enjoys nationwide coverage. Since launching the 5G network just five years ago, we have grown our 5G connections to an impressive number of customers. We believe advanced technologies such as 5G can bring positive, lasting change for everyone – enriching consumers' experiences, helping enterprises advance in the digital economy, and closing digital gaps in our communities. With our expertise and unique assets, we want to open-up a world of digital possibilities and pave the way for a more sustainable and inclusive future that serves all communities and generations.



Connecting with Purpose to Serve all Communities and Generations for a Better Shared Future

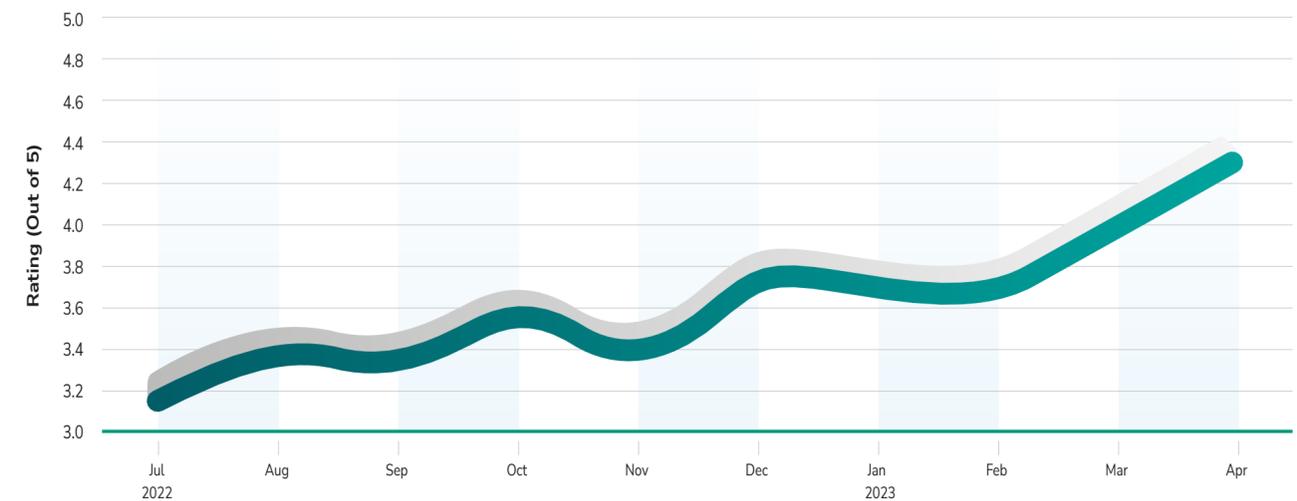


In terms of network performance, Zain saw over 60% improvement in median downlink throughput and over 30% improvement in median uplink throughput after the sunset was complete. These faster speeds played a crucial role in lifting Bahrain’s Speedtest Global Index™ ranking into the top 10 countries worldwide for March and April of 2023.² ”

We continue to invest in advanced technologies that make our existing networks more energy-efficient and, therefore, more sustainable. We have successfully sunset our 3G network, reallocating the spectrum for advanced 4G and 5G services to elevate the mobile experience for our customers. This strategic decision not only supports Bahrain's Economic Vision 2030 digital transformation objectives but also underscores our commitment to embracing cutting-edge digital services and technologies, positioning Bahrain as a frontrunner in the digital realm. The significant impact of this initiative is now evident in the improved Speedtest Global Index™ ranking by Ookla¹, placing Bahrain among the top 10 worldwide for March and April of 2023.

This remarkable achievement highlights our dedication to driving technological innovation, sustainability, and economic growth in Bahrain.

Consumer Sentiment Ratings for Zain Bahrain (Maximum Rating of Five)
Speedtest Intelligence® | July 2022 - April 2023



¹ Ookla® is a global leader in connectivity intelligence that provides consumers, businesses, and other organizations with data-driven insights to improve networks and connected experiences.

²Ookla Case Study (December 2023): How Zain Bahrain Improved Speed and Customer Experience with Crowdsourced Network Intelligence.



Vision, Mission & Values

Vision

To continuously reinforce our leadership and key role in Bahrain's telecommunications sector, placing all our stakeholders at the center of what we do in supporting their digital lifestyles.

Mission

To provide the Bahraini market with quality telecommunications services centered on excellent customer care, and managed by believers in the Zain brand promise, who are empowered, self-motivated and caring. To develop a people-centric organization that cares about others.

Values

Zain subscribes to a set of core values that define its desired organization culture and brand image. These core values are:

Radiance

Leading the way with imagination and vision; bringing joy, color and richness to your life.

Heart

Living your life with courage; engaging your spirit; touching your emotions; connecting to your soul.

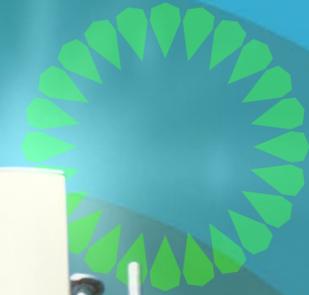
Belonging

Bringing fellowship and community to all; transcending cultural and geographical boundaries.



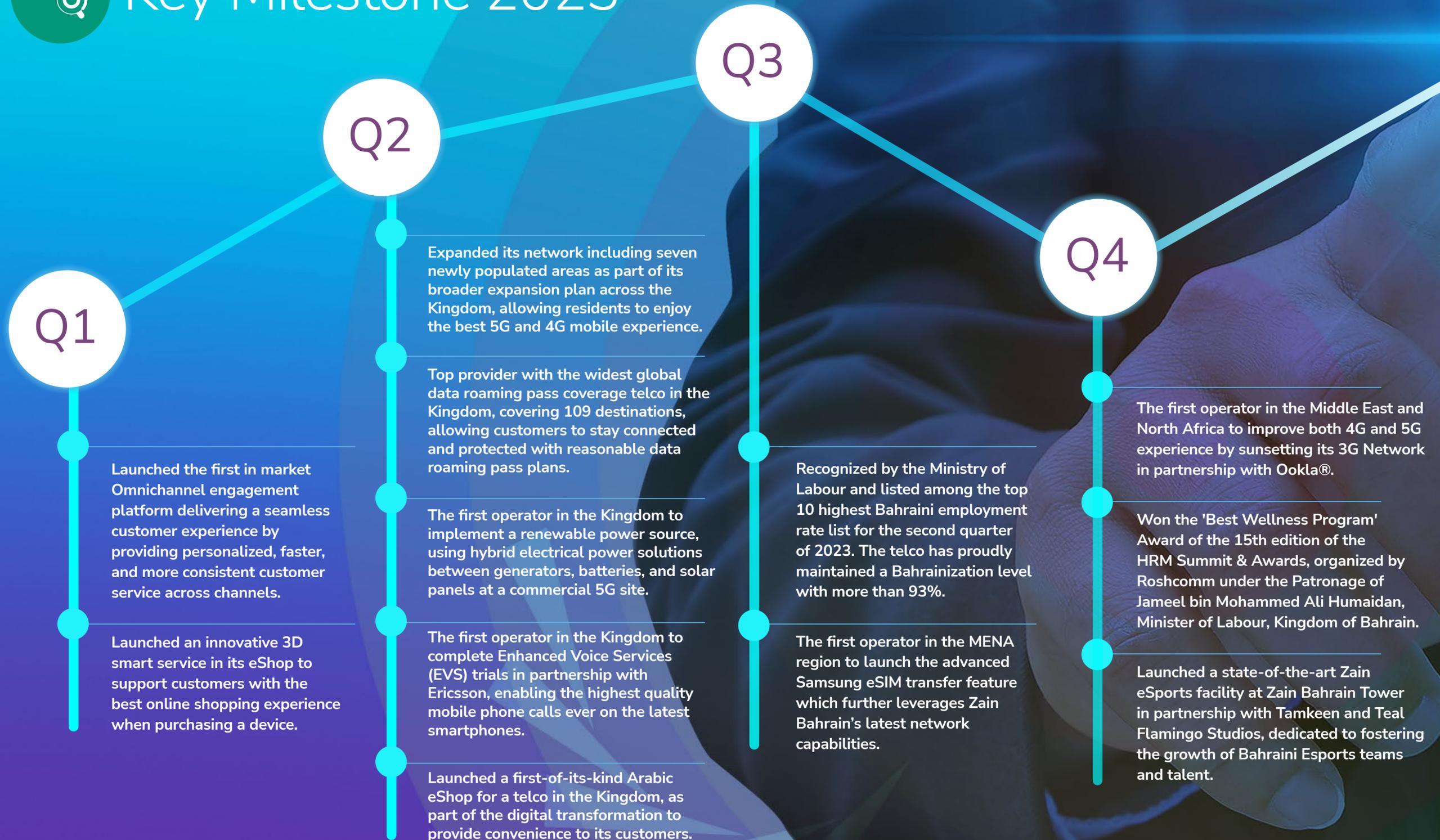


Key Milestones 2023





Key Milestone 2023





Chairman's Statement

Shaikh Ahmed Bin Ali Al Khalifa
Chairman



On behalf of myself and the Board of Directors of Zain Bahrain, I would like to extend my most profound appreciation and great gratitude to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain, may God protect him, and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince, Prime Minister, may God protect him, for the continued support and assistance of the communications and information technology sector and facilitating digital transformation in line with the Kingdom's national aspirations and the Kingdom Economic vision 2030.

I am delighted to present our 2023 Financial Year Annual Report to you. This year has been remarkable for all of us here at Zain Bahrain. We emerged more resilient and improved our capabilities to take advantage of the digital opportunities that come with increased digitization. Our innovative solutions provide enterprises the flexibility and scalability to operate more efficiently and productively. We have extended our high-quality connectivity and innovative products and launched new services and initiatives to enrich our customers' digital experiences sustainably. We are firmly committed to supporting the Kingdom in realizing its Vision 2030 digital ambitions and aim to continue to play a key role in this.

We emerged more resilient and improved our capabilities to take advantage of the digital opportunities that come with increased digitization.



Chairman's Statement



We believe in the power of connectivity and digital services to empower societies. Our priority is to provide communication networks to ensure reliable data flows at high-speed to connect people and communities. ”

Zain Bahrain will continue fostering its people-centric digital culture and work closely to support its customers and empower communities with new solutions to enable them to flourish in this increasingly digital world.

We have taken critical steps to align our services with tomorrow's social and commercial needs, which will continue to keep us relevant and allow us to make a genuinely positive difference for future generations.

Strategy

This year marked our 20th anniversary; our performance results from Zain Bahrain's strong customer-led strategy that empowers all communities. We are a people-centric organization; thus, we have put our customers' needs first in all decisions and actions we have taken – nowhere is this more evident than in our 5G nationwide coverage, which creates new experiences that enrich customers' digital lifestyles, offering significant value to them through competitively priced advanced products and services.

We believe in the power of connectivity and digital services to empower societies. Our priority is to provide communication networks to ensure reliable data flows at high-speed to connect people and communities.

Beyond our consumer customers, we continued to focus on offering our partners and enterprises comprehensive and integrated information and communications technology (ICT) solutions to empower and strengthen their digital initiatives. This includes broadening our solution portfolio to cover new areas of need, such as software-defined networks, cybersecurity, and world-class digital solutions for our business customers.

We have continued to advance our 5G networks and invested in deploying modern wireless infrastructure to enable innovations, such as the Internet of Things (IoT) solutions. On this front, we expanded our coverage into seven newly developed residential areas in Bahrain. We have also deployed Ericsson's latest 5G Hardware as well as new power solutions, which is expected to save up to 60% more energy compared to previous generations of 5G radios and equipment shelters, contributing to a better sustainable future and greener telecom network in the Kingdom. The new 5G hardware is among the industry's lightest and smallest Advanced Massive MIMO radios and compares well with the region's most energy-efficient radio equipment. It is also designed to accelerate 5G mid-band spectrum deployment and boost capacity, coverage, and connectivity speeds.



Chairman's Statement

Our contribution to the employment of Bahrainis has also been recognized, with Zain Bahrain named as one of the top 50 Bahraini companies in 2023 listed in the Al Bilad Annual Report with a Bahrainization level of more than 93%. We were also recognized by the Ministry of Labour and listed among the top 10 highest Bahraini Employment Rates for the second quarter of 2023.

Digital technology is key to saving energy, using natural resources more efficiently, creating a more circular economy to reduce e-waste, and substituting transportation by empowering transactions to be performed online from anywhere. We have continued our e-waste initiatives, which include the successful conclusion of our largest national e-waste school competition in collaboration with the Supreme Council for Environment, Ministry of Education, and Crown Industries. Our purpose is to connect for a better future by exploring the potential of telco-driven technology solutions to improve lives and enable inclusive and sustainable digital societies.

Financial Results

For the year ended 31st December 2023, Zain Bahrain reported a net profit of BD 5.81 million, up by 2% year-on-year (Y-o-Y). At the balance sheet level, Zain Bahrain's total equity accumulated to BD 85.66 million, up by 3% Y-o-Y. Whereas, the company's asset base stood at BD 137.63 million, down by 1.4% Y-o-Y.

Our Commitment to Sustainability "Zaina Fel Ain"

Zain Bahrain is committed to driving sustainable change by empowering communities through equity, inclusion, and digital enablement to provide equal opportunities and access for all. Our Sustainability strategy is aligned with Bahrain's vision and the United Nations' Sustainable Development Goals (SDGs). Our focus on equity and inclusion demonstrates the telco's commitment to supporting – children, youth and seniors, disadvantaged families and communities, and persons with disabilities. Our initiatives aim to empower them with resources to thrive and, in doing so, build community resilience. We are also deeply conscious of our responsibility to the environment and our duty to

create a sustainable future as we pursue business growth. We have increased our efforts to make our operations greener and support our transition to net-zero emissions by investing in energy efficiency and low-carbon innovations. The telco will continue its commitment to sustainability and ensure it is at the core of all its businesses.

Our Commitment to Our Customers

At Zain Bahrain, we are focused on deepening our engagement with our customers to develop long-term, fruitful, and sustainable relationships through customer service personalization and employing the latest omnichannel technologies. Customers' needs are constantly evolving, and to meet these increased demands, we must continuously focus on customer needs and expectations. We strive to play a positive role in our customers' lives by driving regular positive engagement and enhancing digital engagement. We are also determined to provide value for money with more options and unique features that matter to them and empower them to be more connected and optimistic about their futures. We will continue to prioritize our customers in our decisions and actions to achieve our vision of becoming the Kingdom's most customer-centric brand with long-lasting customer relationships.

Our Commitment to Our People

A key part of our people-centric philosophy is fully embedded in the company culture. We do this by listening to our teams and helping them define actionable change plans to improve themselves and to drive the company's growth.



Chairman's Statement

Zain Bahrain is a distinctive company and an employer of choice, cultivating a workplace where its people feel a sense of belonging, enabling them to put the customer first and to make a positive impact, thereby promoting on-going career and organizational growth.

We continue to invest in upskilling our existing teams and enhancing our current and emerging capabilities. We conduct regular skills assessments and training and define and action structured developmental roadmaps to fill new and emerging skill gaps. Our employees' skills, abilities, knowledge, and experience are invaluable assets in securing Zain Bahrain's digital future.

The telco has established itself as a pioneer in promoting well-being and diversity within its company culture. It has made significant strides in embedding these values into its company beliefs. One notable achievement is the substantial female representation in the company's middle and upper management roles, reflecting Zain Bahrain's dedication to gender diversity and empowerment.

Conclusion & Looking Ahead

As we enter 2024, Zain Bahrain is poised for a year of significant achievements, marking the beginning of a new financial digital journey and fresh investments. With a solid commitment to leadership and excellence, our efforts will further enhance Zain Bahrain, driving value and fostering growth. Our focus on innovation will persist, empowering meaningful relationships across various sectors and stakeholders, including employers, employees, customers, friends, and family. Through our dedication to continuous improvement and collaboration, we aim to create a positive impact and strengthen our position as the leading telecom provider in Bahrain.

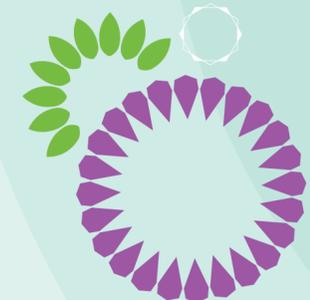
With our 5G investments, advanced capabilities, and network, we are determined to unleash 5G's full potential to catalyze new growth and build a more connected and sustainable digital future across the Kingdom. While these achievements are positive, we have more work to achieve our full potential and our vision to accelerate the digital transformation, contributing to Bahrain Economic Vision 2030. We are confident that Zain Bahrain is well-placed to go from strength to strength in the year ahead.

I want to thank the Board for their guidance, the executive management for helping to navigate the past year's challenges, and Zain Bahrain family for their dedication to the company and its valued customers. It is my privilege to share Zain Bahrain 2023 Annual Financial Report.



Shaikh Ahmed Bin Ali Al Khalifa

Chairman





Board of Directors

Shaikh Ahmed Bin Ali Al Khalifa (Chairman)

Non-Executive / Non-Independent

Shaikh Ahmed Bin Ali Al Khalifa is a Bahraini businessman that has been involved in running the board of many companies in various sectors over a period of 30 years. He is currently the chairman of the board of DHL International Bahrain W.L.L., DHL Aviation W.L.L. and MENA Aerospace Enterprises W.L.L. He has been acting as the chairman of the board of MENA Aerospace Enterprises W.L.L. since its establishment in year 2004. Shaikh Ahmed Bin Ali Al Khalifa is also the chairman of Muharraq Club since 1989 and prior to that he was the Vice chairman of the club from 1978 to 1988.



Board of Directors

Mr. Osamah Othman AlFuraih (Vice Chairman)

Non-Executive / Non-Independent

Mr. Osamah Othman Al Furaih is the Chairman of the Board of Directors of Zain Group. He is a Senior Investment Manager at Kuwait Investment Authority of the General Reserves Fund, which manages liquid investments, portfolio management, international investments and strategic asset allocation.

Al Furaih is an accomplished leader with over 23 years of experience in the investment, industrial, banking, aviation sectors, tourism and hotel sectors, transportation, along with establishing new companies. In addition, he has a prosperous career in project management and development, investment, and portfolio and asset management, real estate and investment valuation, project and corporate financing, credit, securities analysis and risk forecasting across the European, American markets, and MENA.

Al Furaih was the Chairman of the Board of Directors of the Kuwait Flour Mills and Bakeries Company from 2018 until 2023. It is a state-owned group specializing in food security. Al Furaih also occupied the position of a Board Member at Kuwait Airways from 2018 until 2020.

He previously held the position of the Chairman of the Board of Directors of the National Fund for Small and Medium Enterprises (SME) from 2014 to 2017, and Vice Chairman of the Board of Directors of The Arab International Hotels Company (2004-

2011). He served as the chairman of the Board of Directors of the Touristic Enterprises Company and was a board member at Arab African International Bank, Industrial Bank of Kuwait, the Syrian Arab Company for Hotels and Tourism, Kuwait United Poultry Company, and the Yemeni Kuwaiti Company for Real Estate Development.

Al Furaih holds a Bachelor's degree in Business Administration from Tennessee State University (1997) - Dean's List. In addition, he completed finance programs at the University of Cambridge and the Economic Growth Leadership Program at Harvard University.

Shaikh Rashid Bin Abdulrahman Al Khalifa

Non-Executive / Independent

Shaikh Rashid Bin Abdulrahman Al Khalifa has been the Managing Director of Mi'mar Architecture & Engineering since 1992. Prior to that, he worked with the Bahrain Defense Force, holding the position of Director of Military Works from 1982 to 1991 and Head of Engineering Department from 1978 to 1980. Shaikh Rashid holds a BSc in Architectural Engineering from the University of Cairo, Egypt, a Master's degree in City Planning from Howard University, USA, and a certificate of Advanced Management program from Harvard University, USA. He is a registered member of the Council for Regulating the Practice of Engineering Professions (CRPEP) in Bahrain, the American Institute of Architects and the American Planning Association.





Board of Directors

Mr. Bader Nasser Al-Kharafi

Executive / Non-Independent

Bader Nasser Al-Kharafi is Vice-chairman and Group CEO of Zain Group. Mr. Al-Kharafi is one of the most active business leaders in the Middle East and Africa region. He holds office as Chairman, VP, MD and Board member in several businesses that form part of the Kharafi conglomerate, one of the largest privately owned, diversified groups based in Kuwait and operating across the GCC and MENA with more than 135 registered companies operating in more than 28 countries in various sectors.

Mr. Al-Kharafi is also the Chairman of the Executive Committee of Boursa Kuwait; Vice Chairman and Managing Director of Kuwait based Gulf Cables & Electrical Industries KSC; General Manager of Al-Khair National for Stocks and Real Estate Co; and a Board member of Refreshment Trading Company (Coca-Cola). Additionally, he is a Board member of Gulf Bank, Kuwait, one of the country's largest financial institutions, as well as a Board member of Foulath Holding B.S.C. (Bahrain Steel BSCC).

Mr. Al-Kharafi attained an Executive MBA from London Business School and holds a Bachelor's degree in Mechanical Engineering from Kuwait University.

Mr. Yousef Khaled Al-Abdulrazzaq

Non-Executive / Non-Independent

Mr. Yousef Al-Abdulrazzaq was appointed to Zain Bahrain's Board on 27th November 2018. Mr. Al-Abdulrazzaq also represents Kuwait Investment Authority (KIA) as a Board member in Zain Group. Joining the KIA in 2006, he is currently an investment manager within the General Reserve Sector under the local equities department.

Mr. Al-Abdulrazzaq holds office as Board Member and other key roles in several Kuwaiti entities. Since 2012, he is a member of the Board of Directors at Touristic Enterprises Company where he also serves as Member of the Executive Committee and Chairman of the Audit Committee. Established in 1996, Touristic Enterprises Company is a pioneer in Kuwait's entertainment and recreation business, through its various well-established facilities.

Since 2015, he also served as a member of the Board of Directors and Chairman of the Audit Committee and Chairman of the Human Resources Committee at the Public Utilities Management Company, Kuwait, a fully owned subsidiary of the KIA. The Company was founded in 1982, to diversify internal investment, development and income in Kuwait through the exploitation of lands and state assets.

In 2010, he was involved in the Kuwait Airways privatization project. Over the years, Mr. Al-Abdulrazzaq has attended numerous accredited training courses and conferences and attended an intensive on job training with Daiwa SB Investments – London. Mr. Al-Abdulrazzaq holds a Bachelor's degree in Business Administration with a major in Finance from Kuwait University.



Board of Directors

Mr. Ali Hassan Al-Khaja

Non-Executive / Independent

Mr. Ali Hasan Al-Khaja is backed by a wealth of experience across various sectors, including hospitality, technology and the printing and newspaper sector. Mr. Al-Khaja is also a technology entrepreneur and a holder of several patents in the areas of e-commerce and m-commerce across the USA and the EU.

He is also a passionate innovator; developing mobile transactional patents and innovative cloud services that provide mobile solutions for the customer care industry. Mr. Al-Khaja was the driving force behind the launch of the world's first Customer Service Transparency Standard, which provides the sector with a new brand to indicate the highest levels of quality. He received his Diploma in Hospitality.

Mr. Nasser Suleiman Al Harthy

Non-Executive / Non-Independent

Nasser bin Suleiman Al Harthy has been a member of the Board of Directors of Zain Group since 2020 and was appointed to the Board of Zain Bahrain in May 2023. He has extensive experience in the investment, economic and financial sectors, and holds the position of Depute President for Operations at the Oman Investment Authority and is responsible for financial and administrative affairs, information management, legal affairs and compliance. Mr. Al Harthy is also the Chairman of ASYAD Group, Chairman of Vietnam Oman Investments company and Chairman of Takatuf Oman.

With over 21 years of experience Mr. Al Harthy has held a number of leadership roles in the fields of investment including the Director General of the State General Reserve Fund in the year 2019, the position of Director General of Investments in the Ministry of Finance in 2015, and before that he held the position of Director General of Financial Investments in 2008.

Mr. Al Harthy holds a Master's Degree in Business Administration (MBA) from Victoria University in Australia, a Bachelor of Finance from the United Arab Emirates University. Mr. Al Harthy also attained the National Leadership and Competitiveness Program (NLCP) from Oxford University.



Key Financials

Operating Profit

6.19
Million

Net Profit

5.81
Million

Revenue

72.32
Million

Total Equity

85.66
Million

Total Assets

137.63
Million

EPS

16
Fils



Managing Director's Statement

Mohammed Zainalabedin
Managing Director



Building on our Solid Foundations:

This year has been tremendous for Zain Bahrain as we celebrated our 20th anniversary in December 2023. Over the last two decades, we have stayed true to our strategy and continuously transformed our operations to deliver excellent customer service. We have emerged as a leading telecommunications company, revolutionizing how people connect and communicate in the Kingdom. From the beginning to our current position, the telco has consistently demonstrated a commitment to innovation, customer satisfaction, and social responsibility.

The success of Zain Bahrain is attributed to the visionary leadership of the Kingdom of Bahrain in the telecoms sector and its commitment to providing next-generation connectivity. Also, I want to offer thanks to our passionate, talented people, whose unwavering dedication and strategic guidance have propelled the company to new heights. Everybody at Zain Bahrain, across the board, managerial and front-line colleagues, has a clear sense of what we must do to deliver on our strategy to transform the business for the benefit of all our stakeholders.

We have emerged as a leading telecommunications company, revolutionizing how people connect and communicate in the Kingdom. From the beginning to our current position, the telco has consistently demonstrated a commitment to innovation, customer satisfaction, and social responsibility.





Managing Director's Statement



Our Omnichannel Engagement Platform delivers exceptional customer service and an effortless experience. ”

Deepening Customer Engagement:

With the rapid advancements in technology and the ever-evolving needs of our customers, Zain Bahrain has continued to lead the way in providing excellent support to customers and investing in innovative, convenient ways to communicate with them. We have launched another telco first-in-market Omnichannel platform. Our Omnichannel Engagement Platform delivers exceptional customer service and an effortless experience that creates seamless, integrated, personalized engagements across every touchpoint throughout the customer service journey.

In an era of rapidly advancing technology, Zain Bahrain has recognized the importance of embracing innovation while acknowledging its responsibility towards the planet and making a positive difference. The telco has continued its initiative in partnership with The National Initiative for Agriculture

Development (NIAD) and pledged to plant one tree on behalf of each customer who activates an eSIM, a significant step towards reducing the environmental impact of traditional SIM.

By introducing eSIM technology, Zain Bahrain has not only provided its customers with a convenient and efficient means of communication. It has also taken a significant step towards reducing the environmental impact of traditional SIM cards. With each eSIM activation, Zain Bahrain empowers its customers with the latest technology and helps the environment.



Managing Director's Statement

Placing Customers in Control of their Connectivity:

We continue to invest significantly in new products and services that match our customers' evolving needs. Zain Bahrain introduced newly added exclusive offers covering all segments of the market. These offerings included innovative consumer products and carefully picked business solutions that support the ongoing needs of business customers.

Empowering All Communities:

Our commitment to empowering all communities goes beyond providing connectivity. We are dedicated to making a positive impact by supporting education, healthcare, and social initiatives for those less fortunate than us. Through our sustainability corporate strategy, we aim to create lasting change and contribute to the overall well-being of the communities we serve, ensuring that no one is left behind in the digital age. Access to reliable networks and communication services is something that everyone should benefit from. We have invested in building a robust network infrastructure that reaches even the most remote areas across the Kingdom; we have implemented initiatives to provide affordable internet access and devices and are working towards ensuring everyone has the tools and resources they need to thrive in the digital world.

We celebrate the diversity of our communities and strive to create an inclusive environment for all. We continue to watch for our underserved communities to ensure they are not left behind in this digital age. This year, we have partnered with Al Hekma Society for the Retired. This initiative aims to help the members combat possible feelings of isolation and promote a sense of belonging. It aims to achieve a win-win partnership, allowing Zain to leverage the society retiree community knowledge and expertise to educate and mentor the youth.

We are also providing educational seminars and discussions for students, including seniors at Dar UCO, on how to protect personal information online, including social networking, more safely and how to avoid opening scam attachments, clicking on links, or responding to calls from unknown people claiming to offer prizes or requesting personal information.

As part of our mission to focus on the youth, we are committed to playing a pivotal role in building and expediting the Kingdom's Esports ecosystems. We have partnered with Teal Flamingo Studios and the Labour Fund (Tamkeen) to launch the first-of-its-kind, innovative Esports development hub, "Zain Esports Lab." The Lab provides comprehensive training programs and state-of-the-art facilities to nurture the vibrant esports industry in Bahrain and beyond. This initiative is part of Zain Bahrain's commitment to providing more opportunities for the youth, i.e., for local players and fans to share their passion and position Bahrain highly on the Esports map.

Zain Bahrain aims to empower all communities while exposing them to the digital world safely through equity and advancing a more inclusive digital society to enable the achievements of the UN SDGs.



Managing Director's Statement

Cybersecurity & Data Protection:

Cyber threats constantly evolve, with heightened threats, sophisticated phishing scams, and cyber-attacks. We continue investing in cyber threat detection capabilities, preventative controls, and defensive strategies. We have also made a further series of commitments and investments to improve our cyber security posture and offer additional protections and tools for our customers and employees.

We have also enrolled all our employees in an ongoing e-learning cyber security training program throughout the year to ensure they have the knowledge and awareness of the latest cyber security attacks, trends, and policies to protect the business.

As part of our comprehensive cybersecurity initiatives, we have also organized awareness sessions with Al Hekma Society for the Retired as part of our collaboration to educate and equip them with the necessary knowledge and skills to protect themselves from cyber threats. By offering these educational opportunities and personalized support, we strive to enhance cybersecurity awareness and resilience within our community.

Our Commitment to the Kingdom of Bahrain:

Looking ahead, we are filled with excitement and optimism for the future of Zain Bahrain. With the rapid advancements in technology and the ever-evolving needs of our customers, we are confident that Zain Bahrain will continue to lead the way in innovation and deliver exceptional value to its stakeholders. We also reaffirm our commitment to the Kingdom of Bahrain. We will continue to invest in cutting-edge infrastructure, nurture local talent, and contribute to the socio-economic development of the Kingdom.

Our customers remain our top priority, and we stand ready to empower them to transform digitally through our wide range of products and services. We will continue to invest in the latest infrastructure and systems to drive operational efficiency and resilience while delivering the best network and digital experience.

I want to thank the entire Zain Bahrain team and all those who have been part of this incredible journey. Together, we have achieved remarkable success, and I am confident that the next 20 years will even be more extraordinary.

Sincerely,



Mohammed Zainalabedin

Managing Director



CEO's Statement

Duncan Howard
Chief Executive Officer



With great pleasure, I share the significant achievements and milestones that Zain Bahrain has accomplished throughout 2023. First and foremost, I want to express my gratitude to our valued customers, employees, and partners for their unwavering support and trust in our vision throughout our digital transformation journey. We have come a long way, and we have delivered significant milestones. Your confidence in our abilities and strategy has driven Zain Bahrain's success and propelled us towards new heights.

I am also proud to announce that this year marks Zain's Bahrain 20th anniversary of delivering exceptional services and innovation to its valued customers. Since its establishment in 2003, Zain Bahrain has been at the forefront of the telecommunications industry, consistently providing cutting-edge solutions and contributing to the digital transformation of the Kingdom.

I want to express my gratitude to our valued customers, employees, and partners for their unwavering support and trust in our vision throughout our digital transformation journey. ”



CEO's Statement



Our focus on digital transformation has allowed us to stay ahead of the curve and meet the evolving needs of our customers in this digital era. ”

Growing Our Digital Capabilities:

Zain Bahrain has demonstrated resilience and adaptability, achieved significant growth, and, in doing so, maintained a solid financial position. Our commitment to innovation, customer-centricity, and operational excellence has been the core of our success. The company's diligent efforts in optimizing its operations, expanding its customer base, and diversifying its service offerings have yielded successful outcomes.

The telecom industry is constantly evolving, and we must continue to adapt to these changes and remain competitive. We must stay ahead of the curve by investing in the latest technologies and innovating our services to meet the ever-evolving needs of our customers. Our cutting-edge technologies and infrastructure investments have consistently enabled us to deliver a superior customer experience. We have repeatedly enhanced our network capabilities, ensuring seamless connectivity and an unparalleled user experience. Our focus on digital transformation has allowed us to stay ahead of the curve and meet the evolving needs of our customers in this digital era.

We have focused on the necessary steps to secure these capabilities, which include deploying 5G, building on our superior Network, differentiated services, and leveraging new technologies such as generative AI and the Internet of Things (IoT) to provide exceptional experiences that offer full capabilities in a digital world to our customers in all sectors. We have also implemented an omnichannel approach to enhance customer experience and streamline communication across various touchpoints. By integrating multiple channels, we aim to provide customers with a seamless and consistent experience regardless of how they interact. This strategy allows for personalized interactions, improved customer service, and increased customer convenience.

This year, we have achieved another significant milestone: we have improved our 4G and 5G experience with superior network speeds and coverage by sunsetting our 3G Network, making us the first operator in the Middle East and North Africa to make this strategic move. This milestone transition is part of Zain Bahrain's significant network upgrades, investing in the latest technologies and re-using the spectrum for more efficient 4G and 5G services.



CEO's Statement

This innovative regional-first will support Bahrain's Economic Vision 2030 digital transformation aspirations, including enabling the adoption of new digital services throughout the Kingdom. Our clients are now benefiting from significantly improved 4G and 5G coverage and higher internet rates. According to Ookla Case Study¹, "Zain saw over 60% improvement in median downlink throughput and over 30% improvement in median uplink throughput after the sunset was complete. These faster speeds played a crucial role in lifting Bahrain's Speedtest Global Index™ ranking into the top 10 countries worldwide for March and April of 2022."²

We have also further expanded our 5G network into newly developed areas in the Kingdom as part of our broader network expansion across a number of new residential and commercial areas. Through these efforts, we have established an advanced network that will enable long-lasting digital transformations in all sectors throughout the Kingdom.

Customers at the Center of Everything We Do:

Our valued customers are at the center of everything we do. Zain Bahrain strives to exceed its customers' expectations in all moments. We have always put our customers' needs first in our decisions and actions – delivering the best customer service, creating new experiences that enrich their lives through our reliable advanced Networks, and offering significant value to them through competitively priced products and services.

We have also taken our customer service standards to an exciting new level, allowing customers to buy the latest smartphones and gadgets through the newly launched Arabic-language eShop version; it comes as part of the telco's digital transformation. Through a commitment to bringing convenience to customers and meeting and exceeding their evolving needs. We are committed to exceeding our customers' expectations and providing them best-in-class services.

This year we have upgraded our eShop with an innovative 3D smart service to support customers with the best online shopping experience when purchasing a device. The new self-optimizing 3D interactive shopping service helps Customers visualize devices as if they were holding them by presenting high-definition, true-to-life 3D models. This initiative is part of the company's commitment to providing accessible online tools that make customer choices easier, a crucial part of Zain Bahrain's digital transformation journey.

¹ Ookla® is a global leader in connectivity intelligence that provides consumers, businesses, and other organizations with data-driven insights to improve networks and connected experiences.

² Ookla Case Study (December 2023): How Zain Bahrain Improved Speed and Customer Experience with Crowdsourced Network Intelligence.



CEO's Statement

Wiyana Family Packages:

We are the first operator in the Kingdom to launch family plans with parental control, sharing features, and broadband connectivity designed to cater to the diverse needs of families. Our “Wiyana” packages are tailored to provide cost-effective solutions for families looking to stay connected and enjoy various services through our specialized plans that include shared data, minutes, and other benefits. Zain Bahrain simplifies communication and entertainment options for families conveniently and affordably while promoting unity and connectivity.

Supporting Enterprise Transformations & Growing Our Partnerships:

Zain Bahrain is dedicated to fostering collaboration with partners across diverse industries to share innovations and introduce cutting-edge solutions to the Kingdom. By working closely with a network of partners, Zain Bahrain aims to leverage collective expertise and resources to drive innovation and deliver world-class services to its customers. Through strategic partnerships, we can access new technologies, ideas, and market insights, enabling us to stay at the forefront of the rapidly evolving telecommunications landscape. This collaborative approach enhances Zain Bahrain's service offerings and contributes to the overall development and advancement of the Kingdom's digital ecosystem.

In 2023, we have continued our commitment to expedite the digital transformation across the Kingdom, delivering the latest technology trends and solutions by partnering with several sectors, including the Bahrain Chamber of Commerce and Industry, Bahrain Polytechnic University, American University of Bahrain, Al Liwan by Seef Properties, and Bank of Bahrain and Kuwait. These partnerships have enabled us to introduce groundbreaking solutions and services, further enhancing our competitive position.

We will continue accelerating our infrastructure and services leadership, and in doing so, we will trailblaze innovations across industries to empower developers, partners, and enterprises across the Kingdom to thrive in an interconnected digital economy.

Building a Better Future for All:

Our commitment to forging a more inclusive and sustainable future is unwavering, one where our technology and innovation catalyze positive change in our environment. We have continued to invest in initiatives that empower communities, promote education, and foster sustainable development.

Through our Zaina Fel Ain various programs and our sustainability strategy, we have positively impacted the lives of many, contributing to the overall well-being of Bahrain. To achieve this, we ensure that our business practices align with our values while embedding governance and sustainability into our business. We are also empowering communities with the necessary digital capabilities and tools to enable them to benefit from the opportunities the digital economy brings.

We have also continued our commitment to creating an inclusive workplace where every employee feels valued, respected, and empowered. Zain Bahrain recognizes that diversity and inclusion are essential for fostering innovation, driving business success, and building a solid, cohesive organizational culture. This year, our senior leadership team has completed Diversity, Equity, and Inclusion (DEI) training, representing a significant step towards fostering a robust culture of belonging and advancing inclusivity within the organization, aligning with Zain's core values.



CEO's Statement

Helping People to Advance:

Zain Bahrain is dedicated to delivering long-term value for its employees, customers, shareholders, and the broader community, guided by its people-centric strategy. Our success is being driven by responsible, sustainable practices across the board, and this is only possible through the dedication and commitment of our strong team.

We have created a more inclusive workplace environment to help our people feel more appreciated and heard. We also firmly believe that diversity in technology leads to stronger teams and increased innovation. Our commitment to building a place for talent to grow and thrive professionally has seen us rolling out different initiatives to provide our people with exciting and impactful work, career discovery and development, inspiring teams, and a caring workplace.

Zain Bahrain continues to foster an inclusive and supportive culture to benefit from a broader range of perspectives and talents that drive innovation and success within the company. We have also updated our family leave policy in addition to the previous policy, guided by gender equality:

- Parental Leave Integration – an additional two months of remote work for working mothers to bond further with their newborns.
- Recovery Leave – leave for working mothers and fathers for emotional wellbeing and recovery.
- Paternity – leave for working fathers for that extra special bonding time as a family.

We are also providing everyone with the necessary digital tools, training, and resources they need. We have conducted multiple training programs this year, which included a five-day Data Analytics Accelerator Training Program. The program mainly focused on the latest technologies for data analysis in the telecommunication sector. As part of our front-line development career plan, we have also conducted an Advanced Sales Skills Training Program for all our consumer marketing and sales teams.

Emerging Stronger:

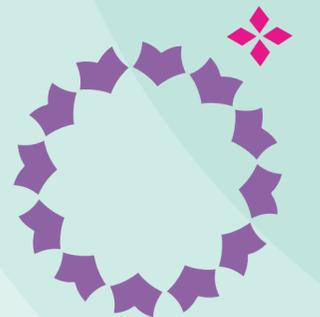
Looking ahead, we are excited about the prospects and opportunities. We remain committed to our core values of integrity, excellence, innovation, and customer experience. We will further focus on strengthening our market position, expanding our service portfolio, and delivering exceptional customer value. While we have accomplished a lot in the last twelve months and indeed in the twenty years since we started, there is still much work to be done, and we are confident that our relentless pursuit of growth and customer-centric approach will pave the way for a prosperous future.

Finally, to our employees, the backbone of Zain Bahrain. I want to extend my heartfelt appreciation to our dedicated employees, whose hard work and commitment have been instrumental in our success. Their dedication and passion for excellence have been the driving force behind our achievements.



Duncan Howard

Chief Executive Officer





Delivering on Our Advanced Business Strategy





Delivering on Our Advanced Business Strategy

1. Commitment to Service Excellence

At Zain Bahrain, delivering an outstanding experience is not just a once-off initiative but an ongoing commitment to excellence. We understand that exceptional service requires consistent efforts, attention to detail, and a dedication to understanding and meeting our customers' needs. We are a people-centric company that serves all communities and all generations; we are committed to going above and beyond to ensure that our customers are always satisfied with the service they receive.

We are simplifying how people interact with us and empowering them to meet a broader range of their service needs through our omnichannel customer engagement platform. We are revolutionizing customer interactions by offering a seamless omnichannel experience.

Zain's omnichannel approach ensures a consistent and personalized experience for every customer anytime, anywhere. By leveraging cutting-edge technology, we are empowering customers to connect with us on their terms, enhancing satisfaction and fostering long-lasting relationships.





Delivering on Our Advanced Business Strategy

2. Continued Innovation in Our Core Businesses

Our strategic investments over the years have enabled us to expedite digital transformation by accelerating our pace of innovative digital adoption, to align with customers' and enterprises evolving needs. Zain Bahrain pursues continuous and robust growth through investing in reliable ICT technologies, digital financing solutions, and services based on 5G technology while harnessing new growth engines based on AI and advanced digital infrastructure. We aim to continue enhancing our services by launching differentiated customer value propositions and offering unique services and innovative solutions by maximizing the advantages offered by 5G networks, which power high-speed and hyper-low latency applications.

Going forward, we will continue innovating in all business areas to shift into a new era with limitless possibilities.

3. Increasing Positive Social Impact by Linking ESGs with Everything We Do

Our ESG performance is integral to the company's success as we strive to build a more sustainable, inclusive future. We continue to invest in more energy-efficient solutions that power our existing networks and reduce carbon emissions. We will continue expanding our sustainable solutions using ESG measures across the Kingdom. We will achieve this through partnering with local organizations in different sectors to support and learn how to effectively manage and address their environmental impacts and take steps to focus on advancing its efforts around climate change, carbon emissions, e-waste, and sustainable sourcing. The telco is also committed to driving sustainable change by empowering communities through equity and inclusion and digital enablement to provide equal opportunities and access for all so that no one is left behind.

4. Investing in Our People

Employee well-being is our priority, and we continue to invest in programs, initiatives, and amenities that promote and enhance physical and mental health. We offer comprehensive benefits to help our people stay healthy and manage their professional and personal lives. This includes free health screenings, family educational support plans, employee well-being assistance workshops, updated family-friendly policies, and flexible working arrangements.

We continue to create an inclusive environment for growth where everyone has the opportunity to thrive. Our engaged and experienced team is a critical enabler in Zain's growth. We have a high-impact performance and learning culture and continue to support our people's personal and professional growth through online learning initiatives and training. During the year, our employees accomplished many mandatory and optional training courses. We are also taking an innovative approach to ensure we have the skills to deliver what our customers need now and anticipate what they will need in the future. We continue equipping our people with enhanced digital skills and accreditation to support positive customer outcomes and career development.





The Launch of Zain Esports Lab



zain
esports

ISLAND
GLASH

zain

esports

The Launch of Zain Esports Lab

Zain Bahrain has embarked on an exciting venture by collaborating with Teal Flamingo Studios and the Labour Fund (Tamkeen) to introduce the groundbreaking "Zain Esports Lab." This innovative, first-of-its-kind, unique platform serves as a pioneering hub for the growing esports ecosystem in Bahrain.

This state-of-the-art facility provides a dedicated space for gamers, enthusiasts, and professionals to unite, compete, and collaborate. Zain Esports Lab fosters community and serves as a platform for talent development and skill enhancement in the competitive gaming industry. Local players and fans have unparalleled opportunities to showcase their skills, engage with like-minded individuals, and elevate Bahrain's presence on the global esports stage.

The launch of Zain Esports Lab signifies a commitment to driving positive change, fostering creativity, and inspiring the next generation of esports professionals in Bahrain and beyond.

518 MATCHES

10.2 K VIEWS

162 PLAYERS

24 TRAINEES

683 VISITORS

450 M² SPACE OVER



bahrain
الزينة في العين



Creating a Sustainable Future for All





Creating a Sustainable Future for all



Doing the right thing for both our communities and the planet continues to guide us on our purpose-driven journey. We have strengthened our Group's Purpose-driven Sustainability Strategy and continued our commitment to responsible business practices that positively impact society and the environment and contribute to the overall well-being of our community.

We strive to embed sustainability in our businesses and operations, focusing on the four pillars of our ALZaina fel Ain framework – Partnerships for the SD Goals, Environmental Responsibility, Inclusive Diversity, and Community Growth.

In terms of environmental sustainability, Zain Bahrain focuses on reducing its carbon footprint by implementing energy-efficient practices and migrating to renewable energy sources. We actively promote recycling and waste reduction initiatives, including e-waste, to minimize waste generation and contribute to a more sustainable future across the kingdom.

We continued our efforts to enhance our Diversity, Equity, and Inclusion (DEI) initiatives, as well as increasing our efforts to build a robust, diverse talent pipeline and upskill our workforce. We also continue to invest in holistic well-being programs to support our people's mental and physical well-being.

Our focus on equity and inclusion also extends to supporting the vulnerable – children, youth, seniors, disadvantaged families, communities, and persons with disabilities. Our initiatives aim to support them with the necessary resources to thrive and build community resilience.



PARTNERSHIPS FOR THE GOALS



ENVIRONMENTAL RESPONSIBILITY



INCLUSIVE DIVERSITY



COMMUNITY GROWTH



Sustainable Growth Key Highlights





Demonstrating Our Sustainability Commitment



PARTNERSHIPS FOR THE GOALS



Partnered with Ericsson to Deliver a More Sustainable 5G Network with Region First

Zain Bahrain deployed Ericsson's New 5G Hardware that is expected to save up to 18% more energy and weighs less than earlier generations of 5G radios contributing to a better sustainable future. The deployment is part of Zain's commitment to creating a sustainable and greener telecom network in the Kingdom. The new 5G hardware is the lightest and smallest Massive MIMO radio in the industry and is also the most energy-efficient radio of this type deployed in the region. It is also designed to accelerate 5G mid-band spectrum deployment and boost capacity, coverage, and connectivity speeds.

Signed an MOU with Al Hekma Society for the Retired

Zain Bahrain signed a memorandum of understanding (MOU) with Al Hekma Society for the Retired, aligning with its commitment to community development. The partnerships leverage retirees' expertise to mentor youth, creating a career-focused learning environment. It fosters mutual knowledge exchange, benefiting both parties in a positive learning experience.

The Official Telecom Sponsor of Youth City 2023

Partnered and sponsored Youth City 2023 by providing Wifi access to the attendees.



Demonstrating Our Sustainability Commitment



ENVIRONMENTAL RESPONSIBILITY



Continued Implementing its Sustainable Initiatives to Replace the Network Equipment with New, More Efficient Solutions.

Zain Bahrain continued its sustainability efforts by replacing network equipment with new, more efficient solutions. This initiative started in 2022, and currently, 47% of Zain Bahrain's sites have been upgraded to benefit from energy-efficient technologies, resulting in a notable reduction in per-site energy consumption by 60%. This proactive approach aims to reduce Zain Bahrain's environmental footprint, leading to cost savings and operational efficiency. Zain Bahrain plans to expand on this initiative, aiming to upgrade more sites with energy-efficient technologies to continue driving down energy consumption and promoting sustainability across its operations.

Implemented NetEco Platform from Huawei to Accurately Measure Power Consumption

The telco has integrated the NetEco platform, an advanced monitoring system from Huawei, as part of its commitment to sustainability and efficient resource management. This innovative platform allows Zain Bahrain to accurately measure power consumption at its sites and monitor fuel usage in real time. By leveraging the data and insights provided by the NetEco platform, Zain Bahrain can optimize its energy consumption, identify areas for improvement, and make informed decisions to enhance operational efficiency. NetEco platform reduces Zain's environmental impact and contributes to cost savings and overall sustainability goals.

The First Operator in the Kingdom to Implement a Renewable Power Source at a Commercial 5G Site.

Took another step forward in its environmental sustainability journey in partnership with Rental Solutions & Services (RSS) to reduce carbon emissions with a new renewable power source solution at one of its commercial 5G sites, following this initial success the plan is now to expand the solution to more sites. The telco became the first service operator in the Kingdom to implement a renewable power source, using hybrid electrical power solutions between generators, batteries, and solar panels at a commercial 5G site. The new solution has been proven to reduce CO2 emissions by more than 15%. Energy conservation is a key pillar of Zain Bahrain's environmental sustainability strategy.



Demonstrating Our Sustainability Commitment



Launched Food Waste Management Campaign

Launched a Ramadan awareness campaign in collaboration with My Clean Plate, a non-profit group that raises awareness on minimizing food waste. The campaign focused on the "Food Waste Management Pyramid" which promotes responsible food consumption and supports the Sustainable Development Goals.

Announced the Winners of Zain Bahrain's Largest National Z-Waste School Competition in the Kingdom

Organized a Z-Waste School competition closing ceremony in collaboration with the Supreme Council for Environment, Ministry of Education, and Crown Industries, awarding the school winners and all participants.

Partnered with Junaid Perfumes to Achieve Sustainable Development Goals

Collaborated with Junaid Perfumes, a recognized fragrance house in the region, to recycle their e-waste through Crown Industries BSC ©, the pioneer recycling company in Bahrain. The partnership furthers Zain's commitment to sustainability and local companies' goal of carbon neutrality.

Partnered with Our Sea Remediation and Waste Management as Valued Sponsor for Nurana Beach Cleanup

Partnered as a sponsor for Nurana beach cleanup event with Our Sea Remediation and Waste Management, a service provider offering solutions to keep marines and shorelines free from pollution. Aiming to promote environmental sustainability and raise awareness about preserving Bahrain's beaches, this initiative reflected the telco's commitment to corporate social responsibility and addressing marine pollution.

Continued its Initiative in Partnership with The National Initiative for Agriculture Development (NIAD)

Zain Bahrain continued its partnership with The National Initiative for Agriculture Development (NIAD), pledging to plant one tree for each eSIM activation, reducing traditional SIM's environmental impact. Introducing eSIM technology offers customers efficient communication and aids in environmental preservation. Each eSIM activation empowers both customers and the planet with sustainable benefits.



Demonstrating Our Sustainability Commitment



INCLUSIVE DIVERSITY



Celebrated the Graduates of the "Girls for Tech" Program

Celebrated the graduation of Zain Bahrain's third edition of the "Girls for Tech" program in partnership with the Supreme Council for Women (SCW) and Clever Play. The program aimed to empower Bahraini women in the digital field, enhance their information and communication technology skills, and encourage them to seize opportunities. Around 2,000 girls from all over the Kingdom participated in the program, and received the basic STEM training professionally, such as the basics in coding.

Marked Global Accessibility Awareness Day by Embracing WE ABLE Great Achievements

Celebrated Global Accessibility Awareness, which comes under Zain WE ABLE initiative to spread awareness. The initiatives included partnering with accessibility groups to promote ways to engage and are currently enhancing the accessibility of its headquarters to make the Zain Bahrain Tower and retail stores more inclusive. It also created a Sign Language Library to circulate through Zain Bahrain YouTube channel and website to educate the public about Bahraini Sign Language.

Celebrated International Day of Sign Languages with Bahrain Deaf Society

To expand its inclusive culture, Zain Bahrain staff marked the International Day of Sign Language with the Bahrain Deaf Society. They hosted an event for Society members, children, and Zain employees' children. The event aimed to foster unity and inclusivity, featuring a workshop on Bahraini Sign Language basics for children by a professional interpreter, a viewing of "Nothing like Zain" Play with interpretation and a range of activities.

Celebrated Successful Completion of Diversity, Equity, and Inclusion (DEI) Training for CEO and Chiefs

Completed Diversity, Equity, and Inclusion (DEI) training for its CEO and chiefs is a significant step in fostering a culture of belonging and advancing inclusivity. Aligned with Zain's core values, the training covered unconscious bias, cultural competence, and inclusive leadership to create an inclusive work environment.



Demonstrating Our Sustainability Commitment

Supported UCO Parents Care Centre by organizing a Cyber Security Awareness Training Session

Zain Bahrain employees and interns visited UCO Parents Care Centre, a safe daycare for the elderly, to discuss cybersecurity and safe online practices. The aim was to empower the Centre community with knowledge and skills for navigating the online world safely. Topics included avoiding scams and safeguarding personal information.





Corporate Governance

Report for the year 2023

Corporate Governance

This report is prepared in accordance with the template required by the Ministry of Industry and Commerce.

1- Description of the Actions taken to Complete the Corporate Governance Code during the year 2023:

As a listed company on the Bahrain Bourse, Zain Bahrain B.S.C (“Zain Bahrain” or “Company”) is committed to undertake global leading practices in corporate governance and in compliance with laws and regulatory requirements. The purpose of implementing the corporate governance framework is to protect the rights of all shareholders and stakeholders, and to ensure compliance with applicable laws and regulations. The Company’s commitment to achieving the highest standards of corporate governance is reflected by its approach in embracing the governance principles outlined by the Ministry of Industry and Commerce (hereinafter referred to as “MOIC”) and the Central Bank of Bahrain (hereinafter referred to as “CBB”).

In accordance with the Company’s Corporate Governance guidelines, Zain Bahrain is in compliance with the MOIC Corporate Governance Code (hereinafter referred to as “CG Code”) and the CBB’s High Level Controls (hereinafter referred to as “CBB Module”) which is highlighted later in this report.

2- Description of the transactions of the directors, their spouses and sons on the Company’s shares during the year 2023:

No transactions of this nature took place during 2023.

3- Composition of the Board:

a. Description of the current Board composition:

Zain Bahrain’s Board of Directors (the “Board”) currently comprises of seven members, with the majority being non-executive directors and one third being independent (collectively the “Directors” and individually “Director”).

In accordance with Article (21) of the Company’s Articles of Association, membership on the Board is for a three-year renewable Term. Upon the approval from the Annual General Assembly Meeting (the “AGM”) held on 31st March 2021, the Board was re-elected / re-appointed for a term of three years.

Shaikh Ahmed Bin Ali Al Khalifa was appointed by the Board as the Chairman of the Board and Mr. Ahmed Al-Tahous as Vice Chairman. The CG Code and the CBB Module recommend that the Chairman should be an independent and non-executive director and that he is not the Company’s Chief Executive Officer (hereinafter referred to as “CEO”). The Chairman is not Zain Bahrain’s CEO, however as he owns 6.5% of the Company’s shares, he is not considered an independent director. The Board

has reviewed this recommendation and does not believe its non-compliance will affect the balance of power and greater capacity of the Board for its independent decision making. There is currently no female representation on the board.

Two new appointments were made in the year 2023 that changed the Board composition:

- On 7 May 2023 Mr. Nasser Sulaiman Al Harthy was appointed as a Board Member in place of Mr. Zaki Al Busaidi.
- On 19 June 2023 Mr. Osamah Al Furaih was appointed as Vice Chairman in place of Mr. Ahmed Tahous Al-Tahous.

Detailed information on the Directors, including their roles in the Board, is presented in Appendix 1.

b. Description of the following:

i. Total remunerations paid to the Directors for the last year, 2023:

The Company’s Board are remunerated fairly and responsibly in consideration of their roles and duties within the Board and its committees and any representation on the Company’s subsidiary boards. For the year ending 31st December 2023, a total of BHD 223,612 was paid to the Directors as remuneration, including any sitting fees and/or expense allowance.



Corporate Governance

- ii. The proposed total remunerations to be paid to the Directors for the year 2024, which will be presented at the annual general meeting for approval:

The Board's remuneration, which is approved annually by the shareholders at the AGM, includes an annual stipend and allowance for out-of-pocket expenses. For the year ending 31st December 2024, a total of BHD 223,612 was recommended by the Board and will be presented at the AGM for their approval.

- iii. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2023:

The Company ensures that the Board is reasonably compensated for the time, resources and effort spent in performing their fiduciary duties. The allocated remuneration is all-inclusive of Board meetings and committee meetings attended.

- c. Number and dates of the Board's meetings held during the financial year 2023, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy:

Meetings of the Board are held at least on a quarterly basis, or more if deemed necessary. During the year 2023 there were four Board meetings held on 21 February, 3 May, 12 July and 8 November.

Director's Name	Board Position	Status of Director	21 February 2023	3 May 2023	12 July 2023	8 November 2023
Shaikh Ahmed Bin Ali Al Khalifa	Chairman	Non-Executive/ Non-Independent	✓	✓	✓	✓
Mr. Ahmed Tahous Al-Tahous	Vice Chairman	Non-Executive/ Non-Independent	✓	-	-	-
Mr. Osamah Othman Al Furaih (appointed 19 June 2023)	Vice Chairman	Non-Executive/ Non-Independent	-	-	✓	✓
Shaikh Rashid Bin AbdulRahman Al Khalifa	Member	Non-Executive/ Independent	✓	✓	✓	✓
Mr. Bader Nasser Al-Kharafi	Member	Executive/ Non-Independent	✓	✓	✓	✓
Mr. Yousef Khaled Al-Abdulrazzaq	Member	Non-Executive/ Non-Independent	✓	✓	✓	✓
Mr. Zaki Hilal Saud Al-Busaidi	Member	Non-Executive/ Non-Independent	✓	-	-	-
Mr. Nasser Sulaiman Al Harthy (appointed 7 May 2023)	Member	Non-Executive/ Non-Independent	-	✓	✓	✓
Mr. Ali Hassan Al-Khaja	Member	Non-Executive/ Independent	✓	✓	✓	✓



Corporate Governance

d. Board Function, Structure and Members:

The Company is managed by its Board, which has the ultimate responsibility for the overall conduct of the Company's business. The primary responsibility of the Board is to provide effective oversight over the Company's affairs for the benefit of its shareholders and to balance the interests of its stakeholders.

The Company has a written appointment agreement with each Director to clarify the duties, powers, authorities and other matters of directorship. The written agreement also includes the Director's independency and adherence to the Directors' Code of Conduct.

The Board responsibilities include:

- The Directors shall be responsible, both individually and collectively, before the shareholders for achieving the Company's objectives and purposes.
- The Board represents all shareholders and shall perform the duty of devotion and loyalty in managing and safeguarding the Company and promoting the interests of the Company and maximizing its value.
- Adopting the commercial and financial policies associated with the Company's business performance and achievement of its objectives.
- Drawing, overseeing and periodically reviewing the Company's plans, policies, strategies and key objectives.

- Setting and generally supervising the regulations and systems of the Company's internal control.
- Determining the Company's optimal capital structure, strategies and financial objectives and approving annual budgets.
- Monitoring the Company's major capital expenditures and possessing and disposing of assets.
- Approving the Company's quarterly and annual financial statements and presenting them to the general assembly.
- Oversee, evaluate and monitor the executive management's activities and ensuring that they achieve the Company's objectives.
- Forming specialized committees emerging from the Board as required by the nature of the Company's activities.
- Determining the types of remunerations for the executive management and directors.
- Setting a mechanism to regulate transactions with related parties in order to minimize conflicts of interest.
- Setting standards and values governing the Company's business.
- Ensuring the application of appropriate control and risk management systems.

- Assuring equitable treatment of shareholders, including the minority shareholders.
- Setting internal regulations which determine the Board's duties and responsibilities, including the obligations and responsibilities of the directors, which the Board shall not be exempt from even if it forms committees or delegates certain duties to other Boards or individuals.

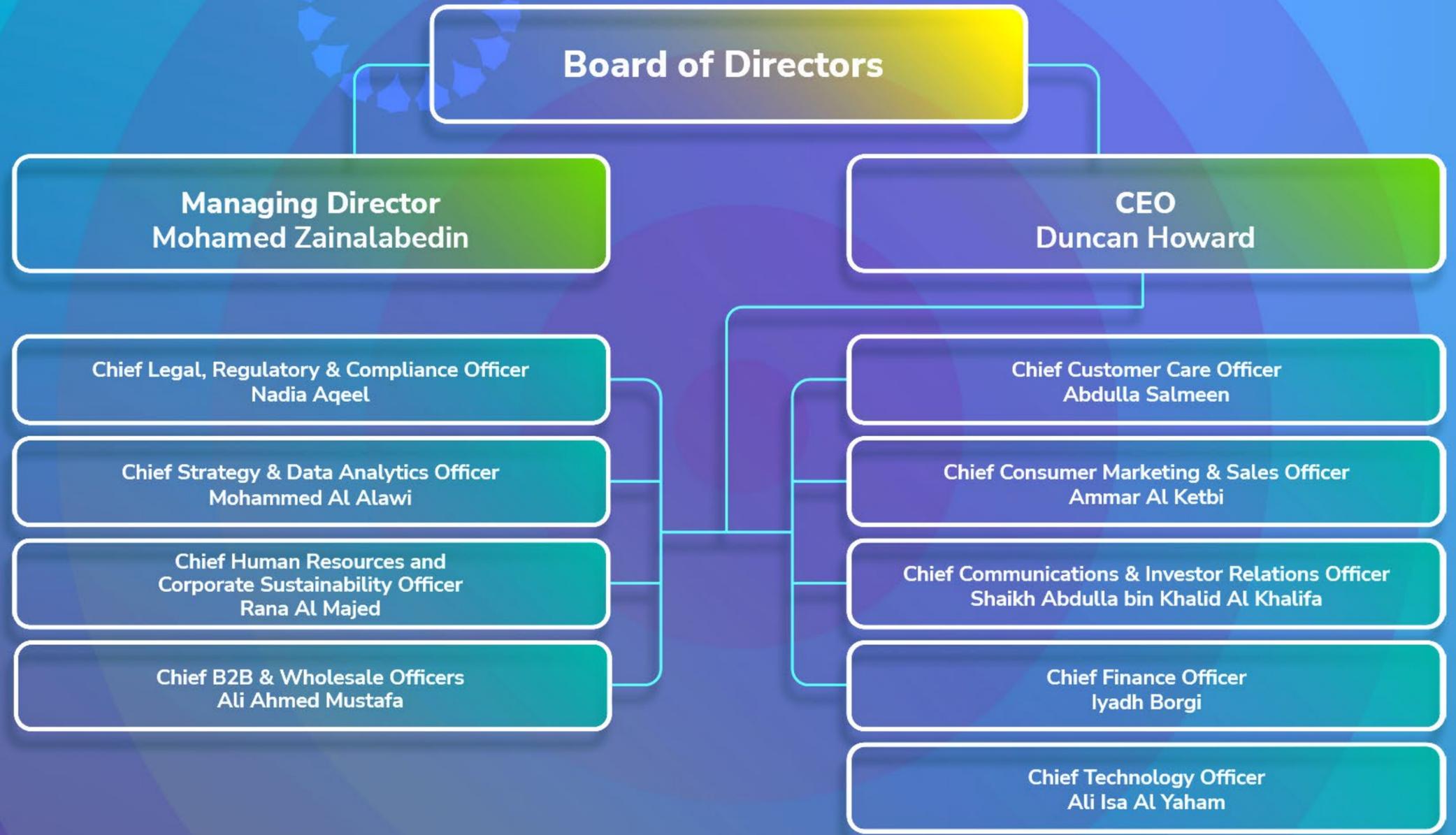
e. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction:

Related party transactions are carried out at arm's length and at rates approved by the Company's management. Amounts due from/to related parties are unsecured, bear no interest and have no fixed repayment terms. Management considers these to be current assets and current liabilities as appropriate. Refer to note 24 (Related Party Transactions) of the financial statements.

Zain Bahrain's Board, executive management and employees have the right to trade in the Company's shares. However, such trade must be in compliance with the Company's Key Persons Policy to ensure that no trade is made by making use of non-published material information.

Corporate Governance

f. The Company's organizational structure, including the first and second grades at a minimum and including the Company's general manager and/or chief executive officer, deputy general manager and managers:



Detailed information on the executive management of Zain Bahrain is presented in Appendix 2.

g. Total remuneration paid to the key executive officers, including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

The Company's remuneration policy for management is designed to attract, retain, and motivate employees of diverse skill sets and business acumen, educational background and experience. For the year ending 2023, the annual remuneration fees of the executive management were in the form of salaries, allowances and bonuses. Total remuneration of key executives of Zain Bahrain is noted in the Board of Directors report and the Company's Financial Statements in note 24.

4- External Auditors

a. Auditor's profile and overview of its professional performance:

The External Auditor of Zain Bahrain for the audit year ended 2023 is Deloitte & Touché. Deloitte & Touche enjoys a globally connected network of member firms in more than 150 countries where it provides audit, consulting, financial advisory, enterprise risk, and tax services. Deloitte was established in Bahrain in 1955 and is part of Deloitte & Touche (M.E.). Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL). Through the years the variety of high-quality services delivered by Deloitte

& Touché has been instrumental in the setting up of a wide range of small, medium and large businesses in the Kingdom.

b. Fees and charges for the audit or services provided by the external auditor during the year 2023, in addition to a description of the auditor's years of service as the Company's external auditor:

Total Audit Fees: BD 57,500

Total Non-Audit Fees: BD 2,500

5- Audit Committee

The purpose of the Audit Committee is to assist the Company's Board in fulfilling its overview responsibility with respect to:

- Reviewing the internal control, finance and accounting policies and procedures.
- Selecting, appointing and remunerating or, where appropriate, terminating the external auditor, subject to the approval of the Board and shareholders. The external auditor shall report directly to the Audit Committee and the shareholders.
- Examining the independence of the external auditor.
- The appointment of the internal auditor and the review of the activities and performance of the internal audit.

- Reviewing the details of all related-party transactions.
- Monitoring the Company's compliance with applicable laws, regulations and internal policies.
- Reviewing the information technology systems controls and other telecom systems controls.
- Reviewing and discussing all the Company's annual and interim financial statements with the management and external auditor.



Corporate Governance

As per the Charter of the Audit Committee (last version was approved on 9 February 2020), the Directors are required to meet at least 4 times a year and/or when necessary. In 2023, the Audit Committee held 4 meetings as follows:

Director's Name	Board Position	Committee Position	21 February 2023	3 May 2023	12 July 2023	8 November 2023
Mr. Bader Nasser Al-Kharafi	Member	Chairman	✓	-	-	-
Mr. Ali Hassan Al-Khaja	Member	Member - Chairman	✓	✓	✓	✓
Shaikh Rashid Bin AbdulRahman Al Khalifa	Member	Member	✓	✓ (chaired the meeting)	✓	✓
Mr. Yousef Khaled Al-Abdulrazzaq	Member	Member	-	-	✓	✓

Note: In accordance with the Board's resolution (6/2/2023) circulated on 13 June 2023, Mr. Yousef Al-Abdulrazzaq was appointed to the Audit Committee in place of Mr. Bader Al Kharafi and on the meeting held on 12 July 2023 Mr. Ali Al-Khaja was appointed as the new Chairman.

6- Nomination, Remuneration Committee and Governance Committee

The Nomination, Remuneration and Governance Committee ("NRGC") is assigned the responsibility of developing and recommending to the Board for its approval an annual self-evaluation process for the Board and its committees as well as overseeing the annual self-evaluation. It also has the responsibility of assisting the Board in determining the compliance of each director and officer with the Director's Code of Conduct and the Company's Code of Conduct and reports any violations to the Board.

The purpose of NRGC is to assist the Company's Board in fulfilling its oversight responsibility with respect to:

- Making recommendations to the Board on changes that the committee believes to be desirable to the size of the Board or any of its committees.
- Considering the suitability of all candidates for directorship recommended by the shareholders and any candidates proposed by the management.
- Identifying and recommending to the Board qualified candidates to fill the vacancies on any Board committee.



Corporate Governance

- Making recommendations to the Board from time to time, where relevant, on changes that the committee believes to be desirable in the management structure.
- The NRGC shall consider and make specific recommendations to the Board on the remuneration plans.
- The NRGC shall be responsible for developing and making recommendations from time to time on the changes required under the Company's corporate governance guidelines.
- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management.
- Providing the Board with reports and recommendations based on its findings in the performance of its duties.

As per the Charter of the NRGC (last version was approved on 9 February 2020), the Directors are required to meet at least 2 times a year and/or when necessary. In 2023, the NRGC held 2 meetings as follows:

Director's Name	Board Position	Committee Position	21 February 2023	8 November 2023
Shaikh Rashid Bin AbdulRahman Al Khalifa	Member	Chairman	✓	✓
Mr. Bader Nasser Al-Kharafi	Member	Member	✓	✓
Mr. Ali Hassan Al-Khaja	Member	Member	✓	✓

7- Corporate Governance Officer's name, qualifications, date of appointment, and contact details.

Zain Bahrain's Corporate Governance Officer is Mrs. Nadeya Aqeel. Mrs. Aqeel was appointed as the Company's Corporate Governance Officer on 14 May 2020. She holds an LLB (Bachelor of Laws) and a Postgraduate Degree in EU Competition Law.

Contact Details for Zain Bahrain's Corporate Governance Officer are as follows:

T: (+973) 3603 1742

E: nadia.aqeel@bh.zain.com

P.O. Box 266, Manama

Kingdom of Bahrain

8- Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.

No irregularities are reported in the year 2023.

9- Description of the cash and in-kind contributions made by the Company during the year 2023 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.

Corporate Governance

Sustainability (ALZaina fel Ain)

Doing right by our communities and planet continues to guide us on our purpose-driven journey. We have strengthened our Group Purpose Sustainability Strategy and continued our commitment to responsible business practices, positively impacting society and the environment and contributing to the overall well-being of our community.

We strive to embed sustainability into different aspects of our businesses and operations, focusing on the four pillars of our ALZaina fel Ain framework – Partnerships for the Goals, Environmental Responsibility, Inclusive Diversity, and Community Growth – to drive impact.

In terms of environmental sustainability, Zain Bahrain focuses on reducing its carbon footprint by implementing energy-efficient practices and utilizing renewable energy sources. It actively promotes recycling and waste reduction initiatives, including e-waste, aiming to minimize its waste generation and promote a circular economy, contributing to a more sustainable future across the Kingdom.

We continue to evolve our company culture, enhance our Diversity, Equity, Inclusion, and Belonging (DEIB) initiatives, and invest in building a robust talent pipeline and upskilling our workforce. While also prioritizing our employees' well-being through holistic programs that support their mental and physical health.

Our commitment to equity and inclusion extends beyond our organisation. We strive to support different groups such as children, youth and seniors, disadvantaged families, communities, and persons with disabilities. Our initiatives aim to uplift them with resources to thrive and build community resilience.

Aligned with the Zain Group Corporate Sustainability Strategy, we launched the ALZaina fel Ain Strategy in Zain Bahrain. This strategy identifies the following four key areas where we believe we can make a positive impact on our stakeholders:

- 1) Partnerships for the Goals**
- 2) Environmental Responsibility**
- 3) Inclusive Diversity**
- 4) Community Growth**

ALZaina fel Ain Key Areas:

Partnership for the Goals:

-Partnered with the Al Hekma Society for the Retired

This initiative brings a range of positive outcomes benefiting multiple stakeholders. It aims to empower the members by addressing feelings of isolation and promoting a sense of belonging while enabling Zain Bahrain to leverage the knowledge and expertise of the retired community to educate and mentor the youth. As part of this effort, we conducted a cyber security session, which benefited 70 esteemed members of the retired society.

Environmental Responsibility:

-The first operator in the Kingdom to implement a renewable power source at a commercial 5G site

Zain Bahrain has partnered with Rental Solutions & Services (RSS) to reduce carbon emissions with a new renewable power source solution at one of its commercial 5G sites.

-Zain and Ericsson Deliver a More Sustainable 5G Network with Regional First

Zain Bahrain has taken a step towards a better sustainable future by deploying Ericsson's new 5G hardware, which is expected to save up to 18% more energy and weigh less compared to earlier generations of technologies.

-E-waste Schools Competition

This initiative reached an estimated audience of over 7000 individuals including students, faculty members, and the local community, where Zain Bahrain has collected and recycled 100% of 13.6 Tons of eWaste. At the end of the competition, which included private and public schools, seven (7) schools were recognized and awarded for their efforts in eWaste collection, awareness campaigns, and digital creativity.



Corporate Governance

-Our Sea Remediation and Waste Management Collaboration on beach clean up

In a collaborative effort between the capital directorate and Al Salam Bank, over 5.8 Tons of waste was collected in Nurana Beach, utilizing the innovative Bebot, which is capable of effectively cleaning the entire beach area, including the elimination of litter, debris, and any other waste left behind by visitors.

-Continued its initiative in partnership with The National Initiative for Agriculture Development (NIAD)

Zain Bahrain has taken this initiative in partnership with NIAD to reduce the environmental impact of traditional SIM cards. As part of this commitment, Zain Bahrain has pledged to plant one tree on behalf of each customer who activates an eSIM.

Inclusive Diversity:

-Celebrates International Day of Sign Languages with Bahrain Deaf Society

In an effort to extend its inclusive culture, the Zain Bahrain celebrated International Day of Sign Language with the Bahrain Deaf Society by hosting an event for Bahrain Deaf Society members and children.

-Successfully Completes Diversity, Equity, and Inclusion (DEI) Training for CEO and Chiefs

Zain Bahrain CEO and Chiefs completed Diversity, Equity, and Inclusion (DEI) training. The DEI training program enhances awareness and understanding of diversity-related issues and principles and represents a significant step towards fostering a robust culture of belonging and advancing inclusivity within the organization, aligning with Zain's core values.

-Continued funding Natawasal, the first health video call center

Continued the partnership with Bahrain Deaf Society through Natawasal, the first health video call center which had 1208 successful calls during 2023.

Community Growth:

Supported UCO Parents Care Centre Through Organizing a Cyber Security Awareness Training Session

Zain Bahrain employees and interns visited UCO Parents Care Centre to discuss cybersecurity and safe online practices with the Centre community and empower them with the knowledge and skills to navigate the online world safely and responsibly.

10a - Statement of shareholders' equity as of 31/12/2023 (individuals, corporate, government or organizations):

The table below shows the ownership distribution of Zain Bahrain's shares by government entities, directors and executive management:

Government Entities	Number of Shares	% of shares held
Beit Alquran	50,000	0.01%
Minors Estate Directorate	2,400,000	0.65%
Social Insurance Organisation (Pension) – Civil	7,500,000	2.04%
Social Insurance Organisation (Pension) – Military	7,500,000	2.04%

Directors As of 31 of December 2023	Form of Ownership	Number of Shares	% of shares held
Shaikh Ahmed Bin Ali Al Khalifa	Individual Shareholding	23,924,845	6.50%
Shaikh Rashid Bin Abdulrahman Al Khalifa	Corporate shareholding via ALBait Furnishing BSC ©	1,200,000	0.33%
Mr. Ali Hasan Al-Khaja	Corporate Shareholding via OnAir Commerce WLL	1,440,000	0.39%
Mr. Bader Nasser Al-Kharafi	Appointed members of MTC	236,935,155	64.38%
Mr. Ahmed Tahous Al-Tahous			
Mr. Zaki Hilal Saud AlBusaidi			
Mr. Yousef Khaled Al-Abdulrazzaq			

The executive management of Zain Bahrain does not own shares in the Company.

The table below shows the distribution of ownership of Zain Bahrain shares by nationality:

Government Entities	Number of Shares	% of shares held
Bahrain	124,866,565	33.93%
GCC	242,580,363	65.92%
Others	553,072	0.15%

b- Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2023 as follows:

Owner	Number of Shares	% of shares held
Mobile Telecommunications Company K.S.C.P. (MTC)	236,935,155	64.38%
Shaikh Ahmed Bin Ali Al Khalifa	23,924,845	6.50%
Gulf International Bank B.S.C. (c)	24,085,097	6.54%
Others (below 5%)	83,054,903	22.58%

c- Description of how shareholders are distributed according to their respective shareholding as at 31/12/2023 as follows:

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	432	3,065,399	0.83%
2	50,000 to 500,000	85	12,245,127	3.33%
3	500,000 to 5,000,000	35	45,239,923	12.29%
4	>5,000,000	5	307,449,551	83.55%

i. Description of the significant events that occurred during the year 2023.

No significant event in the year 2023 has affected the Board.

11-Compliance with the provisions of the Corporate Governance Code, as follows:

Principle	Non-Compliant	Partially Compliant	Fully Compliant	Explanation in Case of Non-Compliance
Principle 1: The Company shall be headed by an effective, qualified and expert Board.				
Principle 2: The directors and executive management shall have full loyalty to the Company.				
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.				
Principle 4: The Company shall have effective procedures for appointment, training and evaluation of the directors.				
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.				
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.				
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights				
Principle 8: The Company shall disclose its corporate governance.				
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through the appointment of external auditors.				
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.				

12-Any disclosures required by the regulatory authorities.

NIL.



Ahmed bin Ali bin Abdullah Al Khalifa

Chairman of the Board of Directors



Corporate Governance - Appendix 1

Shaikh Ahmed Bin Ali Al Khalifa (Chairman)

Non-Executive / Non-Independent

Shaikh Ahmed Bin Ali Al Khalifa is a Bahraini businessman that has been involved in running the board of many companies in various sectors over a period of 30 years. He is currently the chairman of the board of DHL International Bahrain W.L.L., DHL Aviation W.L.L. and MENA Aerospace Enterprises W.L.L. He has been acting as the chairman of the board of MENA Aerospace Enterprises W.L.L. since its establishment in year 2004. Shaikh Ahmed Bin Ali Al Khalifa is also the chairman of Muharraq Club since 1989 and prior to that he was the Vice chairman of the club from 1978 to 1988.

Mr. Osamah Othman AlFuraih (Vice Chairman)

Non-Executive / Non-Independent

Mr. Osamah Othman Al Furaih is the Chairman of the Board of Directors of Zain Group. He is a Senior Investment Manager at Kuwait Investment Authority of the General Reserves fund, which manages liquid investments, portfolio management, international investments and strategic asset allocation.

Al Furaih is an accomplished leader with over 23 years of experience in the investment, industrial, banking, aviation sectors, tourism and hotel sectors, transportation, along with establishing new companies. In addition, he has a prosperous career in project management and development, investment, and portfolio and asset management, real estate and investment valuation, project and corporate financing, credit, securities analysis and risk forecasting across the European, American markets, and MENA.

Al Furaih was the Chairman of the Board of Directors of the Kuwait Flour Mills and Bakeries Company from 2018 until 2023. It is a state-owned group specializing in food security. Al Furaih also occupied the position of a Board Member at Kuwait Airways from 2018 until 2020.

He previously held the position of the Chairman of the Board of Directors of the National Fund for Small and Medium Enterprises (SME) from 2014 to 2017, and Vice Chairman of the Board of Directors of The Arab International Hotels Company (2004-2011). He served as the chairman of the Board of Directors of

the Touristic Enterprises Company and was a board member at Arab African International Bank, Industrial Bank of Kuwait, the Syrian Arab Company for Hotels and Tourism, Kuwait United Poultry Company, and the Yemeni Kuwaiti Company for Real Estate Development.

Al Furaih holds a Bachelor's degree in Business Administration from Tennessee State University (1997) - Dean's List. In addition, he completed finance programs at the University of Cambridge and the Economic Growth Leadership Program at Harvard University.



Corporate Governance - Appendix 1

Shaikh Rashid Bin Abdulrahman Al Khalifa Non-Executive / Independent

Shaikh Rashid Bin Abdulrahman Al Khalifa has been the Managing Director of Mi'mar Architecture & Engineering since 1992. Prior to that, he worked with the Bahrain Defense Force, holding the position of Director of Military Works from 1982 to 1991 and Head of Engineering Department from 1978 to 1980. Shaikh Rashid holds a BSc in Architectural Engineering from the University of Cairo, Egypt, a Master's degree in City Planning from Howard University, USA, and a certificate of Advanced Management program from Harvard University, USA. He is a registered member of the Council for Regulating the Practice of Engineering Professions (CRPEP) in Bahrain, the American Institute of Architects and the American Planning Association.

Mr. Bader Nasser Al-Kharafi Executive / Non-Independent

Bader Nasser Al-Kharafi is Vice-chairman and Group CEO of Zain Group. Mr. Al-Kharafi is one of the most active business leaders in the Middle East and Africa region. He holds office as Chairman, VP, MD and Board member in several businesses that form part of the Kharafi conglomerate, one of the largest privately owned, diversified groups based in Kuwait and operating across the GCC and MENA with more than 135 registered companies operating in more than 28 countries in various sectors.

Mr. Al-Kharafi is also the Chairman of the Executive Committee of Bursa Kuwait; Vice Chairman and Managing Director of Kuwait based Gulf Cables & Electrical Industries KSC; General Manager of Al-Khair National for Stocks and Real Estate Co; and a Board member of Refreshment Trading Company (Coca-Cola). Additionally, he is a Board member of Gulf Bank, Kuwait, one of the country's largest financial institutions, as well as a Board member of Foulath Holding B.S.C. (Bahrain Steel BSCC).

Mr. Al-Kharafi attained an Executive MBA from London Business School and holds a Bachelor's degree in Mechanical Engineering from Kuwait University.

Mr. Yousef Khaled Al-Abdulrazzaq Non-Executive / Non-Independent

Mr. Yousef Al-Abdulrazzaq was appointed to Zain Bahrain's Board on 27th November 2018. Mr. Al-Abdulrazzaq also represents Kuwait Investment Authority (KIA) as a Board member in Zain Group. Joining the KIA in 2006, he is currently an investment manager within the General Reserve Sector under the local equities department.

Mr. Al-Abdulrazzaq holds office as Board Member and other key roles in several Kuwaiti entities. Since 2012, he is a member of the Board of Directors at Touristic Enterprises Company where he also serves as Member of the Executive Committee and Chairman of the Audit Committee. Established in 1996, Touristic Enterprises Company is a pioneer in Kuwait's entertainment and recreation business, through its various well-established facilities.

Since 2015, he also served as a member of the Board of Directors and Chairman of the Audit Committee and Chairman of the Human Resources Committee at the Public Utilities Management Company, Kuwait, a fully owned subsidiary of the KIA. The Company was founded in 1982, to diversify internal investment, development and income in Kuwait through the exploitation of lands and state assets.

In 2010, he was involved in the Kuwait Airways privatization project. Over the years, Mr. Al-Abdulrazzaq has attended numerous accredited training courses and conferences and attended an intensive on job training with Daiwa SB Investments – London. Mr. Al-Abdulrazzaq holds a Bachelor's degree in Business Administration with a major in Finance from Kuwait University.



Corporate Governance - Appendix 1

Mr. Ali Hassan Al-Khaja
Non-Executive / Independent

Mr. Ali Hasan Al-Khaja is backed by a wealth of experience across various sectors, including hospitality, technology and the printing and newspaper sector. Mr. Al-Khaja is also a technology entrepreneur and a holder of several patents in the areas of e-commerce and m-commerce across the USA and the EU.

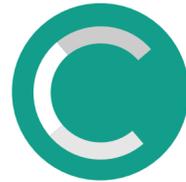
He is also a passionate innovator; developing mobile transactional patents and innovative cloud services that provide mobile solutions for the customer care industry. Mr. Al-Khaja was the driving force behind the launch of the world's first Customer Service Transparency Standard, which provides the sector with a new brand to indicate the highest levels of quality. He received his Diploma in Hospitality.

Mr. Nasser Suleiman Al Harthy
Non-Executive / Non-Independent

Nasser bin Suleiman Al Harthy has been a member of the Board of Directors of Zain Group since 2020 and was appointed to the Board of Zain Bahrain in May 2023. He has extensive experience in the investment, economic and financial sectors, and holds the position of Depute President for Operations at the Oman Investment Authority and is responsible for financial and administrative affairs, information management, legal affairs and compliance. Mr. Al Harthy is also the Chairman of ASYAD Group, Chairman of Vietnam Oman Investments company and Chairman of Takatuf Oman.

With over 21 years of experience Mr. Al Harthy has held a number of leadership roles in the fields of investment including the Director General of the State General Reserve Fund in the year 2019, the position of Director General of Investments in the Ministry of Finance in 2015, and before that he held the position of Director General of Financial Investments in 2008.

Mr. Al Harthy holds a Master's Degree in Business Administration (MBA) from Victoria University in Australia, a Bachelor of Finance from the United Arab Emirates University. Mr. Al Harthy also attained the National Leadership and Competitiveness Program (NLCP) from Oxford University.



Corporate Governance - Appendix 2

Mr. Mohammed Zainalabedin **Managing Director**

Date of Appointment: February 2020

A widely recognized name in the telecommunication sector with more than 28 years of experience. Mr. Zainalabedin was appointed as the General Manager of Zain Bahrain in May 2008 and subsequently appointed the Managing Director in February 2020. Prior to these appointments, Mr. Zainalabedin led several functions across the operations where he was responsible for sales, marketing, customer care and Information Technology departments. During that period, the operations grew to represent a significant market share of 35% in a three-player market.

Prior to joining Zain Bahrain, Mr. Zainalabedin gained almost ten years of experience in the IT field, working for companies such as International Turnkey Systems where he held the position of Core Banking Group Manager.

Mr. Zainalabedin, a Bahraini national, holds a Bachelor of Science (Hons) degree in Computer Engineering from King Fahad University of Petroleum and Minerals, Saudi Arabia.

Mr. Duncan Howard **Chief Executive Officer**

Date of Appointment: February 2020

Mr. Duncan Howard, the Chief Executive Officer at Zain Bahrain, joined the Company in February 2020. As CEO, Mr. Howard is championing the digital first initiative initially launched in 2016. Mr. Howard is passionate about Customer experience; and ensuring that Zain Bahrain becomes increasingly resilient in the rapidly changing digital world.

With over 25 years of experience in the telecoms industry, Mr. Howard comes to Zain Bahrain from the Zain Group, whereas Group Chief Commercial Officer he was a key part of the Zain Group executive management team, focusing on commercial and operational performance across all markets. During his seven-year tenure at Zain Group, Mr. Howard led the Brand refresh; formulated Group Commercial Strategies, including creating the Enterprise initiatives (B2B) which are now successfully rolled out across all operations.

Prior to joining Zain Group, Mr. Howard worked in several senior telecom roles throughout his career, in the mobile, television, and fixed telecoms industry across the Middle East, Europe, and North America. His strong Commercial and Operational

expertise have included key roles as Chief Commercial Officer for a European Quad-Play provider offering mobile, fixed, data, and both Broadcast and IPTV services in addition to holding positions such as Chief Marketing Officer, Chief Business Officer, and Director of Customer Care and Retail for Vodafone in Egypt.

Mr. Howard holds an MBA degree from the Open University, UK, and attained a BA (Hons) System Analysis from The University of the West of England.



Corporate Governance - Appendix 2

Mrs. Nadia Aqeel
Chief Legal, Regulatory & Compliance Officer

Date of Appointment: July 2020

Mrs. Nadeya Aqeel is responsible for providing and managing legal support, advising, drafting and reviewing Zain Bahrain's local and international agreements and liaising with regulatory agencies and government authorities. She is also secretary to the Board and supervises the implementation of its decisions. Mrs. Aqeel has over 17 years of experience in the legal field, primarily in the telecommunications sector specializing in corporate and competition law and key areas of retail and wholesale compliance and regulation. Mrs. Aqeel holds an LLB (Bachelor of Laws) from Hull University and Postgraduate Degree in EU Competition Law from King's College in the United Kingdom.

Mrs. Rana Al Majed
Chief Human Resources Officer

Date of Appointment: June 2021

Rana Al Majed is responsible for managing the Compensation and Benefits unit, the Recruitment Unit and Learning and Development unit as part of being Zain Bahrain's Chief Human Resources Officer. With more than 20 years of experience at Zain Bahrain, Mrs. Al Majed has held several positions in sales and organizational development in the company. She holds a BSC from the University of Bahrain as well as a Master's in Human Resources from DePaul University. Moreover, she is certified as an Executive Coach, Level 7 from ILM institute and successfully attended the Executive Leadership programs from York University and Oxford University in the UK.

Mr. Iyadh Borgi
Chief Financial Officer

Date of Appointment: August 2022

Mr. Iyadh Borgi is responsible for the financial operations at Zain Bahrain, which include maintaining the Company's revenue and disbursements, annual budgeting and forecasting, and managing treasury and cash flow management.

With over 20 years of international experience in the telecom sector, Mr. Borgi held the role of Operations and Business Performance Director in Finance for Zain Group, managing and monitoring the business performance of Zain operations, responsible for major network capex investments, as well as overseeing the budgeting exercise across all Zain operations. Prior to joining Zain, Mr. Borgi held multiple senior positions in other telcos and Oil Gas companies throughout his career.

Mr. Borgi attained an MBA from University of Laval in Canada and recently Business excellence Certificate for CFO Program from Columbia Business School.



Corporate Governance - Appendix 2

Mr. Ali Mustafa
Chief B2B & Wholesale Officer

Date of Appointment: June 2015

Ali Mustafa brings over 20 years of experience in the telecommunications sector with a wide range of experience covering areas of B2B, Wholesale, International Business, Roaming and Regulatory.

Mr. Mustafa joined Zain Bahrain to oversee the Wholesale, Regulatory and Roaming functions in 2015 and was called upon in 2018 to also oversee and deliver the growth in the B2B segment.

Prior to joining the Company, Mr. Mustafa served as the General Manager of Wholesale and Carrier Relations at Batelco overseeing the international connectivity, voice, and local wholesale business.

Mr. Mustafa holds a bachelor's degree in Marketing and Management and has an associate diploma in Mechanical Engineering from University of Bahrain.

Shaikh Abdulla bin Khalid Al Khalifa
Chief Communication & Investor Relations Officer

Date of Appointment: January 2017

Shaikh Abdulla oversees Zain Bahrain's strategic communications activities that includes its investor relations as well as its corporate sustainability functions. He is also a successful telecoms entrepreneur having co-founded one of the Kingdom's most successful start-ups, Lightspeed Communications, where he oversaw the launch of Bahrain's first double-play Voice and Internet service in 2007. Shaikh Abdulla holds an Executive MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland and a BS in Computer Information Systems from Bentley University, Waltham, MA, USA.

Mr. Ammar Al-Ketbi
Chief Consumer Marketing & Sales Officer

Date of Appointment: August 2017

Ammar Al-Ketbi is responsible for Zain Bahrain's consumer segment, which includes indirect sales, retail branches and digital sales. Mr. Al-Ketbi has taken a wide number of development and training courses and has received the Distinguished Manager Award from Bahrain's Ministry of Labour and Social Development.

He started his career with Zain Bahrain as a Distribution Account Manager in 2007, then was promoted to Retail Area Manager. He became the Manager of Indirect Sales Channels before being appointed as Manager for Retail and Franchise Sales, a position he held until August 2017. He holds a BSc in Banking and Finance from the University of Bahrain.



Corporate Governance - Appendix 2

Mr. Abdulla Yusuf Salmeen
Chief Customer Care Officer

Date of Appointment: August 2017

Mr. Abdulla Salmeen is responsible for B2C Lifecycle Management and heads the Business After Sales department for GSM Mobility as well as leading Preventative and Curative Retention activities. Further, he manages the Signature Dedicated Contact Centre, back office and retention teams, and also leads the Company wide Customer Experience Program. A key element in his role is the digital care area, where he is responsible for developing the strategy and managing the digital after sales operations including but not limited to social care, chat bot, live chat and the Omnichannel contact center.

Mr. Salmeen started his career with Zain Bahrain as a Logistics and Distribution Centre Agent in 2003 and held the role until 2007. From there he held a number of other positions before assuming his current role as Chief, Customer Care in August 2017.

Mr. Salmeen holds an LLB (bachelor's in law) from the University of Bahrain, College of Law.

Mr. Mohammed Al-Alawi
Chief Strategy and Data Analytics Officer

Date of Appointment: October 2017

Mr. Mohammed Al-Alawi has over 17 years' experience in the fields of product management, product development, management, sales, marketing, IT, telecommunication and ICT. He has extensive knowledge in designing market strategies, deployment and management of mobile products, Broadband products, Datacom services, PABX services and cloud services. In his role, Mr. Al Alawi has been responsible for developing, launching and managing mobile services.

Mr. Al-Alawi started his career with Zain Bahrain in 2007 as an expert in Enterprise and Broadband Products and Services, before moving on to become the Manager in 2010. Mr. Al-Alawi holds a BSc Honours degree in Management and IT from the University of Manchester, United Kingdom.

Mr. Ali ALYaham
Chief Technology Officer

Date of Appointment: January 2020

As Zain Bahrain's Chief Technology Officer, Mr. Ali ALYaham is responsible for planning, development, operation and maintenance of the network, including ensuring coverage and quality. Moreover, he oversees planning and developing technical strategies, policies, service level agreements and business plans, negotiating with network vendors and planning and managing yearly capital and operating expenditure budgets. The planning, development, operation and maintenance of all IT systems including the billing system, enterprise applications, ISP infrastructure and business intelligence system. Mr. ALYaham is back by more than 19 years of experience particularly in the sphere of radio, transmission and IP network. Mr. ALYaham holds a BSC from University of Bahrain.



Zain Bahrain B.S.C.

Consolidated Financial Statements and Independent Auditor's Report

Year Ended December 31, 2023



**Consolidated Financial Statements
And Independent Auditor's Report**
Year Ended December 31, 2023

Commercial Registration No.	50603
Chairman of the Board	Sh. Ahmed Bin Ali Al Khalifa
Members of the Board of Directors	Sh. Rashid Bin Abdulrahman Al Khalifa – Independent Director Mr. Ali Hassan Al-Khaja – Independent Director Mr. Bader Nasser Al-Kharafi Mr. Ahmed Tahous Al-Tahous (ended at June 11, 2023) Mr. Yousif Khaled Alabdurazzaq Mr. Zaki bin Hilal Al Busaidi (ended at May 1, 2023) Mr. Nasser Sulaiman Al Harthy (effective from May 1, 2023) Mr. Osamah Othman Al Furaih (effective from June 11, 2023)
Corporate Secretary	Mrs. Nadeya Aqeel Abdulrahman
Chief Executive Officer	Mr. Duncan Howard
Managing Director	Mr. Mohammed Zainalabedin
Chief Financial Officer	Mr. Iyadh Borgi
Registered Office	P.O. Box 266 Kingdom of Bahrain
Principal Bankers	National Bank of Kuwait S.A.K.P. – Bahrain Branch Bank of Bahrain and Kuwait B.S.C. First Abu Dhabi Bank PJSC Ahli United Bank B.S.C. (c)
Auditors	Deloitte & Touche - Middle East P.O. Box 421 Manama, Kingdom of Bahrain



Zain Bahrain B.S.C.

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DIRECTORS' REPORT

The Directors of Zain Bahrain B.S.C. (the "Company") and its subsidiaries (together the "Group") present their annual report together with the consolidated financial statements for the year ended December 31, 2023.

Principal activity

The principal activity of the Group is to provide telecommunication services under various licenses issued by the Telecommunications Regulatory Authority of the Kingdom of Bahrain.

Results of the year

The Group's profit for the year amounted to BD 5.758 million.

Share capital structure

	2023 (%)	2022 (%)
Shareholders:		
Mobile Telecommunication Company K.S.C.P.	64.38	64.38
Sheikh Ahmed Bin Ali Al Khalifa	6.50	6.50
Gulf International Bank B.S.C.	6.54	6.54
Others	22.58	22.58
	100.00	100.00

Change in Directors

During the year ended December 31, 2023 the following Directors resigned:

- Mr. Zaki bin Hilal Al Busaidi (ended at May 1, 2023)
- Mr. Ahmed Tahous Al-Tahous (ended at June 11, 2023)

The below Directors were also appointed during the year ended December 31, 2023:

- Mr. Nasser Sulaiman Al Harthy (effective from May 1, 2023)
- Mr. Osamah Othman Al Furaih (effective from June 11, 2023)

Dividends

The Board of Directors proposed a cash dividends distribution of 9 fils per share to the registered shareholders subject to ratification during the Annual General Meeting of Shareholders to be held in 2024, after obtaining the necessary regulatory approvals.

Disclosure of Remuneration to Members of Board of Directors and Executive Management

Reference to the provisions of Commercial Companies Law No. (21) of 2001 and its amendments, and pursuant to the provisions of Article No. (188) of the Commercial Companies Law and Article No. (125) of the Executive Regulations of Resolution No. (3) for the year 2023, remuneration and sitting fees and other benefits to the Board of Directors and salaries and benefits paid to members of Executive Management have been disclosed as follows;

Executive management's remuneration details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and CFO	899,736	429,033	-	1,328,769

Note: All amounts stated are in Bahraini Dinars.

Board of Directors' remuneration details:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the Chairman and BOD*	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the Chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
1- Sh. Rashid Bin Abdulrahman Al Khalifa	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
2- Mr. Ali Hassan Al- Khaja	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
Second: Non - Executive Directors:													
1- Sh. Ahmed bin Ali Al Khalifa	43,280	-	-	-	43,280	-	-	-	-	-	-	43,280	-
2- Mr. Ahmed Tahous Al-Tahous** (from 1 January 2023 to 11 June 2023) Mr. Osamah Othman Al Furaih** (from 11 June 2023 to 31 December 2023)	36,067	-	-	-	36,067	-	-	-	-	-	-	36,067	-
3- Mr. Yousif Khaled Alabdurazzaq **	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
4- Mr. Zaki bin Hilal Al Busaidi ** (from 1 January 2023 to 1 May 2023) Mr. Nasser Sulaiman Al Harthy** (from 1 May 2023 to 1 December 2023)	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
Third: Executive Directors:													
1- Mr. Bader Nasser Al-Kharafi**	28,853	-	-	-	28,853	-	-	-	-	-	-	28,853	-
Total	223,612	-	-	-	223,612	-	-	-	-	-	-	223,612	-

* Subject to AGM approval.

** Remuneration is paid to Mobile Telecommunications Company K.S.C.P being the shareholder entity represented by these board members.

Note: All amounts stated are in Bahraini Dinars.

Auditors

The auditor, Deloitte & Touche - Middle East, has expressed their willingness to continue in office and a resolution proposing their appointment as auditor of the Company for the year ending December 31, 2024 will be submitted to the Annual General Meeting of shareholders.

On behalf of the Board


Shaikh Ahmed Bin Ali Al Khalifa

Chairman
February 06, 2024


Mr. Bader Nasser Al-Kharafi

Board Member

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Zain Bahrain B.S.C.
Kingdom of Bahrain

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Zain Bahrain B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and 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 December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group has recognised revenue from telecom services amounting to BD 58.619 million for the year ended December 31, 2023.</p> <p>There is an inherent risk around telecom services revenue recognition because of the complexity of the related Information Technology ("IT") environment, the processing of large volumes of data through a number of different IT systems and the combination of different products and prices. Due to the complexities and dependencies on different IT systems in the revenue recognition process, we have considered this as a key audit matter.</p> <p>The accounting policy for revenue recognition is set out in note 3 and the related disclosures are made in note 18 to the consolidated financial statements.</p>	<p>In responding to this area of focus, our audit procedures included the following:</p> <ul style="list-style-type: none"> • an understanding of the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports. • an evaluation of the relevant IT systems, with the assistance of our internal IT specialists, and the design and implementation of internal controls related to revenue recognition. • testing the operating effectiveness of controls over the recording of revenue transactions; authorization of rate changes and its input to the billing systems and the change control procedures in place around those systems. • verifying key reconciliations performed by the Group's revenue assurance team, including testing end to end reconciliation from business support systems to billing and rating systems to the general ledger. This testing includes validation of material journals processed between billing systems and general ledger. • performing substantive tests of revenue recorded. <p>We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</p>



Zain Bahrain B.S.C.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

The Directors are responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Directors' report which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Zain Bahrain B.S.C.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors 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 disclosure 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;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.



Zain Bahrain B.S.C.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

We also provide the Directors 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 the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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.

Report on Other Legal and Regulatory Requirements

- A) As required by the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) ("BCCL"), we report that:
- i. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - ii. The financial information contained in the Directors' report is consistent with the consolidated financial statements;
 - iii. The Company has carried out physical verification of inventories at the year-end in accordance with properly established procedures; and
 - iv. Satisfactory explanations and information have been provided to us by Directors in response to all our requests.

- B) Nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the BCCL, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association, during the year ended December 31, 2023, that would have a material adverse effect on the business of the Company or its consolidated financial position.
- C) As required by the Ministry of Industry and Commerce in their letter dated January 30, 2020 in respect of Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company:
- a) has appointed a Corporate Governance Officer; and
 - b) has a board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditor's report is Irshad Mahmood.

Deloitte & Touche

DELOITTE & TOUCHE – MIDDLE EAST

Partner Registration No. 157
Manama, Kingdom of Bahrain
February 06, 2024

Consolidated Statement of Financial Position

As at December 31, 2023

	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
ASSETS			
Current assets			
Cash and banks	5	8,822	12,648
Trade receivables and other assets	6	16,427	18,816
Contract assets	7.1	6,196	5,826
Inventories	8	4,185	1,898
Total current assets		35,630	39,188
Non-current assets			
Trade receivables and other assets	6	207	1,510
Contract assets	7.1	2,187	1,821
Right-of-use assets	9.1	17,347	15,503
Property and equipment	10	71,672	69,533
Intangible assets	11	10,585	12,079
Total non-current assets		101,998	100,446
Total Assets		137,628	139,634

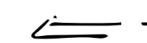
	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Accounts payable and other liabilities	12	31,493	37,120
Lease liabilities	9.2	3,577	3,321
Contract liabilities	7.2	1,530	2,014
Total current liabilities		36,600	42,455
Non-current liabilities			
Accounts payable and other liabilities	12	909	1,251
Lease liabilities	9.2	13,866	12,227
Provision for employees' end of service benefits	13	594	525
Total non-current liabilities		15,369	14,003
Total Liabilities		51,969	56,458

	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
Equity			
Share capital	14	36,800	36,800
Treasury shares	15	(754)	(754)
Treasury shares reserve		(6)	(6)
Share premium	16	3,032	3,032
Statutory reserve	17	14,544	13,951
Retained earnings		30,591	28,651
Equity attributable to owners of the Company		84,207	81,674
Non-controlling interest		1,452	1,502
Total Equity		85,659	83,176
Total Liabilities and Equity		137,628	139,634

The consolidated financial statements were approved by the Board of Directors on February 06, 2024 and signed on its behalf by:



Sh. Ahmed Bin Ali Al Khalifa
Chairman



Mr. Bader Nasser Al-Kharafi
Board Member

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Profit or Loss and other Comprehensive Income

Year ended December 31, 2023

	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
Revenue	18	72,318	67,364
Cost of revenue	19	(21,566)	(18,696)
Operating and administrative expenses	20	(27,117)	(25,878)
Depreciation of property and equipment	10	(10,619)	(10,264)
Depreciation of right-of-use assets	9.1	(4,142)	(3,856)
Amortization of intangible assets	11	(1,494)	(1,395)
Expected credit losses on financial assets and contract assets	21	(1,189)	(826)
Operating profit		6,191	6,449
Interest income and other income - net		574	241
(loss) / gain on currency translation adjustments		(15)	8
Finance costs	22	(992)	(983)
Profit for the year		5,758	5,715

	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
Other comprehensive income		-	-
Total comprehensive income for the year		5,758	5,715
Profit for the year			
Attributable to:			
Owners of the Company		5,808	5,713
Non-controlling interests		(50)	2
		5,758	5,715
Basic and diluted earnings per share	23	Fils 16	Fils 16



Sh. Ahmed Bin Ali Al Khalifa
Chairman



Mr. Bader Nasser Al-Kharafi
Board Member

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

Year ended December 31, 2023

	Share capital	Treasury shares	Treasury shares reserve	Share premium	Statutory reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total Equity
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Balance, December 31, 2021	36,800	(754)	(6)	3,032	13,380	26,420	78,872	-	78,872
Appropriation of dividends (note 14)	-	-	-	-	-	(2,911)	(2,911)	-	(2,911)
Total comprehensive income for the year	-	-	-	-	-	5,713	5,713	2	5,715
Appropriation to statutory reserve	-	-	-	-	571	(571)	-	-	-
Capital introduced to the subsidiary	-	-	-	-	-	-	-	1,500	1,500
Balance, December 31, 2022	36,800	(754)	(6)	3,032	13,951	28,651	81,674	1,502	83,176
Appropriation of dividends (note 14)	-	-	-	-	-	(3,275)	(3,275)	-	(3,275)
Total comprehensive income for the year	-	-	-	-	-	5,808	5,808	(50)	5,758
Appropriation to statutory reserve	-	-	-	-	593	(593)	-	-	-
Balance, December 31, 2023	36,800	(754)	(6)	3,032	14,544	30,591	84,207	1,452	85,659

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

Year ended December 31, 2023

	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
Cash flows from operating activities			
Profit for the year		5,758	5,715
Adjustments for:			
Depreciation of property and equipment	10	10,619	10,264
Depreciation of right-of-use assets	9.1	4,142	3,856
Amortization of intangible assets	11	1,494	1,395
Increase in expected credit losses on financial assets and contract assets	21	1,189	826
Provision for inventories	8	159	202
Finance costs	22	992	983
Loss on retirement / disposal of property and equipment		5	8
Gain on termination of leases		(44)	(17)
Employees' end of service benefits	13	72	87
		24,386	23,319
Working capital changes:			
Net change in inventories		(2,446)	(496)
Net change in trade receivables and other assets		988	(2,937)
Net change in contract assets		(801)	225
Net change in accounts payable and other liabilities		(3,559)	45
Net change in contract liabilities		(484)	(545)

	Notes	December 31, 2023	December 31, 2022
		BD '000	BD '000
Cash generated from operating activities		18,084	19,611
Employees' end of service benefits paid	13	(6)	(1)
Finance costs paid	22	(992)	(983)
<i>Net cash from operating activities</i>		17,086	18,627
Cash flows from investing activities			
Payment for acquisition of property and equipment		(10,789)	(8,500)
Payment for intangible assets		(2,812)	(2,639)
Proceeds from disposal of property and equipment		11	25
Movement in restricted cash	5	5,074	(5,074)
<i>Net cash used in investing activities</i>		(8,516)	(16,188)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(4,047)	(3,842)
Dividends paid to shareholders	14	(3,275)	(2,911)
Capital introduced by non-controlling interests		-	1,500
<i>Net cash used in financing activities</i>		(7,322)	(5,253)
Net increase / (decrease) in cash and cash equivalents		1,248	(2,814)
Cash and cash equivalents, beginning of year		7,574	10,388
Cash and cash equivalents, end of year	5	8,822	7,574

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

1. CORPORATE INFORMATION

Zain Bahrain B.S.C. (the “Company”) is a Bahraini Shareholding Company (Public) incorporated in the Kingdom of Bahrain on April 19, 2003 and registered with the Ministry of Industry and Commerce under Commercial Registration number 50603. Its shares are listed on Bahrain Bourse. The Company is a subsidiary of Mobile Telecommunications Company K.S.C.P. (the “Parent Company”), a Kuwaiti shareholding company listed on the Kuwait Stock Exchange. The Company’s registered office is P.O. Box 266, Manama, Kingdom of Bahrain.

The Company has established two subsidiaries, TASC Properties W.L.L. (fully owned by the Company) and Tamam Bahrain B.S.C. Closed (70% owned by the Company) (together referred to as the “Group”), which have not started commercial operations. The results of the subsidiaries are incorporated in these consolidated financial statements.

The Group is mainly engaged in the provision of public telecommunications and related products and services.

2. ADOPTION OF NEW AND REVISED STANDARDS (IFRSs)

2.1 New and revised Standards applied with no material impact on the consolidated financial statements

In the current year, the Group has applied the below amendments to International Financial Reporting Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17):

The group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders’ options and guarantees.

The group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies:

The group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction:

The group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

- Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules:

The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted

or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates:

The group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

There has been no material impact on the consolidated financial statements of the Group upon adoption of the above amended standards.

2.2 New and revised standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - effective date not yet decided
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - effective from January 1, 2024
- Amendments to IAS 1 - Non-current Liabilities with Covenants - effective from January 1, 2024
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements - effective from January 1, 2024
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback - effective from January 1, 2024

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group's consolidated financial statements in future periods.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) and the applicable requirements of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) and the Central Bank of Bahrain Rule Book (applicable provisions of Volume 6).

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been presented in Bahraini Dinars ("BD") which is the Group's functional currency. All financial information presented in Bahraini Dinars has been rounded to the nearest thousand (BD'000), except where stated otherwise.

Going concern

Management has assessed the Group's ability to continue on a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

The material accounting policies adopted are set out overleaf.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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.

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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

Revenue recognition

The Group recognises revenue from the following major sources:

- Revenue from telecommunication services
- Handset trading
- Upgrade rights for additional services
- Value added services (VAS) sharing arrangements

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Handsets and telecommunication services

Revenue from mobile telecommunication services provided to postpaid and prepaid customers is recognised as services that 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 performance obligation, the Group has a contract asset. Consideration received from the sale of prepaid credit is recognised as contract liability until such time as the customer uses the services when it is recognised as revenue. A single net figure is presented when a contract contains more than one performance obligation and the amounts already paid by the customer and unpaid amounts recognised as receivables is less than the revenue recognised for some performance obligations, but exceeds the revenue recognised for other performance obligations.

The Group provides subsidised handsets to its customers along with mobile telecommunication services and IFRS 15 requires entities to allocate a contract's transaction price to each performance obligation based on their relative stand-alone selling price. Revenue from device sales is recognised when the device is delivered to the customer. This usually occurs when customer signs a contract. Revenue from voice, messaging, internet services etc. are included in the bundled package and are recognised on the period of the contract as the services are rendered.

In the case of locked devices, revenue from the delivery of the device and service is recognised over the period of the contract as the Group concluded that it is a single performance obligation.

The Group has an offering where it provides customer with multiple handsets. Revenue is deferred for handsets that are not delivered.

Upgrade rights

The Group offers early upgrade rights for additional services. This requires the Group to determine the accounting, including whether a material right has been granted to the customer, if the right affects the transaction price, if modification accounting applies or if waived amounts are an incentive to enter into a new contract. A material right is an option to acquire additional goods or services at a price that does not reflect the good's or service's stand-alone selling price and is considered a separate performance obligation.

Value-added services

Revenue from VAS is recognised when the Group performs the related service on the basis of Group's share of the billing rate applied against facilitating the service.

Significant financing component

If a customer can pay for purchased equipment over a period along with network services, 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.

Roaming

Roaming revenue arises from revenue sharing arrangements with other telecommunication operators in respect of traffic exchanged and is recognised as earned.

Interconnection

Revenue (inbound)

Interconnection revenue represents amounts receivable from other network operators for their subscribers' traffic terminated on the Group's network and is accounted for during the period of such use.

Expense (outbound)

Interconnection expenses represent amounts payable to other network operators for the traffic terminated on their network by the Group's subscribers and are accounted for during the period of such use.

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Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition cost of the asset. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is recognised so as to write off the cost of assets or valuation of assets (other than freehold land and capital work in progress) over their estimated useful lives, using the straight-line method.

The estimated useful lives of property and equipment are as follows:

Freehold building	50 years
Network equipment	3-20 years
Office equipment	4-5 years
Furniture and fixtures	5 years

Freehold land is not depreciated. Assets (including capital work in progress) are depreciated from the time an asset is completed and ready for use.

An item of property and equipment is derecognised 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 recognised in profit or loss.

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. For acquired network businesses whose operations are governed by fixed-term licenses, the amortization period is determined primarily by reference to the unexpired license period and the conditions for license renewal. Telecom license fees are amortised on a straight line basis over the life of the license.

Indefeasible Right to Use (“IRU”) are the rights to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised 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 wave length bandwidth and the duration of the right is for the major part of the underlying asset’s economic life. They are amortised on a straight line basis over the shorter of the expected period of use and the life of the contract.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Impairment of non-financial assets

Where there is an indication of impairment in value, such that the recoverable amount of an asset (other than inventories) falls below its net book value, an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

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Funding costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value after making due allowance for any obsolete items. Costs of inventories are determined on a weighted average basis. Costs are those expenses incurred in bringing each product to its present location and condition.

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated selling expenses.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities

at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

Classification of financial assets

Financial assets are classified as follows:

- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial asset at Fair Value Through Profit or Loss (FVTPL)

The classification and measurement category of financial assets, except for equity instruments and derivatives, are assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment:

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from

the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test:

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

Financial assets at amortised cost

A financial asset is measured at amortised cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Group's cash and cash equivalents, trade and receivables, contract assets, and other assets are classified as financial assets at amortised cost.

Financial assets at FVTOCI

A debt instrument is measured at FVTOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognised in Other Comprehensive Income (OCI). Interest income is calculated using the effective interest method. Foreign exchange gains/losses and impairment are recognised in profit or loss. On de-recognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity

instruments are never recycled to the statement of profit or loss. Dividends are recognised in profit or loss when the right to receive has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value. Changes in fair values and dividend income are recorded in statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Impairment of financial assets

A loss allowance for expected credit losses (ECL) is recognised on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables, as well as on financial guarantee contracts. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default

(LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group incorporates forward-looking information based on expected changes in macro-economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

Impairment of trade receivables

The Group always recognises lifetime ECL for subscriber receivables, contract assets and distributor receivables, using the simplified approach.

To measure the expected credit losses, subscriber receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled subscriber receivables and have substantially the same risk characteristics as the subscriber receivable for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Impairment of other financial assets

The Group recognises expected credit loss (ECL) for cash and cash equivalents and other advances using the general approach.

Under this approach the Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognised based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognised based on the

PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date with the risk of default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

The Group considers a financial asset to have a low credit risk when the asset has external credit rating of 'investment grade' and there are no past due amounts.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset, have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the borrower;
- A breach of contract, such as default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty,

having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- It is becoming probable that the borrower will enter into bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Financial liabilities

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) Held for trading, or (iii) designated at FVTPL, are subsequently measured at amortised cost.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported on a net basis in the statement of financial position when a legally enforceable right to set-off such amounts exists and when the Group intends to settle on a net benefits basis or to release the assets and settle the liabilities simultaneously.

Cash and banks

Cash and banks comprise cash in hand, current accounts with banks and bank deposits with contractual maturities of three months or less and which are subject to insignificant risk of changes in fair value.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When same or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Leases

The Group as lessee:

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (lease term of 12 months or less) and leases of low value assets. For these leases, the

Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to be payable by the lessee under the residual value guarantees;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less

accumulated amortization (over the shorter period of lease term and useful life of the underlying asset) and impairment losses.

The Group recognises a provision when it incurs an obligation for costs to dismantle and remove a leased asset or restore the site on which it is located.

Provision for employees' end-of-service benefits

Bahraini employees

Pension rights (and other social benefits) for Bahraini employees are covered by Social Insurance Organization for Social Insurance scheme to which employees and employers contribute monthly on a fixed-percentage-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme under IAS 19 Employee benefits is recognised as an expense in the statement of profit or loss and other comprehensive income.

Expatriate employees

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labor Law for private sector, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan has been made by calculating the notional liability had all employees left at the reporting date. The liability recognised in the statement of financial position in respect of the employees' end of service benefits is the present value at the reporting date.

Notes to the Consolidated Financial Statements

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Employees' saving scheme

The Group operates an employee saving scheme for its Bahraini employees. The scheme's assets consist of deposits with banks are not incorporated in these consolidated financial statements.

Foreign currencies

Transactions in currencies other the Group's functional currency (foreign currencies) are recognised in the Group's functional currency at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses including revenue and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Treasury shares

The cost of the Group's own shares purchased, including

directly attributable costs, is classified under equity. Gains or losses arising on sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised

if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that may have significant effect on the amounts recognised in the consolidated financial statements.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management did not include the extension options in those the lease terms stipulating that the lease cannot be renewed without the consent of both parties.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements

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Property and equipment - network

Due to the nature of the Group's business, the network assets of the Group, as detailed in note 10, are susceptible to technological obsolescence. Management depreciates those assets over 3 to 20 years. The estimation of network assets useful lives is based on management judgement and estimates. In order to estimate the lives of network assets, management considers the nature of the assets, usage and technological advancement. Therefore, any technological advancement in future may warrant the need for substantial upgrade of equipment.

Provision for expected credit losses of customer, distributor receivables and contract assets

The Group uses a provision matrix to calculate ECLs for customer and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Useful lives of intangible assets

The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

Notes to the Consolidated Financial Statements

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5. CASH AND BANKS

Cash and banks include cash, current accounts and short-term bank deposits with an original maturity of three months or less.

	2023	2022
	BD '000	BD '000
Cash and current accounts with banks	8,662	12,395
Items under collection	165	260
	8,827	12,655
Expected credit loss	(5)	(7)
Cash and banks	8,822	12,648
Less: restricted cash	-	(5,074)
Cash and cash equivalents	8,822	7,574

The following table shows the movement of expected credit loss on cash and banks during the year:

	2023	2022
	BD '000	BD '000
Balance, January 1	7	10
Decrease in expected credit loss (note 21)	(2)	(3)
Balance, December 31	5	7

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

6. TRADE RECEIVABLES AND OTHER ASSETS

	2023	2022
	BD '000	BD '000
Trade receivables:		
Due from postpaid subscribers	17,541	23,463
Due from roaming partners	1,604	1,821
Due from distributors	463	191
Interconnect receivables from other operators	1,031	1,830
	20,639	27,305
Expected credit loss	(9,253)	(13,899)
	11,386	13,406
Other assets:		
Due from related parties (note 24)	816	936
Sundry receivables and advance payments	3,877	4,067

	2023	2022
	BD '000	BD '000
Staff receivables	206	151
	4,899	5,154
Expected credit loss	(129)	(132)
	4,770	5,022
Prepaid expenses	478	1,898
Total trade receivables and other assets	16,634	20,326
<i>Represented by:</i>		
Current portion:		
Trade receivables and other assets	16,156	18,428
Prepaid expenses	271	388
	16,427	18,816
Non-current portion:		
Prepaid expenses	207	1,510
	207	1,510

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

The expected loss allowance of trade receivables and other assets is broken down as follows:

		2023	2022
		BD '000	BD '000
Trade receivables:			
Postpaid subscribers (note 6.1)	Collectively assessed	9,089	13,382
Roaming partners	Individually assessed	132	426
Due from distributors (note 6.1)	Collectively assessed	-	3
Interconnect receivables from other operators	Individually assessed	32	88
		9,253	13,899
Other assets:			
Sundry receivables	Collectively assessed	118	124
Staff receivables	Collectively assessed	11	8
		129	132
		9,382	14,031

6.1 Trade receivables - postpaid subscribers and due from distributors

Management considers that invoices outstanding up to 60 days are considered within the acceptable credit period. No interest is charged on trade receivable.

The Group always measures the allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtors' group under postpaid receivables, and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considered the probability of default at 100% for the aggregate portion of trade receivables balance aged more than 90 days.

There has been no change in the estimation techniques or significant assumptions made during the current year.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

The following table details the risk profile of trade receivables from post-paid subscribers and due from distributors based on the Group's provision risk matrix. As the Group's historical credit loss experience does not show significantly different loss patterns from different customers segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Aging brackets	December 31, 2023			December 31, 2022		
	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
	BD '000	%	BD '000	BD '000	%	BD '000
< 30 days	1,677	0.30%	5	1,428	0.42%	6
31 – 60 days	836	2.99%	25	885	3.16%	28
61 – 90 days	375	9.07%	34	537	8.01%	43
91 – 180 days	764	21.73%	166	967	20.48%	198
> 181 days	14,352	61.73%	8,859	19,837	66.09%	13,110
	18,004		9,089	23,654		13,385

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

The following table shows the movement in the expected credit loss that has been recognised for trade receivables and other assets:

	Collectively assessed	Individually assessed	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2022	12,604	580	13,184
Increase / (decrease) in expected credit loss (note 21)	927	(66)	861
Write off	(14)	-	(14)
Balance, December 31, 2022	13,517	514	14,031
Increase / (decrease) in expected credit loss (note 21)	1,477	(351)	1,126
Write off / recoveries - net	(5,775)	-	(5,775)
Balance, December 31, 2023	9,219	163	9,382
<i>Represented by:</i>			
Expected credit loss on trade receivables			9,253
Expected credit loss on other assets			129
			9,382

7. CONTRACT BALANCES

7.1 Contract Assets

	2023	2022
	BD '000	BD '000
Assets relating to sale of devices (note 7.1.1)	8,953	8,152
Expected credit loss	(570)	(505)
	8,383	7,647
<i>Represented by:</i>		
Current portion	6,196	5,826
Non-current portion	2,187	1,821
	8,383	7,647

7.1.1 Amounts relating to contract assets are balances due from customers on account of sale of devices on installment basis. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The following table shows the movement of expected credit loss on contract assets during the year:

	2023	2022
	BD '000	BD '000
Balance, January 1	505	537
(Decrease) / increase in expected credit loss (note 21)	65	(32)
Balance, December 31	570	505

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Year ended December 31, 2023

7.2 Contract liabilities

	2023	2022
	BD '000	BD '000
Deferred revenue – telecommunication services (note 7.2.1)	1,084	1,071
Deferred revenue – trading (note 7.2.2 & note 18)	446	943
	1,530	2,014

7.2.1 Revenue relating to telecommunication services is recognised over time. A contract liability is recognised at the time of the initial sales transaction and is released over the service period.

7.2.2 Contract liabilities relating to handsets are balances due to customers from the offering where the Group provides customers with multiple handsets. Revenue is deferred for handsets that are not delivered.

8. INVENTORIES

	2023	2022
	BD '000	BD '000
Handsets, accessories and others	5,673	3,227
Provision for obsolescence and net realizable value	(1,488)	(1,329)
	4,185	1,898

The following table shows the movement of provision for obsolescence and net realizable value during the year:

	2023	2022
	BD '000	BD '000
Balance, January 1	1,329	1,127
Provision for inventories (note 20)	159	202
Balance, December 31	1,488	1,329

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

9. LEASES

9.1 Right-of-use assets

The recognized right-of-use assets relates to the following types of assets leased by the Group. The average lease term is five years.

	Building, premises and other	Sites	Total
	BD '000	BD '000	BD '000
Balance, January 1, 2022	658	13,214	13,872
Depreciation	(377)	(3,479)	(3,856)
Additions / modifications	399	5,555	5,954
Termination	(67)	(400)	(467)
Balance, December 31, 2022	613	14,890	15,503
Depreciation	(388)	(3,754)	(4,142)
Additions / modifications	766	6,155	6,921
Termination	(296)	(639)	(935)
Balance, December 31, 2023	695	16,652	17,347

The following are the amounts recognized in profit and loss:

	2023	2022
	BD '000	BD '000
Depreciation expense on right-of-use assets	4,142	3,856
Interest expense on lease liabilities	912	792

During 2023, the total cash outflow for leases amounted to BD 4,959 thousand (2022: BD 4,634 thousand).

At the reporting date, none of the property leases in which the Group is the lessee, contain variable lease payment terms.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

9.2 Lease liabilities

	2023	2022
	BD '000	BD '000
Balance, January 1	15,548	13,920
Additions	6,921	5,954
Terminations	(979)	(484)
Accretion of interest (note 22)	912	792
Payments	(4,959)	(4,634)
Balance, December 31	17,443	15,548

Below is the allocation of lease liabilities as at December 31:

	2023	2022
	BD '000	BD '000
Current lease liabilities	3,577	3,321
Non-current lease liabilities	13,866	12,227
	17,443	15,548

The maturity analysis of lease liabilities as at December 31 is as follows:

	2023	2022
	BD '000	BD '000
Not later than 1 year	4,635	4,072
Later than 1 year and not later than 5 years	11,941	9,545
Later than 5 years	4,302	4,681
	20,878	18,298
Less: unearned interest	(3,435)	(2,750)
	17,443	15,548

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

10. PROPERTY AND EQUIPMENT

	Freehold Land and Building	Network Equipment	Office Equipment, Furniture and Fixture	Capital work in Progress	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Cost:					
At December 31, 2021	17,775	106,879	41,044	5,979	171,677
Additions	-	-	-	12,565	12,565
Transfers	-	6,953	491	(7,444)	-
Disposal	(22)	-	(1,552)	-	(1,574)
At December 31, 2022	17,753	113,832	39,983	11,100	182,668
Additions	-	-	-	12,774	12,774
Transfers	2	6,458	5,952	(12,412)	-
Disposal	-	(506)	-	-	(506)
At December 31, 2023	17,755	119,784	45,935	11,463	194,936
Accumulated Depreciation:					
At December 31, 2021	962	64,592	38,858	-	104,412
Depreciation expense	223	9,029	1,012	-	10,264
Relating to disposal	(22)	-	(1,519)	-	(1,541)
At December 31, 2022	1,163	73,621	38,351	-	113,135
Depreciation expense	185	9,564	870	-	10,619
Relating to disposal	-	(490)	-	-	(490)
At December 31, 2023	1,348	82,695	39,221	-	123,264
Carrying amount:					
December 31, 2023	16,407	37,089	6,714	11,462	71,672
December 31, 2022	16,590	40,211	1,632	11,100	69,533

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

The Freehold land and buildings include freehold land amounting BD 9.97 million (2022: BD 9.97 million) which is not depreciated.

Capital work in progress mainly relates to network equipment in respect of network expansions and improvements.

11. INTANGIBLE ASSETS

	2023	2022
	BD '000	BD '000
Mobile frequency and spectrum licenses (note 11.1 & 11.2)	9,943	11,351
Other intangible assets	642	728
	10,585	12,079

The movement of intangible assets is as follows:

	2023	2022
	BD '000	BD '000
Balance, January 1	12,079	11,860
Additions	-	1,614
Amortization charge	(1,494)	(1,395)
Balance, December 31	10,585	12,079

11.1 Spectrum Usage Right Fees for frequency allocation in the 3500 MHz frequency band was acquired on December 1, 2022, and amortised over the license period of 15 years. The license fees are required to be paid over a five-year period. Accordingly, the license fees were capitalized by discounting at incremental borrowing rate.

11.2 Frequency license for additional spectrum block was acquired on September 19, 2013 and amortised over the license period of 15 years. In 2019, the Group renewed mobile frequency license and spectrum frequency license for 10 years and 15 years respectively and the license fees are required to be paid over a five-year period. Accordingly, the license fees were capitalized by discounting at incremental borrowing rate.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2023	2022
	BD '000	BD '000
Due to suppliers	5,455	9,144
Accrued expenses	20,830	22,330
Interconnection payable	1,372	1,512
Due to roaming partners	459	477
Accrued employees' benefits	1,471	1,179
Due to related parties (note 24)	2,558	3,366
Value added tax payable	16	119
Accrued Directors' remuneration (note 24)	224	224
Deposits	14	17
Dividends payable	3	3
Total accounts payable and other liabilities	32,402	38,371
<i>Represented by:</i>		
Current portion	31,493	37,120
Non-Current portion	909	1,251
	32,402	38,371

13. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The movement of the provision for the employees' end of service indemnity was as follows:

	2023	2022
	BD '000	BD '000
Balance, January 1	525	439
Charge for the year	72	87
Settlements	(6)	(1)
Adjustments	3	-
Balance, December 31	594	525

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

14. SHARE CAPITAL

The Company's issued share capital consists of 368,000,000 ordinary shares at 100 Fils each, issued and fully paid. Below are the shareholders with more than 5% equity stake:

		December 31, 2023		December 31, 2022	
		No. of shares	% of shareholding	No. of shares	% of shareholding
Mobile Telecommunication Company K.S.C.P.	Kuwait	236,935,155	64.38%	236,935,155	64.38%
Gulf International Bank B.S.C.	Bahrain	24,085,097	6.54%	24,085,097	6.54%
Sh. Ahmed Bin Ali Al-Khalifa	Bahrain	23,924,845	6.50%	23,924,845	6.50%

Distribution of shares by shareholding brackets

Shareholding brackets	% of total share		No. of shareholders	
	2023	2022	2023	2022
Less than 1%	16%	16%	551	532
1 % up to less than 5%	7%	7%	4	4
5 % up to less than 10%	13%	13%	2	2
10 % up to less than 20%	-	-	-	-
More than 50%	64%	64%	1	1
			558	539

Dividends

The Annual General Meeting ("AGM") of shareholders for the year ended December 31, 2022, held on March 27, 2023 approved the distribution of cash dividends of 9 Fils per share

totaling BD 3,275 thousand (AGM for the year ended 2021: distribution of cash dividends of 8 Fils per share totaling BD 2,911 thousand).

The Board of Directors proposed a cash dividends distribution of 9 Fils per share to the registered shareholders subject to ratification during the Annual General Meeting of Shareholders to be held in 2024, after obtaining the necessary regulatory approvals.

15. TREASURY SHARES

	2023	2022
Number of shares	4,116,990	4,116,990
Percentage of issued shares	1.12%	1.12%
Market value (BD '000)	548	564
Cost (BD '000)	754	754

16. SHARE PREMIUM

Share premium relates to amounts collected in excess of the par value of the issued share capital, net of shares issue costs. Share premium is not available for distribution.

17. STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) and the Company's Articles of Association, 10% of the yearly net profit should be appropriated to statutory reserve. The Company may elect to discontinue such appropriation when the reserve reaches 50% of the capital. This reserve is not available for distribution.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

18. REVENUE

The Group derives its revenue from telecommunication and related services, which management considers a single reportable business segment, categorized as follows: :

	2023	2022
	BD '000	BD '000
Airtime, data and subscription (Over time)	58,619	55,951
Trading (Point in time)	13,699	11,413
	72,318	67,364

The transaction price allocated to (partially) unsatisfied performance obligations at December 31 is set out below:

	2023	2022
	BD '000	BD '000
Trading (note 7.2)	446	943

Management expects that the transaction price allocated to unsatisfied contracts as of 2023 year-end will be recognised as revenue during 2024.

19. COST OF REVENUE

	2023	2022
	BD '000	BD '000
Outpayments to telecommunications operators	6,693	6,212
Cost of equipment sold and others	14,873	12,484
	21,566	18,696

20. OPERATING AND ADMINISTRATIVE EXPENSES

	2023	2022
	BD '000	BD '000
Staff costs	9,007	8,391
Repairs, maintenance and support charges	4,745	4,219
Management fees (note 24)	1,777	1,704
Directors' remuneration (note 24)	224	224
Provision for inventories (note 8)	159	202
Other	11,205	11,138
	27,117	25,878

The Group's share of contributions to Social Insurance Organization is included in staff costs and amounted to BD 566 thousand (2022: BD 475 thousand).

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21. EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	2023	2022
	BD '000	BD '000
Increase in expected credit losses on trade receivables and other assets (note 6)	1,126	861
Increase / (decrease) expected credit losses on contract assets (note 7)	65	(32)
Decrease in expected credit losses on bank balances (note 5)	(2)	(3)
	1,189	826

22. FINANCE COSTS

	2023	2022
	BD '000	BD '000
Interest expense on lease liabilities (note 9.2)	912	792
Others (note 11.1 & 11.2)	80	191
	992	983

23. EARNINGS PER SHARE

The basic and diluted earnings per share are as follows:

	2023	2022
Profit for the year attributable to owners of the Company (BD '000)	5,808	5,713
Weighted average number of shares in issue	363,883,010	363,883,010
Basic and diluted earnings per share (Fils)	16	16

Basic and diluted earnings per share are same since the Group has no instruments that would have a diluting effect.

24. RELATED PARTIES

During the years 2023 and 2022, the Group has entered into transactions with following related parties on terms approved by management.

	Relationship
Mobile Telecommunications Company K.S.C.P.	Parent Company
Zain – Kuwait	Affiliate
Sudanese Mobile Telephone (Zain) Company Limited	Affiliate
Zain – Jordan	Affiliate
Mobile Telecommunication Company Saudi Arabia	Affiliate
Oman Telecommunications Company	Ultimate Parent Company
Zain Global Communication Services W.L.L.	Affiliate
Tadbeer Procurement Company W.L.L.	Affiliate
FOO Off Shore SAL	Affiliate
Zain Tech Solutions	Affiliate
Zain – South Sudan	Affiliate
Zain – Iraq	Affiliate

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

24. RELATED PARTIES (continued)

Transactions and balances with related parties are as follows:

	2023	2022
	BD '000	BD '000
Costs:		
Management fees (note 20)	1,777	1,704
Telecommunication services	1,583	1,507
Revenue:		
Telecommunication services	538	542

Accruals for Board of Directors' remuneration made during the year amounted to BD 224 thousand, subject to ratification by the Annual General Meeting of Shareholders (2022: BD 224 thousand).

Remuneration of members of key management during the year was as follows:

	2023	2022
	BD '000	BD '000
Short-term benefits	1,676	1,696
Other long-term benefits	186	219
	1,862	1,915

Balances with related parties are as follows:

	2023	2022
	BD '000	BD '000
Due from related parties: (note 6)		
Zain – Kuwait	367	312
Mobile Telecommunication Company Saudi Arabia	245	197
Oman Telecommunications Company	90	68
Zain Global Communication Services W.L.L.	84	110
Zain – Jordan	14	241
Zain – Iraq	14	7
Others	2	1
	816	936
Due to related parties: (note 12)		
Mobile Telecommunications Company K.S.C.P.	1,091	1,569
Zain Global Communication Services W.L.L.	591	730
Mobile Telecommunication Company Saudi Arabia	331	247
Zain Tech Solutions	174	321
Zain – Kuwait	147	134
Oman Telecommunications Company	126	277
FOO Off Shore SAL	67	63
Zain – Jordan	25	17
Others	6	8
	2,558	3,366

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

25. SEGMENT INFORMATION

The Group operates in a single business segment, telecommunications and related services, organized into three main activities: mobile operation, fixed broadband operation and trading of handsets and accessories. Management considers that these business activities are not separate operating units.

The Group carries out its operations in the Kingdom of Bahrain.

26. COMMITMENTS AND CONTINGENCIES

As of the year-end, the Group had the following outstanding items:

	2023	2022
	BD '000	BD '000
Letters of guarantee	807	2,802
Capital expenditure	339	125

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's financial assets and financial liabilities are categorized at amortised cost. There were no financial instruments measured at FVTPL or classified at FVTOCI.

	At amortised cost	
	2023	2022
	BD '000	BD '000
Financial assets		
Cash and banks	8,822	12,648
Trade receivables and other assets	12,957	15,036
	21,779	27,684
Financial liabilities		
Accounts payable and other liabilities	32,386	38,252
Lease liabilities	17,443	15,548
	49,829	53,800

Financial instruments subject to offsetting enforceable master netting arrangements or similar arrangements:

	Trade receivables	
	2023	2022
	BD '000	BD '000
Gross amounts of recognized financial instruments	15,327	12,228
Gross amounts of recognized financial instruments subject to set off in the statement of financial position	(12,692)	(8,577)
Net amounts of financial instruments presented in the statement of financial position	2,635	3,651

Notes to the Consolidated Financial Statements

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27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

	Accounts payables	
	2023	2022
	BD '000	BD '000
Gross amounts of recognized financial instruments	14,523	10,566
Gross amounts of recognized financial instruments subject to set off in the statement of financial position	(12,692)	(8,577)
Net amounts of financial instruments presented in the statement of financial position	1,831	1,989

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk (such as foreign exchange risk, interest rate risk, and equity price risk), credit risk and liquidity risk. 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 monitoring the risk management policies in close co-operation with the Parent Group. The Group's risk management policies are established to identify and analyze 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.

There has been no change to the Group's exposure to the above financial risks or the manner in which it manages and measures the risk.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- The carrying amount of the financial assets as stated in the statement of financial position; and
- The maximum amount the Group would have to pay if the letters of guarantees disclosed in note 26 are called upon, irrespective of the likelihood of the guarantee being exercised.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

The Group's financial assets are detailed below:

	Notes	December 31, 2023		
		Gross carrying amount	Loss allowance	Net carrying amount
		BD '000	BD '000	BD '000
Cash and banks	5 (i)	8,662	(5)	8,657
Items under collection	5	165	-	165
Trade and other receivables:				
Due from postpaid subscribers	6 (ii)	17,541	(9,089)	8,452
Due from roaming partners	6	1,604	(132)	1,472
Due from distributors	6 (ii)	463	-	463
Interconnect receivables	6	1,031	(32)	999
Due from related parties	6	816	-	816
Sundry receivables	6	514	(118)	396
Staff receivables	6	206	(11)	195
		31,002	(9,387)	21,615

	Notes	December 31, 2022		
		Gross carrying amount	Loss allowance	Net carrying amount
		BD '000	BD '000	BD '000
Cash and banks	5 (i)	12,395	(7)	12,388
Items under collection	5	260	-	260
Trade and other receivables:				
Due from postpaid subscribers	6 (ii)	23,463	(13,382)	10,081
Due from roaming partners	6	1,821	(426)	1,395
Due from distributors	6 (ii)	191	(3)	188
Interconnect receivables	6	1,830	(88)	1,742
Due from related parties	6	936	-	936
Sundry receivables	6	675	(124)	551
Staff receivables	6	151	(8)	143
		41,722	(14,038)	27,684

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27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

- (i) Cash is deposited at banks with external credit rating at investment grade. Loss allowance is measured at 12 months ECL.
- (ii) For trade receivables and due from distributors, the Group has adopted the simplified approach to measure the loss allowance at lifetime ECL. The Group adjusts the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience. The credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 6 includes further details on the loss allowance for postpaid trade receivables and distributors.

Other receivables are categorized under stage 2 and stage 3 depending on credit risk quality. Trade receivables from postpaid subscribers consist of a large number of customers.

The Group is also exposed to credit risk in relation to letters of guarantees given (note 26). The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on.

Foreign Exchange Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Group's functional currency are as follows:

December 31, 2023	U.S Dollar	Euro	Total foreign currencies
	BD '000	BD '000	BD '000
Monetary assets			
Cash and banks	615	6	621
Trade receivables and other assets	2,511	87	2,598
	3,126	93	3,219
Monetary liabilities			
Accounts payable and other liabilities*	17,008	86	17,094
	(13,882)	7	(13,875)

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Year ended December 31, 2023

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

December 31, 2022	U.S Dollar	Euro	Total foreign currencies
	BD '000	BD '000	BD '000
Monetary assets			
Cash and banks	838	56	894
Trade receivables and other assets	2,247	-	2,247
	3,085	56	3,141
Monetary liabilities			
Accounts payable and other liabilities*	17,227	81	17,308
	(14,142)	(25)	(14,167)

* The remaining monetary liabilities including lease liabilities are denominated in Group's functional currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is not exposed to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash, availability of funding from credit facilities and its ability to close out market positions on short notice.

The Group has unutilized bank overdraft facility of BD 5.5 million (2022: BD 5.5 million) with local commercial banks.

Below is analysis of the Group's financial liabilities into relevant maturity groupings based on the remaining contractual maturity at the reporting date, modified to the expected settlement period. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant:

	2023				
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Accounts payable and other liabilities	5,241	10,230	15,835	1,096	32,402
	2022				
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
	BD '000	BD '000	BD '000	BD '000	BD '000
Accounts payable and other liabilities	5,903	11,526	19,440	1,587	38,456

The maturity analysis of lease liabilities are disclosed in note 9.2.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair value estimates.

The Group's financial instruments are carried at amortised cost. The fair values of these financial instruments approximate their carrying value.

29. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return on investment to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity, comprising issued capital, treasury shares, reserves and retained earnings. The management reviews the capital structure on an annual basis. As part of this review, the management considers the cost of capital and the risk associated with each claim as capital. The Group is debt free at the current reporting date.